

CPEEC

Chartered Professional Engineers Council
Kāhui Kaiwetepanga Ngaio Whaimana

2022-23 ANNUAL REPORT



FOR THE PERIOD

1 July 2022 to 30 June 2023

Annual Report by the Chartered Professional Engineers Council

INTRODUCTORY COMMENT.....	1
1 THE COUNCIL MEMBERS.....	2
2 WHAT WE DO	3
3 PERFORMANCE	3
3.1 Assessment Against Performance Measures	3
3.2 Annual Review of Registration Authority’s Performance	6
3.3 Appeals Against Registration Authority Decisions	6
3.4 Approving Proposed Chartered Professional Engineers Rules.....	9
3.5 Governance	9
4 THE YEAR’S OPERATIONS.....	9
4.1 Meetings.....	9
4.2 Appeals	10
4.2.1 Appeals Relating to Disciplinary Complaints to the Registration Authority.....	10
4.2.2 Appeals against Decisions of the Competency Assessment Board (CAB)	11
4.2.3 CPEC Decisions Appealed to the District Court	12
4.2.4 Recurring Themes from Appeals Over Time.....	12
4.3 Development	13
4.3.1 Succession.....	13
4.3.2 Appeal process.....	13
5 THE YEAR AHEAD	13
5.1 Review of the Refreshed CPEC Website	13
5.2 Engagement with the Registration Authority.....	13
5.2.1 Process improvements	14
5.2.2 Assessment capability	14
5.2.3 Complaints resourcing.....	14
5.2.4 Status updates	14
5.2.5 Financial deficit of the RA.....	14
5.3 Organisational Matters.....	14
5.3.1 Council Appointments	14
APPENDIX: FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR’S REPORT	16

INTRODUCTORY COMMENT

This is the Annual Report of the Chartered Professional Engineers Council (CPEC) for the twelve months ending 30 June 2023.

CPEC was established under the Chartered Professional Engineers of New Zealand Act 2002 (the Act). 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.

CPEC continues to carry out its functions under the Act, as the Government prepares to table new legislation for the implementation of reforms over the next five to six years. That legislation will have a significant impact on the professional engineering sector.

There are some signs that a peak in appeal numbers since 2020/21 is easing. However, the appeal workload for Council members assigned to appeal panels over the reporting year has still been reasonably high. Historically, a significant majority of appeals to CPEC have been related to decisions on complaints about engineers, with those related to registration decisions by the Competency Assessment Board representing a much smaller proportion. Recently we have seen a change in the balance, with there being an even mix between the two categories in the six appeals that were active as at 30 June 2023, and in the four appeals received to date in 2023.

We continue to engage with Engineering New Zealand, in its capacity of Registration Authority for professional engineers and with the Ministry of Business, Innovation and Employment (MBIE) at least quarterly, and on an ad hoc basis as and when a need arises.

Earlier in 2023 the terms of members Sarah Sinclair and Susan Simons came to an end. We thank them both for the valuable contributions they made as members of the Council through their involvement in appeal panels and also in sharing their perspectives as we worked to refine our practices and processes. In their place we were pleased to welcome the appointment of Simonne Eldridge, and Mark Holland, restoring the Council to its full complement of eight members. Simonne is an engineer and Mark is both an engineer and lawyer.

We are pleased to report that our new website went live in April this year. It offers not only a fresh appearance but also access to updated content on CPEC processes, along with clear direction to many visitors who previously accessed the website seeking to engage with Engineering New Zealand or the Association of Consulting Engineers New Zealand. In addition, a Notice of Appeal form can now be downloaded from the website.

Once again we wish to acknowledge the contributions and commitment of our members, most of whom hold senior full time external appointments, and hence have extremely busy lives.

Finally, we acknowledge the strong relationships that we have with Engineering New Zealand and MBIE who are both an integral part of what we do as a Council.



