



**ANNUAL REPORT BY THE
CHARTERED PROFESSIONAL ENGINEERS COUNCIL**

FOR THE PERIOD 1 JULY 2014 TO 30 JUNE 2015

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1. INTRODUCTION

The Council has continued this year to undertake its statutory functions. Additionally there has been attention on the following areas:

- a) Code of Ethics Review
- b) Ministerial Review of CPEC and Governance Issues
- c) Performance of the Registration Authority
 - i The assessment and reassessment process
 - ii The handling of complaints.
- d) The growing number of appeals against decisions of the Registration Authority.
- e) Growing complexity of the appeals that are being received.

2. STATUTORY FUNCTIONS

The statutory functions of the Council are prescribed in the Chartered Professional Engineers of New Zealand Act 2002 (“Act”). These are summarised in the following table together with the activity, if any, during the year associated with their discharge.

Statutory Function	Activity During the Year
Section 45(a) - Review and approve proposed rules containing CPEng standards	There were no changes to the existing Rules proposed by IPENZ this year.
Section 45(b) - Hear appeals from decisions of the Registration Authority	Fifteen appeals were received during the year.
Section 45(c) - Review and report to the Minister on the performance and exercise of the respective functions and powers of:	
Registration Authority (s53)	2014 Report – published in June 2015
CPEC (s54)	2013-14 Report – published in October 2014

3. COUNCIL MEMBERSHIP and MEETINGS

For most of the year Jon Williams remained as Acting Chairman (following the resignation of Graham Shaw). The Minister confirmed Mr Williams’ appointment as Chairman in December 2014. Sharyn Westlake stepped down as a member in December 2014 and was replaced by Christopher Harrison.

Current Council Members:

Name	Position	Date of Appointment	Date Appointed to
Jon Williams	Chairman Nominated by ACENZ	01 July 2010 as Chairman from 18 December	28 July 2016
Roland Frost	Nominated by IPENZ	8 October 2008	13 October 2017
Andrew Hazelton		18 May 2003	29 October 2015
Christopher Harrison	Nominated by IPENZ	21 December 2014	20 December 2015
Jane Nees	Consumer Representative	14 October 2011	17 December 2015
Ross Tanner		1 September 2013	31 August 2016
Sharyn Westlake	Nominated by IPENZ	25 August 2006	20 December 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 # 49 - Friday 5 September 2014

Meeting # 50 - Friday 12 December 2014

Meeting # 51 - Friday 6 March 2015

Meeting # 52 - Friday 5 June 2015

Representatives from the Registration Authority ('the RA'), which is the Institution of Professional Engineers New Zealand Inc. - IPENZ, including the Chief Executive, and the Registrar, attended each of the Council's meetings. Representatives from the Ministry of Business, Innovation and Employment (MBIE) were invited to all meetings. MBIE had representation at each meeting of the Council during the year.

At these meetings as part of ongoing discussions the Council continued to review and monitor:

- The up-take of the CPEng title - numbers applying to be registered.
- The speed of initial assessment and ongoing re-assessment of CPEng competence.
- The ongoing selection and training of staff and practice area assessors to match the practice areas of engineers seeking registration.
- The number of complaints and appeals.
- A new Code of Ethics for engineers.

4. COUNCIL BUSINESS

This report contains commentary on Council operations, including information that enables an informed assessment to be made of the Council's performance and exercise of its functions and powers under this Act during the financial year. Annual financial statements, including a statement of service performance 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 of Council business:

- New Code of Ethics.
- The performance of the Registration Authority (a summary of our separate annual report on this matter).
- Increased uptake of CPEng.
- Speed of assessments and reassessments.
- Review of governance of the engineering profession.
- Increased number and complexity of appeals.
- The financial situation of the Council.

4.1 New Code of Ethics

During the 2013-14 year, a working group of IPENZ prepared a new Code of Ethics for the engineering profession. This would apply to both chartered professional engineers and to IPENZ members. A member of this Council (Mr Hazelton) had participated as a member of this sub-group. A draft new Code was circulated widely to IPENZ members, and to the wider profession, earlier in 2014. The draft was also considered by this Council, and comments were sent back to IPENZ.

