

CPEEC

Chartered Professional Engineers Council
Kāhui Kaiwetepanga Ngaio Whaimana

2021-22 ANNUAL REPORT



FOR THE PERIOD

1 July 2021 to 30 June 2022



Annual Report by the Chartered Professional Engineers Council

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INTRODUCTION

This is the Annual Report of the Chartered Professional Engineers Council (CPEC) for the twelve months ending 30 June 2022.

CPEC was established under the Chartered Professional Engineers of New Zealand Act 2002. The functions of CPEC include the review and approval of rules containing standards applicable to Chartered Professional Engineers (CPEng), the hearing of appeals relating to decisions of the Registration Authority (the RA) and reporting to the Minister of Building and Construction on the performance and exercise of the RA's and Council's respective functions and powers. The role of the RA rests with Engineering New Zealand (The Institution of Professional Engineers of New Zealand Incorporated) under the Act.

The Government has committed to a programme of reforms which will affect the professional engineering sector significantly. It is anticipated that the reforms will require all professional engineers to be registered in order to practice, and further, will involve the licensing of engineers who perform safety-critical work. The expected timeline for new legislation to be passed and the reforms to be fully implemented is five to six years. In the meantime, Engineering New Zealand have completed a review of the CPEng qualification and have embarked on a programme of changes which will offer shorter term benefits, while also remaining consistent with the ultimate goals of the wider legislation-driven reforms. One early initiative has been the establishment of a CPEng Board to separate the governance of Engineering New Zealand and the RA. CPEC continues to liaise regularly both with the Ministry of Business, Innovation and Employment (MBIE) and Engineering New Zealand on the proposed changes.

During the year, CPEC has been dealing with a very high appeal workload, including a significant number of appeals that were lodged in the latter part of the previous reporting year. This workload has been a challenge for the council members, most of whom have senior full time professional roles outside of their CPEC work, and the impacts of the Covid-19 pandemic have superimposed an additional layer of difficulty. While the number of appeals has been high, the general nature of them has been consistent with previous years.

We welcomed the appointment of Ms Megan Neill to CPEC in April 2022. Megan is a lawyer and is one of three Engineering New Zealand nominees. The terms of four other current members expire in 2022 and MBIE has the process underway for reappointment / replacement to keep membership at the full complement of eight.

We wish to acknowledge the contribution of all members in dealing with the heavy appeal workload in what has been a very challenging year for many New Zealanders.

Once again, we gratefully acknowledge the constructive relationship that we have with our Engineering New Zealand and MBIE counterparts and look forward to working with them in the reform process.



Chris J Harrison

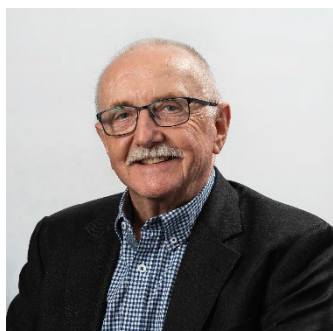
Chair



Sandra Hardie

Deputy Chair

1. THE COUNCIL MEMBERS



Christopher (Chris) J Harrison

Chair

NZCE, BE(Hons)(Civil), CMEngNZ (Ret), FEngNZ (Ret)

Nominated by Engineering New Zealand.

Appointed Chair 1 December 2019

Chris is a Tauranga-based engineer with a background in civil and marine structures engineering. He has over 35 years' professional experience which has spanned both the public and private sectors. He has held engineering leadership roles in New Zealand, Hong Kong, Malaysia and Canada and his project experience extends to other Asian and Pacific countries.



Sandra Hardie

Deputy Chair

NZCE, BE(Civil), CPEng, IntPE, MIPENZ, GDBS (DisRes)

Nominated by Engineering New Zealand

Appointed Deputy Chair 1 December 2019

Sandra is a director and consulting structural engineer of a Tauranga based consulting engineering firm. She has worked in the construction industry for over 30 years and has been involved in a wide range of projects for individuals, local government, the energy, paper and food industries.



Manjit Singh Devgun

BE(Civil, Hons), ME(Civil), MBA, PMP, CMEngNZ, CPEng, IntPE(NZ)

Appointed 1 December 2019 – Ministerial appointment

Manjit is a Chartered Professional Engineer and is registered as an International Professional Engineer. He has 30 years of experience in diverse engineering fields in the waters, energy and roading industry, working as a consultant as well as in local government.



Tony Fairclough

NZCE (Civil), BE (Civil), MEngSt (Geotechnical, with Merit), DipMEEC, FEngNZ, FEngAu, CMEngNZ, CPEng, IntPE(NZ), MASCE

Appointed 1 September 2020 - Association of Consulting Engineers New Zealand nominee

Tony is a Christchurch based, University of Auckland educated Geotechnical and Civil engineer with approximately 30 years practical experience. He is an Engineering New Zealand Fellow, Chartered Professional Engineer and past Chair of the New Zealand Geotechnical Society (NZGS).



Megan Neill

BSc(Gene), LLB(Hons)

Appointed 1 April 2022 - Engineering New Zealand nominee

Megan is a Wellington-based lawyer whose career has focussed on regulatory and civil commercial litigation and advice, dispute resolution, healthcare regulation, official information and privacy, and public law. Megan has worked both in private practice and in-house within regulatory authorities, returning recently to private practice and a concentration on the contractual and dispute elements of construction law.



Sarah Sinclair

MBA, BEng(Hons), CEng, FICE, FEngNZ, MInstD

Appointed 1 August 2019 – Ministerial appointment

Sarah is Chief Infrastructure Officer at Palmerston North City Council, which she joined after 8 years at Auckland Council as Chief Engineer. Her broad experience in infrastructure in the UK and New Zealand includes experience in 3 waters, asset management, regulatory and contract and project delivery, and in planning for, responding to, and recovering from natural hazard events.



Susan Simons

BA(Hons), LLB

Reappointed 1 September 2020 - Consumer Representative - Ministerial appointment

For more than 30 years, Sue has been at the forefront of Environmental and Resource Management Law, working in every aspect of the speciality. Sue is co-owner and Partner in a specialist Environmental Law firm. Sue is an Advocate and litigation specialist with a career that features a number of precedent setting decisions and successes across the varied fields of Environmental and Planning law. Her expertise further includes public law and local government law.