Chris J Harrison
Chair



Sandra Hardie
Deputy Chair

1 THE COUNCIL MEMBERS



Front row:

Manjit Singh Devgun

Chris J Harrison¹
Chair

Sandra Hardie¹
Deputy Chair

Megan Neill¹

Back Row:

Simonne Eldridge
*Appointed 20 April
2023*

Mark Holland
*Appointed 20 April
2023*

Tony Fairclough²

Alan Winwood

Member's terms completed:



Sarah Sinclair

*End of term date:
27 January 2023*



Susan Simons

*End of term date:
19 April 2023*

Note:

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

¹ Engineering New Zealand nominee

² Association of Consulting Engineers New Zealand nominee

2 WHAT WE DO

Section 45 of the Chartered Professional Engineers of New Zealand Act 2002 (the Act) spells out the functions of 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 Registration Authority (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 2022/23, is outlined in the table below and addressed further in sections 3.2 to 3.5.

Expectations	Measure	Performance (2022/23)
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 2023. Refer section 3.2 for further details.

Expectations	Measure	Performance (2022/23)
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 12 appeals during the reporting year (eight of which were received in the 2022/23 year and four were carried over from the previous reporting 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 2023.
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 changes were made to the Rules containing CPEng standards during the year as noted in section 3.4.

Expectations	Measure	Performance (2022/23)
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 2022 was forwarded to MBIE with CPEC's 2022 annual report.</p> <p>A report on CPEC's self-appraisal for the year ending 30 June 2023 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>A succession 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 of New Zealand 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

CPEC is required to report to the Minister on the performance of the RA annually. The RA reported to CPEC for the year ended December 2022. CPEC provided its report on the RA's performance, along with the RA's report, to the Minister in June 2023.

The Council reported that the RA continues to perform its functions well in the following general areas:

- Maintaining a robust competency assessment and re-assessment process, and demonstrating the commitment to practical changes which aim to maximise efficiency and effectiveness, as the programme for legislative change advances in parallel;
- Applying feedback from consultation, and from assessment/re-assessment complaints processes, to implement improvements where appropriate;
- The ongoing increase in the number of registrants at a growth rate consistent with the trend of the last few years;
- Clear commitment and progress towards the achievement of inclusion and diversity goals;
- Continuing application of refinements to the complaints process, in particular maximising the use of early resolution initiatives where applicable, with potential benefits to all parties involved;
- Commitment to support the Government's New Zealand Claims Resolution Service being implemented from 2023, drawing on the experience from, and significant contribution via the expert engineering panel to the earlier GCCRS and CEIT.

CPEC's report on the RA's performance also addressed the expected positive impact of a CPEng fee increase, effective 1 January 2023, on the RA's accumulated financial deficit and noted several areas for development or improvement, namely:

- On-going implementation of improvements flowing from the completed CPEng review;
- Stable and sustainable assessment capability;
- Stable and sustainable complaint resourcing; and
- Communication that keeps engineers up to date with the implementation of short term (CPEng review based initiatives) and longer term (legislative and regulatory) changes.

3.3 Appeals Against Registration Authority Decisions

During the 2022/23 reporting year, CPEC handled a total of 12 appeals, four of which had been carried over from the 2021/22 reporting year. The remaining eight were received between August 2022 and May 2023.

Figure 1 shows the number of active appeals and the number of decisions issued by CPEC per year since 2008/09. Some of the active appeals appear in more than one reporting year. The data suggests that appeal numbers in a second historical peak which commenced 2020/21, are easing.