A number of substantive comments were received about the draft from IPENZ members, engineering firms, and other stakeholders. As a result the draft was referred back to the subgroup for further work, and a new draft circulated to the profession for comment in the first part of the 2015 year. The new Code of Ethics was approved by the Council at its June 2015 meeting. The next step is for it to be formalised in a change to the Chartered Professional Engineers of New Zealand Rules.

4.2 The Performance of the Registration Authority

The Council is required to provide an annual report to the Minister on the performance of the RA, based on their report to this Council. The RA reported to the Council on their activity for the year ended December 2014, and we provided our annual report on that performance to the Minister in June 2015.

We noted in our report that the Registration Authority is performing well in the following areas:

- There continues to be growth in the number of engineers becoming registered as chartered professionals. The number of persons registered as CPEng increased by 174 to 3,358 in 2014.
- There is good international benchmarking of the CPEng quality mark.
- The competency assessment and re-accreditation process for chartered professional engineers is robust.

However we discussed some previously raised and new concerns in our report.

- The length of time being taken for applications for initial assessment and re-assessment for CPEng accreditation remains high.

- The number of complaints being received by the RA about the work and performance of chartered professional engineers continues to increase. There has also been an increase in the number of the decisions that are being appealed. The Council considers that some of these appeals could have been avoided if the complaints process had been more effective.
- There has been a continuing rise in complaints against RA staff and volunteers involved in the complaints process by disaffected parties to previous complaints. Some of these have also now resulted in appeals. The Council has sought advice on how complaints against the RA should be actioned. The Council does not have the mandate to investigate or prosecute complaints against the RA. We can bring them to the attention of the Minister in our report (as we are doing now). We recommend to complainants that they complain to the CEO of the RA/IPENZ and if required complain to the Minister.
- The Council has discussed with the RA the apparent inconsistency of penalties being applied by Disciplinary Committees. During the year the RA has been working on a penalties guideline for use by Disciplinary Committees. The Council's concerns have continued beyond the end of the 2014/2015 year and we are currently documenting specific examples for issue to the RA and the Minister.

4.3 Increase in the Uptake of CPEng

The Council was encouraged to see the continuing uptake of registration for the Chartered Professional Engineer (CPEng) title by the profession. In the year to 30 June 2014 the number of persons registered as CPEng was 3307, this increased for the year to 1 July 2015 to 3383.

The Council notes that engineering continues to be a male-dominated profession as is evidenced by the gender breakdown. The proportion of women in the profession has grown only slowly since 2003 (eight percent of all registrants are women, and 13 percent of all candidates undertaking an assessment for registration in 2014 were women). The Registration Authority believes that in the longer term, a better gender balance can be expected as the male-dominated cohort ages. This Council however considers that attracting women into the profession is something that should be high priority for the Registration Authority, IPENZ and other professional engineering organisations.

4.4 Speed of Assessments and Re-Assessments

The Council has in past years expressed some concern that the length of time being taken for applications for initial assessment and re-assessment for CPEng accreditation remained high. While we remain confident that the RA continues to maintain a credible and robust competency assessment system, we continue to monitor the speed of assessments and reassessments with the Registration Authority at our quarterly meetings. We consider that given the increase in numbers of assessors, and the projected number of CRAs in 2015, that the risks (of a backlog etc.) are low but the assessment workload is being monitored and managed carefully.

4.5 Increasing Number and Complexity of Appeals

The Council remains concerned at the increasing number of complaints being received by the RA about the work and performance of chartered professional engineers and about the time taken to process these complaints. The formal process for considering complaints

by the RA is complex, and in the view of the Council, requires simplification. There is currently a preliminary adjudication stage, followed by referral to and consideration by an Investigating Committee. The Investigating Committee may then if the case warrants it, refer the matter to a Disciplinary Committee for their decision.

The Council is concerned that too many cases are being rejected by the RA at the preliminary adjudication stage, without being referred to an Investigating Committee. A number of appeals received by the Council relate to decisions of the Adjudicators. There has also been an increase in the number of Disciplinary Committee decisions that are being appealed to the Council.