Alan Winwood

BE(Civil), Dip Bus Admin, FIPENZ

Reappointed 1 September 2020 - Ministerial appointment

Alan is a retired construction engineer who has worked in New Zealand and Western Samoa on a range of infrastructure and commercial projects. He is a past member of the IPENZ Board and co-ordinated the sesquicentennial "IPENZ Engineering to 1990" project. Alan was presented with the IPENZ Communications award in 1991.

Note:

Members of CPEC are appointed by the Minister of Building and Construction under sections 49 and 50 of the Chartered Professional Engineers Act 2002.

2. WHAT WE DO

Section 45 of the Chartered Professional Engineers of New Zealand Act 2002 (the Act) spells out the functions of the CPEC, which are to:

- review and, if the proposed rules meet the applicable requirements, approve proposed rules containing chartered professional engineering standards in accordance with the Act,
- hear appeals from decisions of the RA in accordance with the Act, and
- review and report to the Minister on the performance and exercise of the RA and CPEC's respective functions and powers under the Act.

3. PERFORMANCE

3.1. Assessment Against Performance Measures

Performance is assessed annually against CPEC's statutory functions. CPEC's performance over 2021/22, is outlined in the table below and addressed further in sections 3.2 to 3.5.

Expectations	Measure	Performance (2021/22)
Reporting on Performance and Effectiveness of the Regulatory Regime for Engineers		
Undertake an annual review of the RA's performance.	Annual report shows how the registration regime is performing over time, by showing relevant assessment for: <ul style="list-style-type: none">▪ the registration process▪ complaints received and how efficiently they are handled▪ participants' satisfaction with processes▪ the quality and ease of use of the CPEng Register and includes recommendations to improve the RA's performance where needed.	CPEC's report on the RA's performance was published in June 2022. Refer section 3.2 for further details.

Expectations	Measure	Performance (2021/22)
Appeals against Registration Authority Decisions		
Hear appeals from decisions of the RA, in accordance with Part 2 of the Act.	Appeals are considered in accordance with statutory procedures, and decisions are published on CPEC’s website without unreasonable delay.	<p>CPEC handled 14 appeals during the reporting year (nine of which were received between January and June 2021 and therefore in the 2020/21 year).</p> <p>Redacted copies of the decisions issued were published on CPEC’s website after expiration of the 28-day appeal period.</p> <p>Refer section 3.3 for details.</p>
	No appeals are overturned on any further appeal to the District or High Court.	No CPEC decisions were appealed to the District Court or High Court in the year ending 30 June 2022.
Approving Registration Authority Rules		
Review and approve Rules containing standards proposed by the RA in a timely way.	Rules are reviewed, and those which meet statutory requirements are approved at the next Council meeting.	No material changes were made to the rules during the year as noted in section 3.4.

Expectations	Measure	Performance (2021/22)
Governance		
<p>Undertake an annual self-appraisal of CPEC’s performance as a board and provide a summary to Ministry of Business, Innovation and Employment, (MBIE) as part of the reporting process to the Minister.</p>	<p>The summary of the self-appraisal identifies areas which are working well, areas for improvement, and the action CPEC intends to take as a result.</p>	<p>At its March meeting CPEC conducted its annual review and update of all policies.</p> <p>A report on CPEC’s self-appraisal for the year ending 30 June 2021 was forwarded to the Minister with CPEC’s 2021 annual report.</p> <p>A report on CPEC’s self-appraisal for the year ending 30 June 2022 is being forwarded to MBIE with this annual report.</p> <p>See also section 3.5</p>
<p>Create and maintain a membership succession plan and provide to MBIE.</p>	<p>The plan addresses the current skills and experience of Council members and identifies any gaps and proposals for future appointment rounds.</p>	<p>Plan is in place and details contained in it are used by CPEC in engagements with Engineering New Zealand and MBIE regarding appointments.</p>
<p>Meet all obligations under relevant legislation, including reporting under the Chartered Professional Engineers Act 2002.</p>	<p>All legislative obligations are met.</p>	<p>Each quarter, CPEC’s Executive Officer advises the members of any updates to the legislation and regulations which govern its operations.</p>

3.2. Annual Review of Registration Authority’s Performance

Each year CPEC is required to provide a report to the Minister on the performance of the RA. The RA reported to CPEC for the year ended December 2021, and CPEC provided its report on the RA’s performance, along with the RA’s report, to the Minister in June 2022.

CPEC considers that the RA continues to perform well in the following areas:

- Maintaining a robust competency assessment and re-assessment process, and committing to changes aimed at maximising efficiency and effectiveness;
- Applying feedback from consultation processes, the complaints process, and registration candidate surveys, to improve processes;
- The continuing increase in the total number of chartered professional engineers (4251), an increase of 6% (241) since the last period;
- Continuing initiatives to achieve inclusion and diversity goals, highlighted in 2021 by further material gains in the percentage of female registrants, and the Kimihia Rangahaua strategy;
- Ongoing initiatives to refine and streamline the complaints process, with demonstrable benefits flowing from the early resolution of a significant proportion of concerns/complaints;
- The provision of the expert engineering panel in support of the Greater Christchurch Claims Resolution Service and Canterbury Earthquake Insurance Tribunal, set to conclude in 2022.

3.3. Appeals Against Registration Authority Decisions

During the 2021/22 reporting year, CPEC handled a total of 14 appeals, nine of which had been received in the first half of the 2021 calendar year and were carried over to 2021/22. The remaining five were received between September 2021 and January 2022. No appeals were received in the last five months of the reporting period.

Figure 1 shows the number of active appeals and the number of decisions issued by CPEC per year since 2007/08. Some of the active appeals appear in more than one reporting year.