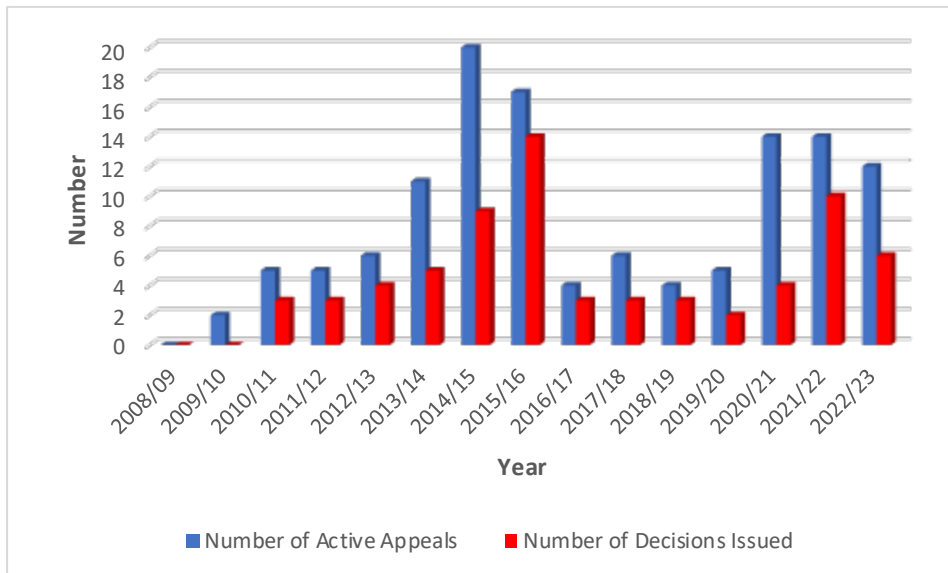


Figure 1: Number of Active Appeals and Decisions Issued

Four of the 12 active cases in 2022/23 were appeals against decisions of the Competency Assessment Board (CAB) and the remaining eight related to disciplinary complaints about chartered professional engineers. Four of the eight disciplinary matters related primarily to structural engineering, and four to civil engineering (two geotechnical, one wastewater and one general). Three of these involved residential properties, two public/community buildings and one a small community wastewater treatment facility. Seven of the eight disciplinary complaints related to decisions of a Chair of Investigating Committees. Unlike previous years, none of the appeals related to the Canterbury earthquake sequence.

Figure 2 indicates the year-on-year mix of appeal decisions issued by CPEC regarding registration (CAB) and disciplinary complaint decisions. The plotted data shows clearly that appeals related to disciplinary complaints have historically outweighed those related to registration. However, it is noted that at 30 June 2023, CPEC had six appeals underway, three relating to disciplinary matters and three to CAB decisions.