At the start of this financial year, Appeal Panels made up of Council members were considering 10 ongoing appeals. During the year a further 15 appeals were received and Appeal Panels of Council members had been appointed to consider 13 of these appeals. The remaining 2 appeals were received late in the year and there was insufficient time to appoint Appeal Panels. Of these 25 appeals, 12 appeals were completed, 2 were found to be not proper appeals under the Act and the remaining 11 continue under consideration. Three of the appeals received this year were for re-assessment to be registered as a Chartered Professional Engineer. The other appeals were from members of the public complaining about the performance of engineers.

These 25 appeals have placed a heavy workload on the Council members. Some of the appeals were very complex involving multiple parties

The costs associated with hearing a high number of appeals this year has required the Council to use all of its financial reserves.

4.6 Review of Governance

In September 2014, the Minister of Building and Construction announced proposals to change the occupational regulation of engineers in New Zealand. A consultation document was published by the Ministry of Business, Innovation and Employment, and submissions were invited from engineering organisations, engineering businesses and the public, by 31 October.

The Council subsequently expressed its disappointment to the Minister and to MBIE that, as the Statutory Council responsible for oversight of the Rule and Code of Ethics for the profession, it has not been engaged in the process of preparation of the proposed changes. Nevertheless, together with other organisations in the sector we did make a submission commenting on aspects of the proposals.

The proposed changes included a new construction industry body that would be responsible for this Council's current performance monitoring and oversight functions on the Registration Authority, approving rules and standards, and hearing serious complaints against engineers and appeals from the Registration Authority.

CPEC would be disestablished and transition arrangements would be put in place to manage the transfer of functions to the new body.

The Council has recently been advised that the Minister for Building and Housing now intends to review all occupational regulation in the construction sector which would have an impact on progress of the proposals relating to engineers.

The Council notes that chartered professional engineers operate in many areas outside the building construction area and some consideration needs to be given to how they are brought under this control.

Those parts of the previous proposal that require legislative change will now be considered again in the wider review. They include changes to the institutional structures (CPEC and IPENZ) and the complaints and discipline processes.

Some of the changes proposed do not require changes to be made to legislation and are to be progressed by the profession, with the support of MBIE where needed.

CPEC is supportive of the changes and expects to be engaged in implementing these changes during the 2015/16 year.

We have been advised that any changes to the role and functions of CPEC itself are unlikely to proceed for some time yet.

5. FINANCIAL REPORTS

Financial statements for the Council for the Year Ended 30 June 2015 are appended to this annual report.

As we have reported above, the Council this year used all of the financial reserves it had accumulated from previous years, because of the costs involved in hearing the increased number of appeals it had received about decisions of the RA.

The Council receives an annual grant from the RA to cover its activities, which is funded by a levy on chartered professional engineers, but this is now insufficient to cover the burgeoning cost of appeals as well as the Council's own modest administration costs. The Council approached the Minister during the year for further funding, which was declined on the basis that we first approach IPENZ. The IPENZ Board has recently (after the end of the financial year) informed the Council that they have insufficient funds to provide assistance to the Council

Unless an increased grant is provided, the Council will be unable to achieve its statutory requirement of an efficient and timely appeals process.

Jon Williams
Chairman



Date: 15 October 2015

Chartered Professional Engineers Council
Financial Statements
For the Year Ended 30 June 2015

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Chartered Professional Engineers Council

Entity Information

For the Year Ended 30 June 2015

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 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 NZ Inc (IPENZ) was established as the Registration Authority under the Act. 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 Governor General on the recommendation of the Minister.

It is supported by a part-time Executive Officer.

Main Source of the Entity's Income :

The Council receives an annual grant from IPENZ which is funded through a levy on IPENZ members. This is currently \$70,000 plus GST.