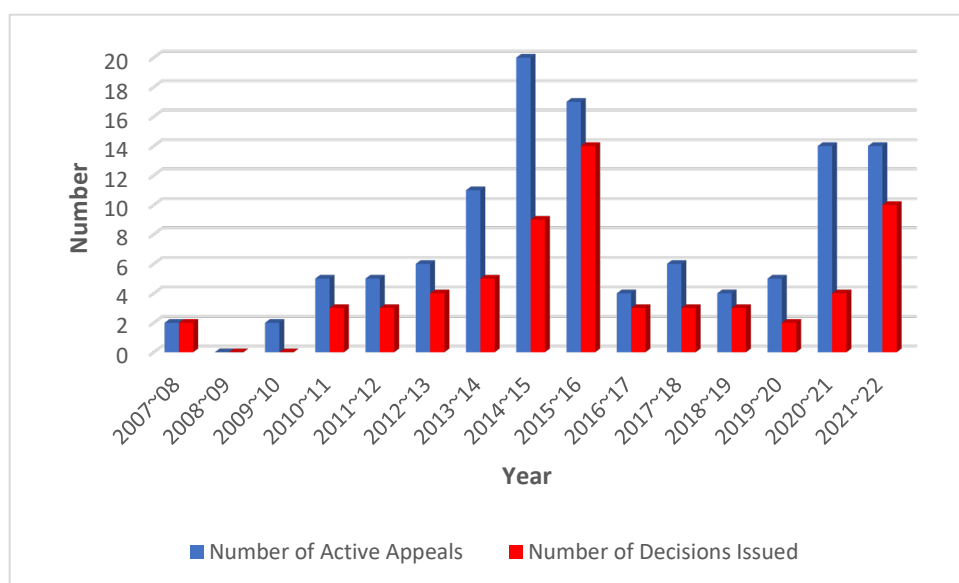


Figure 1: Number of active appeals and decisions issued

Two active cases in 2021/22 were appeals against decisions of the Competency Assessment Board (CAB) and the remaining 12 related to disciplinary complaints about chartered professional engineers. Nine of the latter 12 related to structural engineering, one to civil engineering, one to fire engineering and one to mobile plant.

Four of the nine complaints which related to structural engineering involved an element of geotechnical engineering and all but two of the nine related to residential properties. Four of the disciplinary complaints related in some way to the Canterbury Earthquake Sequence (CES).

Figure 2 indicates the year-on-year mix of appeal decisions issued by CPEC in respect of registration (CAB) and disciplinary complaints respectively. The plotted data shows clearly that decisions related to disciplinary complaints outweigh those related to registration.

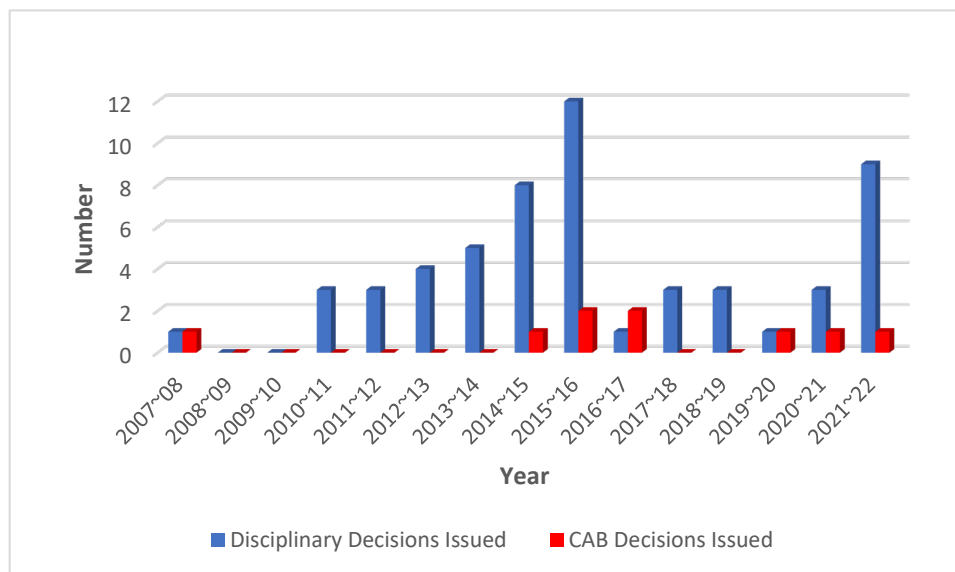


Figure 2: Decisions by Type

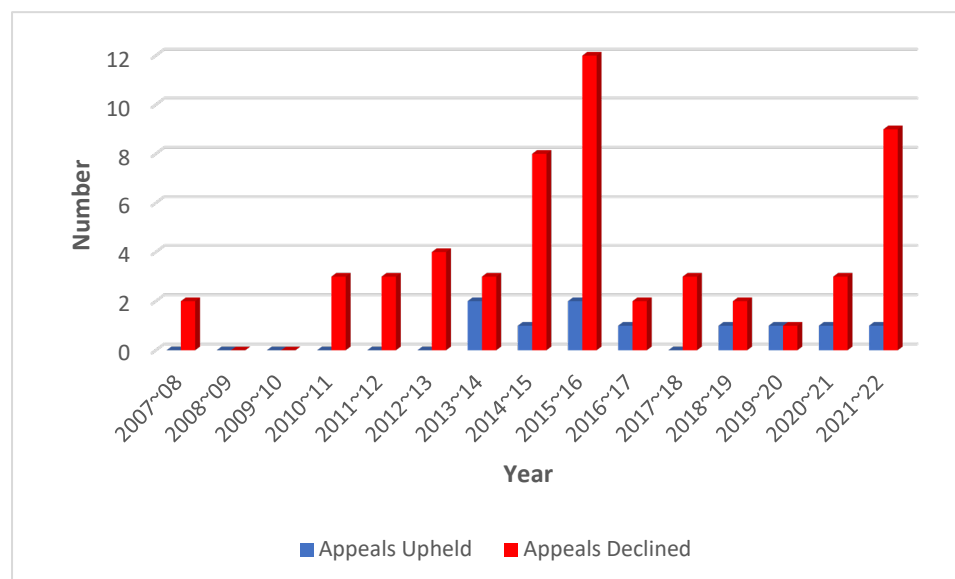


Figure 3: Total Number of Appeals Upheld Versus Declined

Figure 3 shows the number of appeals upheld versus those declined, on an annual basis. As also noted previously, the number of appeals that were declined is generally higher than the number upheld. CPEC believes this is an indication that the complaints process is working effectively, with the significant resources utilised by both the RA and CPEC ensuring thorough consideration of complaints and appeals.

This is particularly evident in Figures 4 and 5 that show the relative numbers of appeals upheld or declined for Disciplinary and Competency Assessment Board (CAB) decisions respectively.