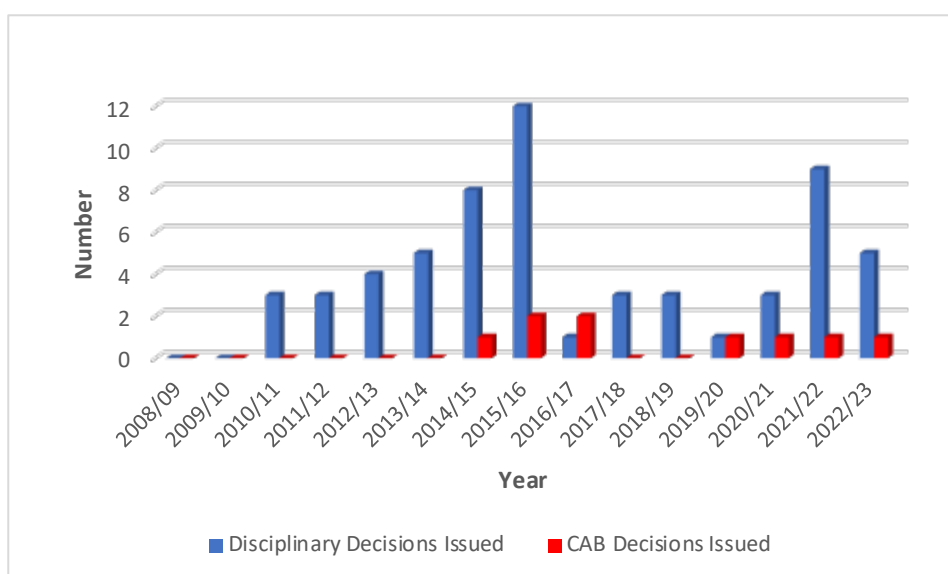


Figure 2: Appeal Decisions by Type

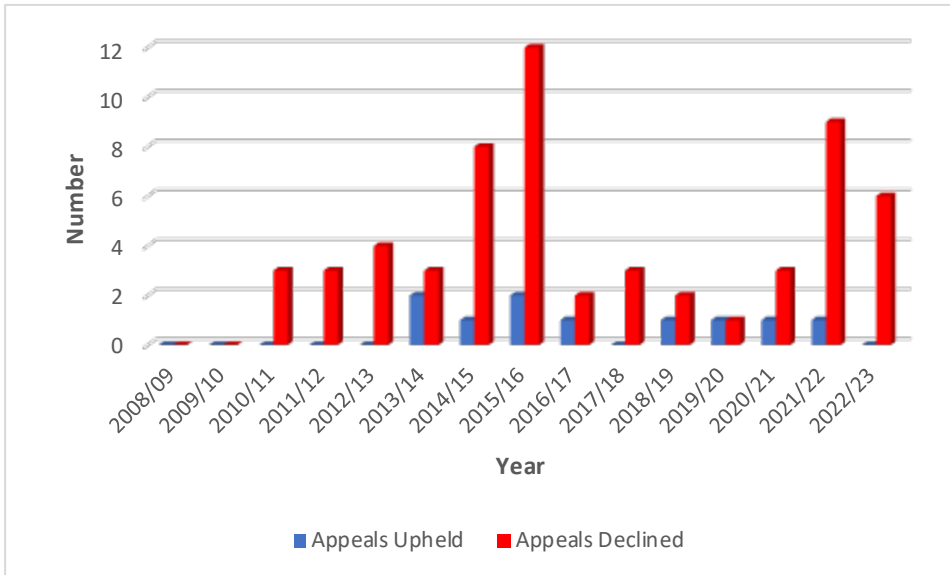


Figure 3: Total Number of Appeals Upheld Versus Declined

Figure 3 shows the number of appeals upheld versus those declined, on an annual basis. As observed in previous reports, the number of appeals declined is significantly higher than the number upheld. CPEC continues to conclude that this reflects a complaints process that is generally robust and working effectively. The relative difference in the numbers of CAB and disciplinary appeals is further highlighted in both Figure 4 and Figure 5.