Council Members :

Jon Williams (Chairperson)
Ross Tanner (Acting Deputy Chair)
Roly Frost
Chris Harrison (Appointed from 21 December 2014)
Andrew Hazelton
Jane Nees
Sharyn Westlake (to 20 December 2014)
Anthony Wilson

Executive Officer :

Warwick Bishop (to 6 March 2015)
Sue Beasley (from 7 March 2015)

Auditors :

Staples Rodway Wellington on behalf of the Auditor-General

Bankers :

Westpac

**Chartered Professional Engineers Council
Entity Information Continued**

For the Year Ended 30 June 2015

Contact Details :

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info@cpec.org.nz

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INDEPENDENT AUDITOR'S REPORT

TO THE READERS OF CHARTERED PROFESSIONAL ENGINEERS COUNCIL'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

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

Opinion

We have audited the financial statements of the Council on pages 7 to 11, that comprise the statement of financial position as at 30 June 2015, the statement of financial performance, statement of movements in equity and 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:
 - its financial position as at 30 June 2015; and
 - its financial performance and cash flows for the year then ended; and
- have been prepared in accordance with PBE Simple Format Reporting – Accrual (Public Sector) – Tier 3.

Our audit was completed on 11 September 2015. 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, and explain our independence.

Emphasis of matter

Without qualifying our opinion, we draw attention to Note 1 in the financial statements which indicates that the Council incurred a net loss of \$62,805 during the year ended 30 June 2015 and, as of that date the Council's current liabilities exceeded its total assets by \$3,986. These conditions, along with other matters set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the Council's ability to continue as a going concern.

Basis of opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence readers' overall understanding of the financial statements. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation of the Council's financial statements 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.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Board of Directors;
- the adequacy of the disclosures in the financial statements; and
- the overall presentation of the financial statements.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements. Also we did not evaluate the security and controls over the electronic publication of the financial statements.

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

Responsibilities of the Council

The Council is responsible for the preparation and fair presentation of financial statements for the Council in accordance with PBE Simple Format Reporting – Accrual (Public Sector) – Tier 3.

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

The Council 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. The Council is also responsible for the publication of the financial statements, whether in printed or electronic form.

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the financial statements and reporting that opinion to you based on our audit. Our responsibility arises from section 15 of the Public Audit Act 2001.

Independence

When carrying out the audit, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board.

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



Robert Elms
Staples Rodway
On behalf of the Auditor-General
Wellington, New Zealand

Chartered Professional Engineers Council

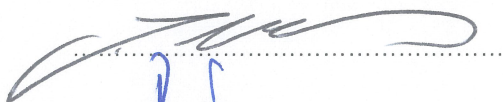
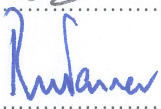
Statement of Responsibility For the Year Ended 30 June 2015

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 2015.

For and on behalf of the Council


.....

.....

Chairperson

Council Member

Date: 11 September 2015

Chartered Professional Engineers Council

Statement of Service Performance

For the Year Ended 30 June 2015

Meetings of the Council

During the Year the Council held 4 quarterly meetings in September, December, March and June. These meetings were attended by representatives from the Registration Authority including the Chief Executive of IPENZ and from the Ministry of Business, Innovation and Employment (MBIE).

Changes to Rules.

No changes were proposed during the year by either IPENZ or the RA to the Chartered Professional Engineers of New Zealand Rules.

Code of Ethics.

This year a new Code of Ethics was approved by the Council for chartered professional engineers. This new Code of Ethics will now require changes to the Chartered Professional Engineers of New Zealand Rules, to be approved subsequently by the Council.

Appeals under consideration

At the start of this year Appeal Panels made up of Council members were considering 10 ongoing appeals. During the year a further 15 appeals were received and Appeal Panels of Council members had been appointed for 13 of these appeals. The remaining 2 appeals were received late in the year and there was insufficient time to appoint Appeal Panels. Of these 25 appeals, 12 appeals were completed, 2 were found to be not appeals under the Act and the remaining 11 continue under consideration. 3 of the appeals received this year were for re-assessment to be registered as a Chartered Professional Engineer. The other appeals were from members of the public or disciplinary matters. A small number of these appeals involved multiple complainants.

Report on the performance of the Registration Authority

As required by the Act the Registration Authority provided the Council with a report on its operations and the CPEng register for the year ended 31 December 2014. In June 2015 the Council reported to the Minister on the performance of the RA.