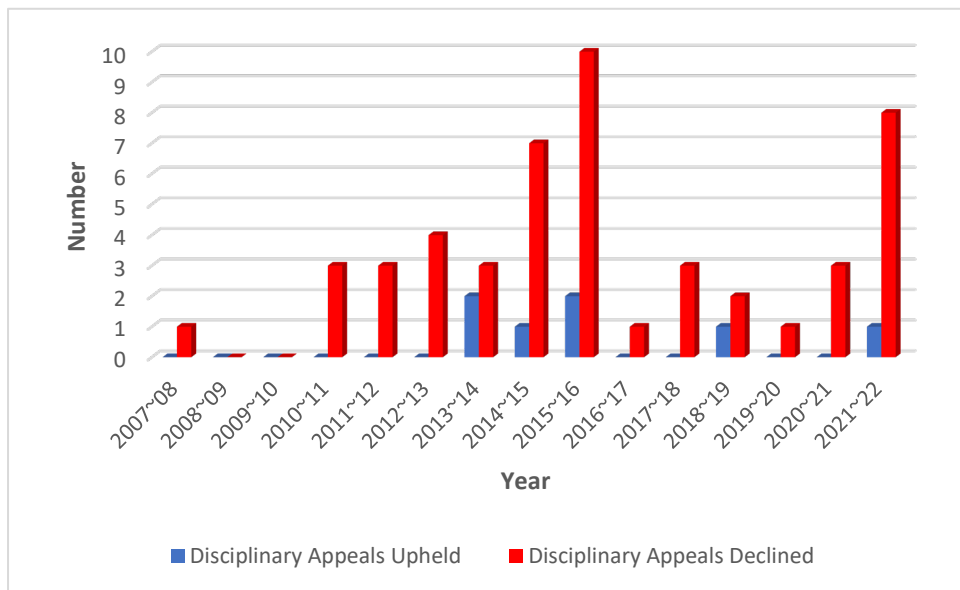


Figure 4: Appeals against Disciplinary Decisions Upheld / Declined

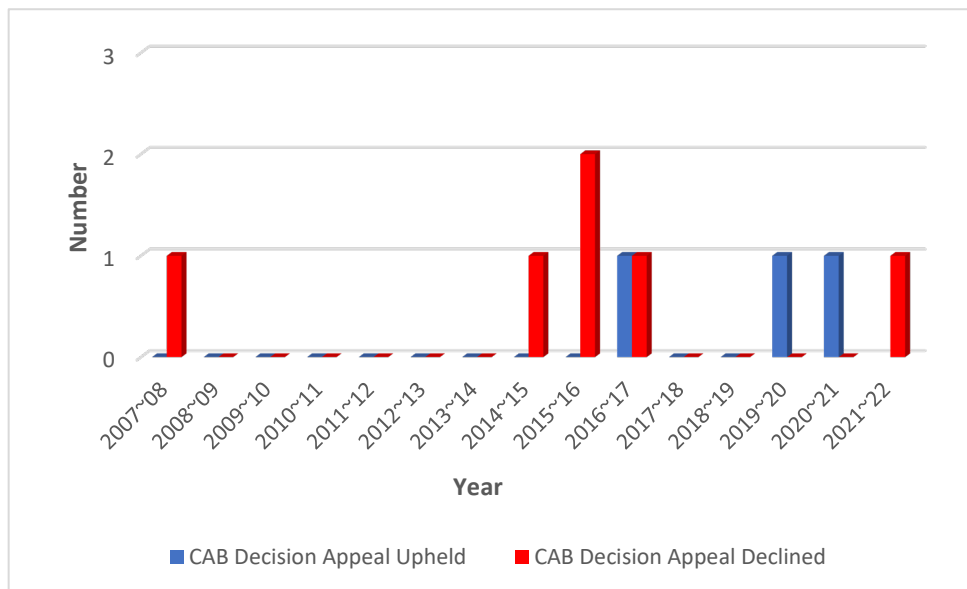


Figure 5. Appeals Against CAB Decisions Upheld / Declined

Figure 5 indicates the consistently small number of appeals annually against decisions of the CAB. To provide context, it is noted that for the 12 months ending 31 December 2021, the RA reported having undertaken 446 assessments for admission and 461 for continued registration.

3.4. Approving the Registration Authority Rules

No changes were made to the RA rules in the reporting year.

3.5. Governance

As implemented in 2020, CPEC's self-appraisal is conducted at its September meeting each year, to align the appraisal with the 30 June reporting year end date.

4. THE YEAR'S OPERATIONS

4.1. Meetings

During the year, CPEC held formal meetings on the following four dates:

Meeting # 77 - Friday 3 September 2021 (held via Zoom)

Meeting # 78 - Friday 3 December 2021 (held via Zoom)

Meeting # 79 - Friday 4 March 2022 (held via Zoom)

Meeting # 80 - Friday 3 June 2022 (held in Wellington)

Representatives from the RA, including the Chief Executive and/or other members of the RA's leadership team, attended each of CPEC's meetings. MBIE was also invited to attend all quarterly meetings of CPEC and their representatives were present at the meetings in March and June 2022.

4.2. Appeals

During the reporting year CPEC had 14 active appeals, nine carried over from early 2021 which fell in the previous reporting year and five lodged during the reporting year. An overview of each case is presented below.

4.2.1. Appeals Relating to Disciplinary Complaints to the Registration Authority

Case 1 – The owners of a property appealed the decision of an investigating committee to dismiss their complaint about an engineer engaged by a design build firm, in relation to the structural design of a new habitable building. The complaint centred on allegations regarding the competence of the engineer. The appeal was dismissed.

Case 2 – A member of the public appealed a decision of a chair of investigating committees, acting as adjudicator, to dismiss a complaint by a member of the public about an engineer's competence and ethical conduct. The services provided by the engineer, for an insurance company, were confined to preliminary assessment of structural aspects of earthquake repairs to a residence. While sympathising with the complainant's unresolved earthquake repair issues, the panel found that the situation could not reasonably have been attributed to the engineer and the appeal was dismissed.

Case 3 – An engineer appealed the decision of an adjudicator to dismiss his complaint about another engineer. The complaint concerned the competence of the respondent regarding a structural assessment of an industrial building carried out for a third party. The analysis of the engineer, about whom the complaint was laid, was somewhat more conservative than the other. The appeal panel found that, while the respondent could have done more by refining his approach after his analysis indicated a low building rating, no ground had been established for referral of the matter to an investigating committee. The appeal was dismissed.