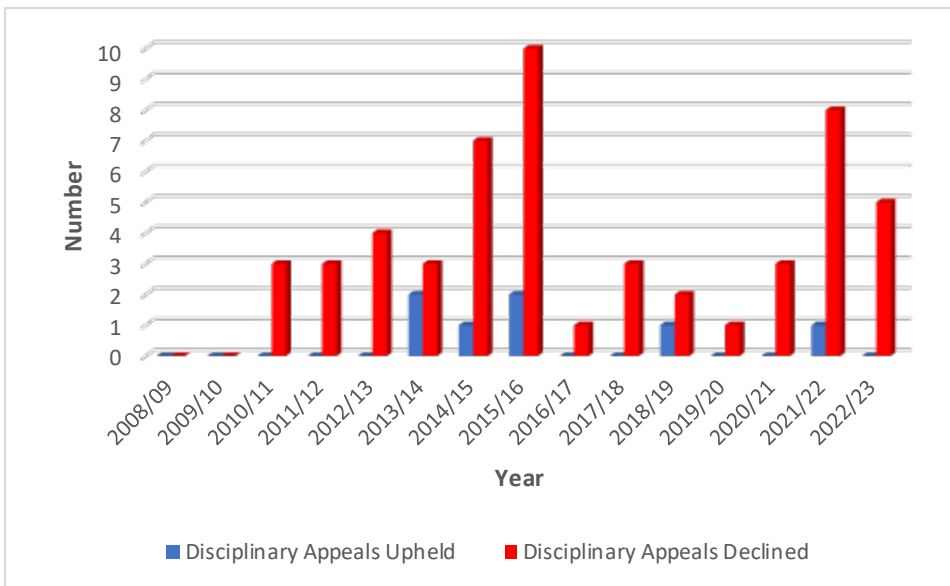


Figure 4: Appeals Against Disciplinary Decisions Upheld / Declined

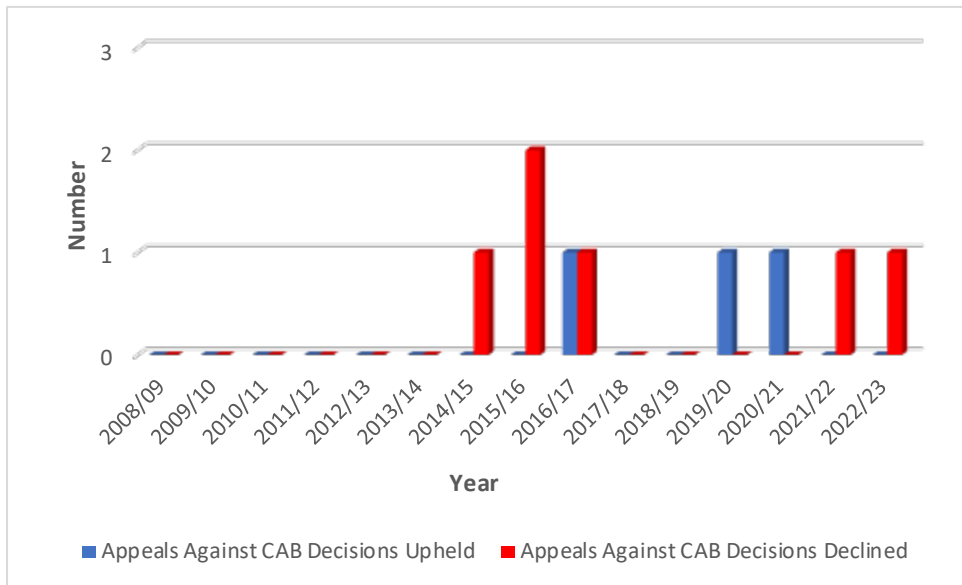


Figure 5. Appeals Against CAB Decisions Upheld / Declined

One of the four active appeals against CAB decisions was completed in 2022/23. In that instance the appeal was declined and the CAB’s decision upheld as shown on Figure 5. In the context of the 268 assessments for admission and 836 for continued registration, reported by the RA for the 12 months ending 31 December 2022, the number of CAB decisions appealed is extremely small.

3.4 Approving Proposed Chartered Professional Engineers Rules

CPEC’s role includes approving proposed Rules containing CPEng standards. No such rules or changes were proposed or actioned 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 dates:

Meeting # 81 - Friday 2 September 2022 (held in Wellington)

Meeting # 82 - Friday 2 December 2022 (held via Zoom)

Meeting # 83 - Friday 3 March 2023 (held in Wellington)

Meeting # 84 – Thursday 1 June 2023 (held in Wellington)

Representatives of 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 September 2022, March 2023 and June 2023.

4.2 Appeals

During the 2022-23 reporting year CPEC had 12 appeals under action. Eight concerned decisions from complaints about engineers and four were appeals against CPEng registration decisions by the RA (CAB). Overviews of each case are provided in 4.2.1 and 4.2.2 below.

4.2.1 Appeals Relating to Disciplinary Complaints to the Registration Authority

Case 1 – A residential property owner had raised a concern with the Registration Authority about an engineer's professionalism and conduct whilst providing engineering services. A Chair of Investigating Committees (CIC) dismissed the complaint under rule 57(ba) on the basis the alleged misconduct was insufficiently grave to warrant further investigation. The property owner appealed the CIC decision on seven grounds and sought to have the engineer held accountable for his alleged mistakes, unprofessional behaviour and lack of ethics and also sought a formal apology and refund of the fees paid by her to the engineer. The panel found that two of the grounds were not proven, four had no merit and one ground fell outside of the Council's jurisdiction. The panel dismissed the appeal.

Case 2 – Two residential property owners appealed a decision, made by a Chair of the Investigating Committees (CIC), to dismiss their complaint about an engineer. The appeal panel found that five of the cited grounds of appeal were not proven, and although under the sixth ground, the Panel commented on relatively minor errors and some lack of attention to detail on the part of the engineer, it concluded that such apparent shortcomings were insufficiently grave to warrant further investigation. The panel upheld the decision of the CIC and dismissed the appeal.