Chartered Professional Engineers Council

Statement of Financial Performance

For the Year Ended 30 June 2015

2014 Actual \$	Note	2015 Actual \$	2015 Budget \$
Income			
70,000	Levies Received	70,000	70,000
3,358	Interest Received	3,638	4,000
73,358	Total Income	73,638	74,000
Less Expenses			
3,600	Accounting Fees	4,400	3,600
8,804	Appeal Costs	87,180	40,000
3,900	Audit Fees	4,070	4,100
958	Council Meeting Costs	1,290	1,000
15,529	Council Meeting Fees	11,384	16,000
5,672	Council Meeting Travel	5,815	9,000
10,103	Consultant/ Executive Officer Fees	14,497	12,000
1,936	Consultant/ Executive Officer Travel	1,326	2,000
380	Consultant/Legal Fees	3,412	6,000
1,743	Sundry Expenses	3,069	2,300
52,625	Total Expenses	136,443	96,000
20,733	Net Operating (Deficit)	(62,805)	(22,000)

Chartered Professional Engineers Council

Statement of Movements in Equity

For the Year Ended 30 June 2015

2014 Actual \$		2015 Actual \$	2015 Budget \$
20,733	Net Operating (Deficit)	(62,805)	(22,000)
20,733	Total Recognised Revenues and Expenses	(62,805)	(22,000)
38,086	Opening Equity Balance	58,819	58,819
58,819	Total Equity	(3,986)	36,819

The accompanying notes form part of these financial statements




Chartered Professional Engineers Council

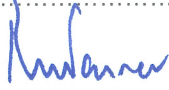
Statement of Financial Position

As at 30 June 2015

2014 Actual		2015 Actual	2015 Budget
\$	Note	\$	\$
Current Assets			
7,869	Westpac Cheque Account	756	3,819
60,000	Westpac Short Term Deposits	20,000	35,000
226	Interest Receivable	28	1,000
3,182	GST Receivable	12,575	3,000
71,277	Total Current Assets	33,359	42,819
Less Current Liabilities			
12,458	Accounts Payable	37,345	6,000
12,458	Total Current Liabilities	37,345	6,000
58,819	Net Assets	(3,986)	36,819
Represented By:			
58,819	Total Equity	(3,986)	36,819

For and on behalf of the Council





Chairperson

Council Member

Date: 11 September 2015

The accompanying notes form part of these financial statements



Chartered Professional Engineers Council

Statement of Cash Flows

For the Year Ended 30 June 2015

2014 Actual \$		Note	2015 Actual \$	2015 Budget \$
Cash Flow from Operating Activities				
Cash was Provided from:				
70,000	Levies Received		70,000	70,000
3,428	Interest Received		3,836	3,226
1,172	Net Goods and Services Tax Received		-	-
<u>74,600</u>			<u>73,836</u>	<u>73,226</u>
Cash was Disbursed to:				
52,107	Payments to Suppliers and Council Members		113,892	102,000
-	Net Goods and Services Tax Paid		7,057	276
<u>52,107</u>			<u>120,949</u>	<u>102,276</u>
22,493	Net Cash Flow from Operating Activities	7	(47,113)	(29,050)
45,376	Add Opening Cash Brought Forward		67,869	67,869
<u>67,869</u>	Closing Cash Carried Forward		<u>20,756</u>	<u>38,819</u>
Represented By:				
7,869	Westpac Cheque Account		756	3,819
60,000	Westpac Short Term Deposit		20,000	35,000
<u>67,869</u>	Total Cash on Hand		<u>20,756</u>	<u>38,819</u>

The accompanying notes form part of these financial statements



Chartered Professional Engineers Council
Notes to the Financial Statements
For the Year Ended 30 June 2015

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). From 1 July 2014 under the latest GAAP standards the Council is designated as 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 in the foreseeable future. This assumption is made with 2 provisos as follows:

- During the year the Minister announced a review of the occupational licensing regulations including Chartered Professional Engineers with a view to introducing a new act that would replace the Council. The Council has now been advised that because there are some complex issues involved in this review this was unlikely to happen in the next 3 years.
- The ability of the Council to deal with the current number of appeals within an efficient period of time is subject to receiving adequate funding. This year the costs associated with hearing appeals exhausted the Council's funds leaving it in deficit at the end of the year. If the annual appeal costs continue at or exceed the current level the Council will have insufficient funds to fulfil its obligations under the Act.