Case 4 – A member of the public appealed the decision of an investigating committee to dismiss a complaint about two engineers. The focus of the appeal was on the adequacy of measures to retain a slope on a residential property. This related to the extent of the slope covered by a wall that had been designed and constructed to address stability issues. The panel found that the alleged misconduct was insufficiently grave to warrant referral for disciplinary action and the appeal was dismissed. Some grounds cited by the appellant were of a commercial nature and therefore beyond the jurisdiction of the panel to consider.

Case 5 – A homeowner appealed a decision by an adjudicator to dismiss a complaint about an engineer. The central issue was inspection and certification of internal structural modifications to the home. The panel considered that no ground had been established for referral of the matter to an investigating committee because the alleged shortcomings, on the part of the engineer, were insufficiently grave. The appeal was dismissed.

Case 6 – An engineer appealed the decision of an investigating committee to refer a complaint about him to a disciplinary committee. The complaint had been raised by the owners of a residential property concerning the engineer’s assessment and reporting for earthquake damage repairs. The appeal was upheld, and the Investigating Committee’s decision overturned by the panel on the grounds that the alleged misconduct was insufficiently grave to warrant further investigation.

Case 7 – An engineer appealed the decision of an adjudicator to dismiss his complaint about another engineer. The complainant had alleged misconduct on the part of the respondent in connection with fire engineering advice for a residential facility. The panel found the appeal to be without merit, determined that there was no applicable ground of discipline and upheld the decision of the Adjudicator, dismissing the appeal.

Case 8 – A structural engineer appealed a disciplinary committee’s decision to uphold a complaint by a member of the public. The appeal included associated penalty orders made by the Disciplinary Committee. The complaint concerned engineering services associated with earthquake damage to a residential property. The appeal panel upheld the decision of the Disciplinary Committee that the appellant’s engineering services had been below the standard reasonably expected of a Chartered Professional Engineer and that he had acted outside of his area of competence. However, the panel varied some aspects of the Disciplinary Committee’s penalty orders.

Case 9 – An engineer who was the subject of a complaint by an employee of a national transportation infrastructure company, appealed a decision of an investigating committee to refer the matter to a disciplinary committee. The complaint concerned professionalism and involved alleged non-disclosure of matters which the complainant considered should have been disclosed in a prior interaction between the two. The appeal panel upheld the decision of the Investigating Committee to refer the matter to a disciplinary committee and dismissed the appeal.

Case 10 – The developer of a residential subdivision appealed the decision of an adjudicator to dismiss a complaint about an engineer’s professionalism and design. A hearing has been conducted and as at 30 June 2022 the panel’s decision was being finalised.

Case 11 – A member of the public, involved in extensions to a community sports facility, appealed a decision of an adjudicator not to refer his complaint about an engineer to an investigating committee. The complaint concerns allegations about competence and also the honesty, objectivity and integrity of the respondent engineer. As at 30 June 2022, the submission phase was complete and arrangements were being made to conduct a hearing.

Case 12 – Two residential property owners have appealed a decision of an adjudicator, to dismiss their complaint about an engineer. The engineer had been engaged by the appellants in relation to investigation, design and construction supervision for a retaining wall. The complaint alleged shortcomings relating to the consenting process, associated delays and undue design complexity. With the agreement of the parties, the panel is hearing the matter on the papers and, as at 30 June 2022, the panel was working on its decision.

4.2.2. Appeals against Decisions of the Competency Assessment Board (CAB)

During the reporting year the council had two active appeals from engineers, appealing decisions of the CAB. In both cases the CAB had declined initial applications for registration as a Chartered Professional Engineer.

In one case, the appeal panel upheld the decision of the CAB and dismissed the appeal.

As at 30 June 2022, the second case was being considered by the panel, based on the papers.

4.2.3. CPEC Decisions Appealed to the District Court

As at 30 June 2022, CPEC is not aware of any of its decisions being appealed to the District Court.

4.2.4. Recurring Themes from Appeals Over Time

As reported previously, a number of themes continue to be observed in appeals heard by CPEC. These include:

- Communication breakdowns or lack of timely engagement between the parties;
- Complaints seeking compensation which CPEC does not have the power to grant and which the Chartered Professional Engineers Act cannot deliver;
- Complaints laid against an engineer where the engineer is not the person primarily responsible for the matter being complained about; and
- Complaints made against an engineer who may have limited or no obligation to the complainant.

Other factors observed by CPEC are outlined below for reference by members of the public and engineers.

Differences of professional opinion – CPEC sees a number of appeals where two engineers held quite different opinions on a technical issue that has become the subject of a complaint. This situation does not mean that one is necessarily right, and the other is wrong. However, problems can and do arise where the engineers involved are not able to resolve the matter cooperatively and professionally.

Technical issues – Commonly, technical issues are involved in appeals and while there can be exceptions, they often are relatively minor and have been magnified by a breakdown in the relationship between the parties.

Areas of expertise and competence – A factor in some appeals has been allegations that engineers have been practicing beyond their area of expertise and competence. This highlights the need for engineers' scope of work to be well documented and for engineers to ensure they practice only within their areas of competence.

CAB decisions - The most common factor observed in appeals by engineers against decisions of the CAB regarding registration as a Chartered Professional Engineer, is whether or not the applicant has demonstrated competence in the area of complex engineering. This importantly includes complex engineering in the New Zealand context. The onus is on the applicant to provide material which demonstrates that competence.

Grounds of Appeal and submission content – It is not uncommon for grounds to be cited and submissions to be made, that address matters which are beyond the jurisdiction of the Chartered Professional Engineers Act. This potentially can lead to disappointment on the part of people filing the appeal and can be unduly time-consuming for all involved. Ideally, submissions will be filed that are to the point and that do not contain unnecessary or irrelevant volume.

4.3. Development

4.3.1. Succession

During the year there has been close engagement with MBIE and Engineering New Zealand related to replacement and reappointment of members whose terms expire in 2022. Attention has been paid to ensuring appropriate legal expertise and chartered professional engineer representation in the membership of CPEC.

4.3.2. Appeal process

Work has been under way to improve the means of notification of appeal so that appeals are generally better focussed on grounds which CPEC has jurisdiction to consider, and which align better with the Act and Rules. Progress has been hindered by the extremely heavy appeal workload during the year. This work includes a refreshment of guidance on CPEC's website regarding the appeal process and the development of a Notice of Appeal form to be accessible from the website.