Case 3 – This appeal relates to the decision of a Chair of Investigating Committees to dismiss a complaint about an engineer. The appellant's primary allegation was that the engineer failed to act with honesty, objectivity, and integrity. The engineer had been engaged by the appellant, on behalf of a company, to provide structural engineering services and building consent documentation for the extension of a sports hall within a commercial building, within a tight timeframe. The appeal panel dismissed the appeal, as none of the cited grounds were proven and any shortcomings on the part of the engineer were insufficiently grave to warrant further investigation.

Case 4 – An engineer appealed a decision of a Chair of Investigating Committees, to refer a complaint about him by another engineer to an investigating committee. The complaint involved an allegation that the engineer, who is the subject of the complaint, had issued design documentation for a culvert and watercourse, which was not formed as specified in the related consent documents and that an inadequate wall was constructed. The panel upheld one of five grounds of appeal, ruling that reference to the conflict-of-interest provisions of the Chartered Professional Engineers Rules as an applicable ground of discipline in this case was to be removed from the decision when the matter is referred to an investigating committee. The remainder of the appeal was dismissed.

Case 5 – An engineer appealed one element of a decision of a Chair of Investigating Committees (CIC), to refer a complaint about him to an investigating committee. The complaint had been filed on behalf of a local authority and the element being appealed concerned unconsented building work, in particular failing to advise the client of the need to obtain consent before proceeding with building works. The appeal panel found that none of the grounds filed provided a basis to overturn the decision being appealed. The panel dismissed the appeal and ruled that the decision of the CIC to refer the matter to an investigating committee for further investigation stands.

Case 6 – An engineer appealed the decision of a disciplinary committee. The decision being appealed related to concerns raised by a property owner in respect of engineering services provided for a residential build. At the end of the reporting period the submission phase had been completed and arrangements were being made for a hearing to be conducted, after some delays to accommodate unavailability of the parties.

Case 7 – An engineer (Engineer A) has appealed two decisions of a Chair of Investigating Committees (CIC). Decision 1 concerned a complaint about Engineer A by another engineer (Engineer B) and Decision 2 concerned a counter-complaint by Engineer A against Engineer B. In Decision 1 the CIC upheld the complaint, referring the matter to an investigating committee for further investigation. In Decision 2 the CIC dismissed the counter complaint. The appellant is seeking the overturning of both decisions. Both complaints involve differing technical views on seismic assessments and strengthening design work associated with commercial buildings. At the time of reporting, submissions had been received and hearing arrangements were being determined.

Case 8 – The complainant, a member of the public, has appealed part of a decision by a Chair of Investigating Committees (CIC) to dismiss their complaint about an engineer. The complaint relates to a small community wastewater treatment facility and concerns the engineer's recommendations and an alleged lack of consideration of evidential material in making certain recommendations. The complaint was dismissed by the CIC on the basis that there is no applicable ground of discipline applicable to the complaint. At 30 June 2023, submissions had been received and the appeal was proceeding “on the papers”.

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

CAB Case 1 – The appellant has held registration as a Chartered Civil Engineer in another country since 2009. He is now working in New Zealand and qualified as a Registered Engineering Associate in 2019. In its decision to decline the application for CPEng registration the CAB recommended that he apply as an Engineering Technologist. The appeal was dismissed by the panel.

CAB Case 2 – The appellant has worked in New Zealand as a CPEng since 2003. His application for renewal of CPEng registration was declined by the CAB in August 2022, on the basis that he had not demonstrated he was still able to practice competently in his practice area to the standard of a reasonable professional engineer. A hearing has been conducted and as at 30 June 2023 the panel was in the process of preparing its decision.

CAB Case 3 – The appellant’s application for initial registration as CPEng was declined on the grounds that the applicant provided insufficient evidence to conclude that he demonstrates the ability to develop technical solutions to complex engineering problems to the standard of a reasonably competent professional engineer working in their practice area. The appeal was at the submissions stage at 30 June 2023.