Measurement Base

The measurement base adopted is historical cost.

Changes in Accounting Policies

This is the first set of financial statements prepared using the new PBE SFR-A (PS) Tier 3 standard. The adoption of this standard required no changes to the financial information presented. All financial information is reported on a basis consistent with previous years. This standard requires the inclusion of a Statement of Service Performance and more detailed information about the entity in the Non Financial section and some minor changes to the Notes to the Financial Statements.

Goods and Services Tax

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

Taxation

No provision is made for income tax as the Chartered Professional Engineers Council is tax exempt under the Income Tax Act 2007.

2. Contingent Liabilities

The Chartered Professional Engineers Council had no contingent liabilities as at balance date (2014 Nil).

3. Commitments

The Chartered Professional Engineers Council had no commitments as at balance date (2014 Nil).



**Chartered Professional Engineers Council
Notes to the Financial Statements (Continued)
For the Year Ended 30 June 2015**

4. Financial Instruments

The Chartered Professional Engineers Council is party to financial instruments in the form of bank accounts, accounts receivable, accounts payable and accruals as part of its everyday operations. These instruments are reflected in the Statement of Financial Position at their fair value. Revenues and expenses in relation to the financial statements are recognised in the Statement of Financial Performance in arriving at the operating result.

5. Related Party Transactions

During the course of business operations Council Members received fees totalling \$11,384 (2014 \$15,529) for attending 4 Council Meetings (2014 5 Meetings) and \$60,238 (2014 \$3,868) for Appeal Hearings as follows;

	2015 Actual \$ Council Meetings	2014 Actual \$ Council Meetings	2015 Actual \$ Appeal Hearings	2014 Actual \$ Appeal Hearings
Graham Shaw (Chairperson)	-	3,072	-	395
Jon Williams (Chairperson/Deputy Chair)	2,496	1,957	13,825	1,938
Roly Frost	1,185	1,170	10,467	-
Chris Harrison	790	-	-	-
Andrew Hazelton	1,185	1,945	17,380	-
Jane Nees	1,580	1,945	6,913	-
Arthur O'Leary	-	380	-	-
Ross Tanner	1,580	1,945	6,715	965
Sharyn Westlake	790	1,945	2,173	-
Anthony Wilson	1,778	1,170	2,765	570
	<u>11,384</u>	<u>15,529</u>	<u>60,238</u>	<u>3,868</u>

Council Members were also reimbursed travel expenses totalling \$5,815 (2014 \$5,672) for attending Council Meetings and \$8,297 (2014 \$Nil) for attending Appeal Hearings.

In addition to the above fees. During the year ended 30 June 2015 the Chairperson received a fee of \$312 for attending a meeting with the MBIE and Council Member Andrew Hazelton received fees of \$1,580 for reviewing the Code of Ethics. During the year ended 30 June 2014 Council Member Jane Nees received a fee of \$380 for attending a CAB meeting.

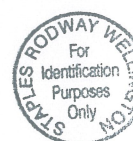
No related party debts were written off or forgiven during the year.

6. Appeal Costs

During the 2015 year the Council incurred \$87,180 (2013 \$8,804) in appeal costs for 25 appeals (2014 14 appeals). Since 1 July 2015 the council has incurred costs associated with 11 ongoing appeals from 2015 (10 ongoing appeals 2014) and 1 new appeals received after balance date (Nil new appeals 2014). These costs will be recorded in the 2016 Financial Statements.

7. Reconciliation of the Net Operating Surplus with the Net Cash Flow from Operating Activities

	2015 \$	2014 \$
Net Operating (Deficit) Surplus	(62,805)	20,733
Movements in Other Working Capital Items		
Increase in Accounts Payable	24,887	549
(Increase) Decrease in GST Receivable	(9,393)	1,141
Decrease in Interest Receivable	198	70
Net Cash Flow from Operating Activities	<u>(47,113)</u>	<u>22,493</u>





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