5. THE YEAR AHEAD

5.1. Review of CPEC Website

CPEC expects to implement the changes referred to in 4.3.2 by early 2023. The anticipated outcome is more focussed appeal submissions, with grounds that align appropriately with the provisions of the Chartered Professional Engineers Act and the relevant Rules and Regulations.

5.2. Engagement with the Registration Authority

CPEC will continue to work with the RA in the pursuit of positive outcomes in the areas outlined below.

5.2.1. Process improvements

CPEC will continue to work closely with the RA and MBIE in the development of both the shorter-term improvements following on from the now-complete CPEng Review, and longer-term measures that will ultimately be incorporated in new legislation and regulations that govern the profession.

5.2.2. Assessment capability

An important goal for the RA is stable and sustainable assessment capability achieved through a reduction in processing times for CPEng assessments. CPEC will address this with the RA, at least, on a quarterly basis. The clearance of backlogs and reduction in assessment times will be very challenging goals to achieve.

5.2.3. Status updates

It is important to keep Engineering New Zealand members and CPEng registrants up to date with progress regarding the status of, and differences between, the Chartered Member and CPEng quality marks as information circulates regarding the reforms affecting the engineering profession.

5.2.4. Financial deficit of the RA

Measures to manage the significant financial deficit of the RA will continue to be addressed at regular council meetings. However, CPEC notes that the RA's deficit is ultimately a matter for Engineering New Zealand's Board to resolve.

5.3. Organisational Matters

5.3.1. Council Appointments

Appointments to CPEC are made under Sections 49 and 50 of the Chartered Professional Engineers of New Zealand Act 2002. Succession and appointments are generally discussed with MBIE officials at least at each quarterly meeting of CPEC, with a view to ensuring continuity of appointments.

Ms Megan Neill, an Engineering New Zealand nominee, is a qualified lawyer based in Wellington and was appointed to CPEC with effect 1 April 2022.

At 30 June 2022 MBIE are processing the reappointment / replacement of four members whose terms expire in 2022.

APPENDIX: FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

Chartered Professional Engineers Council
Financial Statements
For the Year Ended 30 June 2022

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Chartered Professional Engineers Council

Entity Information

For the Year Ended 30 June 2022

Legal Name :

Chartered Professional Engineers Council

Type of Entity and Legal Basis :

The Chartered Professional Engineers Council is a statutory body established under the Chartered Professional Engineers of New Zealand Act 2002, that came into force on 1 July 2002.

Entity's Purpose :

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 Institution of Professional Engineers New Zealand Incorporated was established as the Registration Authority under the Act. On 1 October 2017 The Institution of Professional Engineers New Zealand Inc changed its trading name to Engineering New Zealand.

It is also the role of the Council :

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

Entity's Structure :

Under the Act the Council must have at least 6, but no more than 8 members, who are appointed by the Minister for Building and Construction.

It is supported by a contracted part-time Executive Officer.

Main Source of the Entity's Income :

The Council receives an annual grant from Engineering New Zealand, funded through a levy on its members. For the year ended 30 June 2022 this was \$100,000 plus GST.

Council Members :

Chris Harrison (Chair)

Sandra Hardie (Deputy Chair)

Manjit Devgun

Tony Fairclough

Megan Neill

(Appointed Council Member from 1 April 2022)

Sue Simons

Sarah Sinclair

Alan Winwood

Executive Officer :

Lisa Kinghorn

Auditors :

Baker Tilly Staples Rodway Audit Limited on behalf of the Auditor-General

Bankers :

Westpac

Chartered Professional Engineers Council
Entity Information Continued
For the Year Ended 30 June 2022

Contact Details :

Physical Address :

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info@cpec.org.nz

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INDEPENDENT AUDITOR'S REPORT TO THE READERS OF THE CHARTERED PROFESSIONAL ENGINEERS COUNCIL'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

The Auditor-General is the auditor of the Chartered Professional Engineers Council (the Council). The Auditor-General has appointed me, Chrissie Murray, using the staff and resources of Baker Tilly Staples Rodway, to carry out the audit of the financial statements of the Council on his behalf.

Opinion

We have audited the financial statements of the Council on pages 1 to 2 and 7 to 13, that comprise the entity information and statement of financial position as at 30 June 2022, the statement of service performance, the statement of financial performance, the statement of movements in equity and the statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information.

In our opinion the financial statements of the Council:

- present fairly, in all material respects:
 - the entity information,
 - its financial position as at 30 June 2022 and
 - its service performance, financial performance and cash flows for the year then ended; and
- comply with generally accepted accounting practice in New Zealand and have been prepared in accordance with Public Benefit Entity Simple Format Reporting – Accrual (Public Sector)

Our audit was completed on 2 September 2022. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Council and our responsibilities relating to the financial statements and we explain our independence.

Basis of opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the Auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the governing body for the financial statements

The governing body is responsible for preparing financial statements that are fairly presented and that comply with generally accepted accounting practice in New Zealand.

The governing body is responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the governing body is responsible on behalf of the Council for assessing the Council's ability to continue as a going concern. The governing body is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to liquidate the Council or to cease operations, or there is no realistic alternative but to do so.

The governing body's responsibilities arise from the Chartered Professional Engineers of New Zealand Act 2002.

Responsibilities of the auditor for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of these financial statements.

We did not evaluate the security and controls over the electronic publication of the financial statements.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the governing body.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the governing body, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Council's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However future events or conditions may cause the Council to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the governing body regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

Independence

We are independent of the Council in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1(Revised): *Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board.

Other than the audit, we have no relationship with, or interests in, the Council.



Chrissie Murray
Baker Tilly Staples Rodway Audit Limited
On behalf of the Auditor-General
Wellington, New Zealand

Chartered Professional Engineers Council

Statement of Responsibility

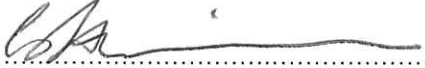
For the Year Ended 30 June 2022


The Council is responsible for the preparation of the Chartered Professional Engineers Council's Financial Statements and Statement of Service Performance and for the judgements made in them.

The Council accepts responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial and non-financial reporting.

In the Council's opinion these Financial Statements and the Statement of Service Performance fairly reflect the financial position and the operations of the Chartered Professional Engineers Council for the year ended 30 June 2022.