CAB Case 4 – The appellant’s application for renewal of CPEng registration was declined by the CAB on grounds of insufficient evidence to demonstrate having taken reasonable steps to maintain the currency of professional knowledge and skills, and insufficient evidence to demonstrate the continued ability to practice in his current practice area to the standard of a reasonable professional engineer. Submissions were being received as at 30 June 2023, with hearing arrangements yet to be determined.

4.2.3 CPEC Decisions Appealed to the District Court

As at 30 June 2023, CPEC is not aware of any of its decisions having been appealed to the District Court.

4.2.4 Recurring Themes from Appeals Over Time

Disciplinary Appeals - Several common themes continue to be observed in disciplinary appeals heard by CPEC. These include:

- Communication breakdowns, lack of timely engagement between parties, or the absence of clear documentation on matters of scope, timing, risk etc., which may later be the subject of a complaint and where the absence of documentation makes the establishment of facts difficult;
- Complaints seeking compensation, or orders to execute work, which CPEC does not have the power to grant and which the Chartered Professional Engineers of New Zealand Act 2002 cannot deliver;
- Apparent unwillingness to engage constructively in some cases, where two engineers may hold differing views, leading to a potentially avoidable, time-consuming and costly complaint / appeal process.
- Situations where an engineer has been complained about that might have been avoided had the engineer engaged more constructively, proactively, and professionally with the client at the first sign of any concern.

Appeals against CAB Decisions - In relation to appeals against decisions of the CAB not to register or renew an engineer's CPEng registration, CPEC appeal panels observe an array of grounds being cited for declining the application. These can cover any of the elements evaluated, in establishing whether or not the applicant meets the minimum standard for registration as defined by the Rules. Engineers should be mindful of this when submitting their applications. Some of the more typical grounds observed for declining applications include the absence of convincing evidence in the following areas:

- Overall ability to practice competently in the engineer's practice area;
- Competency in relation to complex engineering elements;
- Comprehension and application of knowledge of accepted principles in relation to good practice for professional engineering and good practice that is specific to New Zealand;
- Maintaining currency of professional knowledge and skills, including via Continuing Professional Development and engagement with peers.

In a number of registration related appeals CPEC panels have seen instances where there have been errors in the work examples submitted, a factor that is clearly not indicative of good professional practice and not helpful to an applicant.

General comment on grounds of appeal and submission content – As reported previously, in a number of appeals, grounds are cited and submissions made, that address matters which are beyond the jurisdiction of the Chartered Professional Engineers of New Zealand Act 2002. More focus on these aspects early on by appellants or those contemplating filing an appeal, could avoid a disappointing outcome and minimise the time and cost burden for all involved. A new Notice of Appeal form that can be downloaded from CPEC's website is expected to assist appellants in this regard.

4.3 Development

4.3.1 Succession

The terms of two council members ended during the reporting period, Sarah Sinclair (27 January 2023) and Susan Simons (19 April 2023). The Minister has appointed two replacements. Simonne Eldridge is a professional engineer experienced in large civil and environmental engineering infrastructure projects. Mark Holland is a professional engineer with experience in large water and wastewater infrastructure projects and is a Barrister and Solicitor, currently practicing in construction and insurance law. Mark's appointment brings the number of members with legal qualifications back up to two. This is consistent with the trend observed in recent years of more appellants being represented by lawyers and legal issues often being argued in appeals.

In the last part of the reporting period, CPEC, ACE NZ and Engineering NZ have been working with MBIE to identify candidates to replace three members whose terms end later in 2023.

4.3.2 Appeal process

Planned work on the CPEC website has been completed. The aim was to improve the means of notification of appeals so that appeals are generally better focussed on grounds which CPEC has jurisdiction to consider, and which align better with the Act and Rules. The refreshed website was launched in April 2023 and included revised guidance regarding the appeal process, and a Notice of Appeal form that is now downloadable from the website.

5 THE YEAR AHEAD

5.1 Review of the Refreshed CPEC Website

As indicated in 4.3.2, planned changes to CPEC's website were finalised and launched in April 2023. Included in the website content is a new downloadable Notice of Appeal Form. Links from the website to the Engineering New Zealand and ACE New Zealand websites allow users seeking engagement with those organisations to go directly to the source of information, leaving only matters that are relevant to CPEC, for response.