For and on behalf of the Council


..... Chair


..... Deputy Chair

Date 2 September 2022

Chartered Professional Engineers Council

Statement of Service Performance

For the Year Ended 30 June 2022

Meetings of the Council

During the Year the Council held 4 quarterly meetings in September and December 2021, March and June 2022. Because of the Covid-19 pandemic, the September 2021, December 2021 and March 2022 meetings were virtual meetings. These meetings were attended by representatives from the Registration Authority including the Chief Executive of Engineering New Zealand and/or members of the management team, while representatives from the Ministry of Business, Innovation and Employment (MBIE) attended the March and June 2022 meetings.

Changes to Rules

There were no changes to the rules during the year.

Appeals under consideration

At the start of this reporting year Appeal Panels of Council members were considering 9 ongoing appeals lodged prior to 1 July 2021. This reporting year the Council received 5 new appeals and Appeal Panels of Council members were appointed for these appeals.

Of these 14 appeals, 10 were completed during the reporting year and 4 were ongoing.

Of the 5 appeals received this reporting year, 3 were from members of the public concerning engineers, 1 was from an engineer in relation to a complaint laid by a member of the public about him and 1 was from an engineer concerning another engineer.

Report on the performance of the Registration Authority

The Chartered Professional Engineers of NZ Act 2002 requires the Registration Authority to provide the Council with a report on its operations and on the Chartered Professional Engineer (CPEng) register for its year ended 31 December by 31 March each year.

As required the Registration Authority's provided its report to the Council. This report together with the Council's own report on the performance of the Registration Authority was provided to MBIE in June 2022 for presentation to the Minister.

Chartered Professional Engineers Council
Statement of Financial Performance
For the Year Ended 30 June 2022

2021 Actual \$		Note	2022 Actual \$	2022 Budget \$
	Income			
100,000	Levies Received	3	100,000	100,000
1,835	Interest Received	4	1,143	1,000
101,835	Total Income		101,143	101,000
	Less Expenses			
30,264	Administration	5	27,571	32,500
41,183	Appeal Costs	6 & 8	63,472	60,000
35,346	Governance	7 & 8	28,407	45,500
106,793	Total Expenses		119,450	138,000
(4,958)	Net Operating Surplus (Deficit)		(18,307)	(37,000)

Chartered Professional Engineers Council
Statement of Movements in Equity
For the Year Ended 30 June 2022

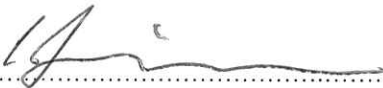
2021 Actual \$		2022 Actual \$	2022 Budget \$
(4,958)	Net Operating Surplus (Deficit)	(18,307)	(37,000)
(4,958)	Total Recognised Revenues and Expenses	(18,307)	(37,000)
85,079	Opening Equity Balance	80,121	80,121
80,121	Total Equity	61,814	43,121




Chartered Professional Engineers Council
Statement of Financial Position
As at 30 June 2022

2021 Actual \$		Note	2022 Actual \$	2022 Budget \$
	Current Assets			
19,462	Cash and Cash Equivalents	9	19,277	14,821
80,000	Investments - Short Term Deposits	10	60,000	40,000
5,170	Debtors	11	6,103	6,300
104,632	Total Current Assets		85,380	61,121
	Less Current Liabilities			
24,511	Creditors	12	23,566	18,000
24,511	Total Current Liabilities		23,566	18,000
80,121	Net Assets		61,814	43,121
	Represented By:			
80,121	Total Equity		61,814	43,121

For and on behalf of the Council


..... Chair


..... Deputy Chair

Date: 2 September 2022

Chartered Professional Engineers Council
Statement of Cash Flows
For the Year Ended 30 June 2022

2021 Actual \$		2022 Actual \$	2022 Budget \$
	Cash Flow from Operating Activities		
	Cash was Provided from:		
100,000	Levies Received	100,000	100,000
403	Net Goods and Services Tax Received (Paid)	(935)	(1,091)
100,403		99,065	98,909
	Cash was Disbursed to:		
106,792	Payments to Suppliers and Council Members	120,626	144,525
106,792		120,626	144,525
(6,389)	Net Cash Flow (Deficit) from Operating Activities	(21,561)	(45,616)
	Cash Flow from Investing Activities		
	- Funds transferred from Investments	20,000	40,000
2,335	Interest Received	1,376	975
2,335	Net Cash Flow from Investing Activities	21,376	40,975
(4,054)	Net (Decrease) in Cash and Cash Equivalents	(185)	(4,641)
23,516	Opening Cash and Cash Equivalents	19,462	19,462
19,462	Closing Cash and Cash Equivalents Note 9	19,277	14,821



Chartered Professional Engineers Council
Notes to the Financial Statements
For the Year Ended 30 June 2022

1. Statement of Accounting Policies

Reporting Entity

The financial statements presented here are for the reporting entity Chartered Professional Engineers Council (the Council). The Council was established on 1 July 2002 by the Chartered Professional Engineers of New Zealand Act 2002 (the Act).

Basis of Preparation

Under Section 55 of the Act, the Council is required to prepare financial statements that comply with generally accepted accounting practice in New Zealand (GAAP). Under the GAAP Standards, that applied from 1 July 2014, the Council is designated a Public Benefit Entity (PBE) for financial reporting purposes. The Council has elected to apply PBE SFR-A (PS) Tier 3 - PBE Simple Format Reporting - Accrual (Public Sector) Tier 3 on the basis that the Council has no public accountability and has total annual expenses of less than \$2 million. All transactions in the financial statements are reported using the accrual basis of accounting.

Going Concern Assumption

The financial statements are prepared on the assumption that the Council will continue to operate for several more years. This position is based on regular updates from MBIE.

The Government has announced that reforms to the sector in which professional engineers operate are to proceed. The most recent indication is that the earliest anticipated timing for the enabling legislation is 2023. MBIE have advised the Council that they anticipate that there will be a six year transitional period before the regime becomes fully operational and the Council will be disestablished at the end of this transitional period.

Measurement Base

The measurement base adopted is historical cost.

Budget Figures

The budget figures were approved by the Council at its June 2021 meeting and were calculated on a basis consistent with previous years. The budget was prepared in accordance with GAAP accounting standards.

Changes in Accounting Policies

There have been no changes in accounting policies during the financial year.

Goods and Services Tax

The financial statements have been prepared on a GST exclusive basis, except Creditors (Accounts Payable) which are shown inclusive of GST.

Taxation

Prior to the Year Ended 30 June 2016, no provision was made for income tax as it was believed the Chartered Professional Engineers Council (CPEC), as a public entity created by statute, was tax exempt under the Income Tax Act 2007. Following an Inland Revenue review CPEC was advised that it was to be taxed at the company rate. The IRD allowed CPEC to lodge tax returns from 2007 which resulted in accumulated losses to be carried forward. After adding the 2022 tax loss of \$18,307 the accumulated losses to carry forward will be \$99,730 (2021 \$81,423).

2. Financial Instruments

The Chartered Professional Engineers Council is party to financial instruments in the form of bank accounts, short term investments, debtors and creditors as part of its everyday operations. These are disclosed in the Statement of Financial Position at their fair value. Income and expenses in relation to the financial instruments are recognised in the Statement of Financial Performance in arriving at the operating result.

3. Levies Received

The Council receives an annual grant from Engineering New Zealand, funded through a levy on its members. For the year ended 30 June 2022 this was \$100,000 plus GST (2021 \$100,000 plus GST).

Chartered Professional Engineers Council
Notes to the Financial Statements (Continued)
For the Year Ended 30 June 2022

4. Interest Received

Is the Interest earned on the Westpac Bank short term deposits and on funds held in the Westpac Bank operating account. Interest revenue is recognised in the period in which it is earned using the effective interest rate method

5. Administration Expenses	Note	2022	2021
		\$	\$
Accounting Fees		7,800	7,800
Audit Fees	13	4,844	4,604
Consultant - Executive Officers Fees		7,446	10,856
Dropbox, Google and Zoom Fees		3,644	3,427
Printing Annual Reports		1,273	875
Sundry Expenses		2,564	2,702
		<u>27,571</u>	<u>30,264</u>

6. Appeal Costs	Note	2022	2021
		\$	\$
Council Member Appeal Fees	8	59,803	33,522
Council Member Appeal Travel Expenses	8	1,152	1,497
Legal and Consultants Fees Appeals		1,758	3,737
Other Appeal Costs		759	2,427
		<u>63,472</u>	<u>41,183</u>

During the 2022 year the Council incurred appeal costs for 14 appeals (2021 14 Appeals). Since 1 July 2022 the Council has incurred costs associated with 4 ongoing appeals (2021 9 ongoing appeals) and these expenses will be recorded in the 2023 Financial Statements.

7. Governance	Note	2022	2021
		\$	\$
Council Meeting Fees	8	18,756	18,772
Council Meeting Travel Expenses	8	2,535	6,147
Council Member Other Fees	8	5,767	8,042
Council Meeting Other Costs		1,349	2,385
		<u>28,407</u>	<u>35,346</u>

8. Related Party Transactions

During the 2022 year Council Members received fees totalling \$84,325 as follows:

	Council Meeting Fees	Appeal Hearing Fees	Other Fees
	2022	2022	2022
	\$	\$	\$
Chris Harrison (Chair)	3,744	19,799	4,680
Sandra Hardie (Deputy Chair)	2,964	5,826	988
Manjit Devgun	2,370	5,135	99
Tony Fairclough	2,370	3,827	-
Megan Neill	593	-	-
Sue Simons	1,975	4,132	-
Sarah Sinclair	2,370	7,159	-
Alan Winwood	2,370	13,924	-
	<u>18,756</u>	<u>59,802</u>	<u>5,767</u>

During the 2022 year Council Members were also reimbursed travel expenses totalling \$2,535 for attending Council meetings and \$1,152 for attending Appeal hearings.

Chartered Professional Engineers Council
Notes to the Financial Statements (Continued)
For the Year Ended 30 June 2022

8. Related Party Transactions (Continued)	Council Meeting Fees 2021 \$	Appeal Hearing Fees 2021 \$	Other Fees 2021 \$
During the 2021 year Council Members received fees totalling \$60,336 as follows:			
Chris Harrison (Chair)	3,588	12,517	5,733
Sandra Hardie (Deputy Chair)	2,840	5,135	926
Manjit Devgun	2,271	2,370	988
Tony Fairclough	2,469	1,185	395
Rebecca Knott	1,284	679	-
Sue Simons	1,876	2,725	-
Sarah Sinclair	2,271	2,295	-
Alan Winwood	2,173	6,616	-
	<u>18,772</u>	<u>33,522</u>	<u>8,042</u>

During the 2021 year Council Members were also reimbursed travel expenses totalling \$6,146 for attending Council meetings and \$1,497 for attending Appeal hearings.

9. Cash and Cash Equivalents	2022 \$	2021 \$
Cash and cash equivalents are cash funds readily available in the Westpac Bank operating account as follows:		
Westpac Bank operating account	19,277	19,462
Cash and Cash Equivalents	<u>19,277</u>	<u>19,462</u>

10. Investments - Short Term Deposits	2022 \$	2021 \$
Investments are short term deposits with the Westpac Bank with original maturities of less than one year. They are recorded at cost, interest accrued to balance date is recognised as a Debtor at year end.		
Westpac Short Term Deposit at cost	60,000	80,000
Investments - Short Term Deposits	<u>60,000</u>	<u>80,000</u>

11. Debtors	2022 \$	2021 \$
Debtors are accounts receivable which are recorded at their realisable value as follows:		
Goods and Services Tax Receivable	6,061	4,895
Interest Accrued	42	275
Debtors	<u>6,103</u>	<u>5,170</u>

12. Creditors	2022 \$	2021 \$
Creditors are the accounts payable to suppliers and council members and are recorded at the amount payable as follows:		
Accounts payable to suppliers and council members	21,871	24,511
PAYE payable	1,695	-
Creditors	<u>23,566</u>	<u>24,511</u>

13. Auditor's Remuneration
 Baker Tilly Staples Rodway Audit Limited provides audit services to the Council on behalf of the Auditor-General. The audit fees charged for the 2022 audit were \$4,844 (2021 \$4,604)
 No non-audit services are provided by Baker Tilly Staples Rodway Limited.

14. Contingent Liabilities
 The Chartered Professional Engineers Council had no contingent liabilities as at balance date (2021 Nil).

15. Commitments
 The Chartered Professional Engineers Council had no commitments as at balance date (2021 Nil).

16. Subsequent Events
 There were no subsequent events.





CPEC

Chartered Professional Engineers Council
Kāhui Kaiwetepanga Ngaio Whaimana