Indications since the refreshed website's launch, are that the new links to the websites of Engineering New Zealand and ACE New Zealand are serving their intended purpose. With respect to the new downloadable Notice of Appeal form, the anticipated outcome is more focussed appeal submissions, with grounds that align appropriately with the provisions of the Chartered Professional Engineers of New Zealand Act and the relevant Rules and Regulations. As at 30 June 2023 only one appeal had been lodged using the new form.

The effectiveness of the changes to the website and content will be monitored and refinements made if necessary, as the changes are bedded in.

5.2 Engagement with the Registration Authority

CPEC will continue to engage with the RA on the areas outlined below, which are generally as identified by the RA as strategic priorities for 2023. CPEC will address progress in these areas on a regular basis as part of the quarterly meetings with the RA.

5.2.1 Process improvements

This area of activity involves the on-going implementation of improvements stemming from the RA's completed CPEng review, with a focus on benefits that are attainable in the transition period to full implementation of the Government's new legislation. Alignment with the provisions of the legislation is an important consideration.

5.2.2 Assessment capability

The RA is working to establish and maintain stable and sustainable assessment capability in order to meet the needs of continuing future rounds of applications for initial registration or renewal. Planned and measured actions by the RA's management team and oversight by the CPEng Board are likely to be keys to success.

5.2.3 Complaints resourcing

The RA needs stable and sustainable resources with some flexibility to accommodate the fluctuating numbers and varying nature of concerns/complaints that they receive. As with their assessment capability (5.2.2 above) planned and measured management actions and oversight by the CPEng Board will be important drivers.

5.2.4 Status updates

In the transition period to full implementation of the legislative reforms affecting the engineering sector, it is important that engineers are kept up to date on short term (CPEng review based changes) and longer term changes (legislative and regulatory) and that the sector is well informed regarding differences between registration classes and a future licencing regime.

5.2.5 Financial deficit of the RA

Engineering New Zealand increased the fees for registration with effect 1 January 2023. CPEC acknowledges that this increase should have a significant positive impact on the RA's accumulated deficit and will be tracking this impact over the coming reporting periods.

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 and maintaining a full complement of members.

Specific changes to membership of the Council during the reporting year are addressed in 4.3.1 above.

As at 30 June 2023 the process is underway to appoint replacements for three members, whose terms expire later in 2023. None of the three is available for reappointment.

APPENDIX: FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR’S REPORT

Chartered Professional Engineers Council
Financial Statements
For the Year Ended 30 June 2023

Contents	Page
Non-Financial Information	
Entity Information	1 & 2
Audit Report	3, 4 & 5
Statement of Responsibility	6
Statement of Service Performance	7
Financial Information	
Statement of Financial Performance	8
Statement of Movements in Equity	8
Statement of Financial Position	9
Statement of Cash Flows	10
Notes to the Financial Statements	11, 12 & 13

Chartered Professional Engineers Council

Entity Information

For the Year Ended 30 June 2023

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 2023 this was \$100,000 plus GST.

Council Members :

Chris Harrison (Chair)

Sandra Hardie (Deputy Chair)

Manjit Devgun

Simonne Eldridge (Appointed a Council Member from 20 April 2023)

Tony Fairclough

Mark Holland (Appointed a Council Member from 20 April 2023)

Megan Neill

Sue Simons (Resigned from the Council 19 April 2023)

Sarah Sinclair (Resigned from the Council 27 January 2023)

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 2023

Contact Details :

Physical Address :

Level 4, 32 The Terrace, Wellington, New Zealand.

Postal Address :

PO Box 6140, Wellington, 6140, New Zealand.

Email :

info@cpec.org.nz

Website :

www.cpec.org.nz

INDEPENDENT AUDITOR'S REPORT TO THE READERS OF THE CHARTERED PROFESSIONAL ENGINEERS COUNCIL'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

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 2023, 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 and financial position as at 30 June 2023 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 1 September 2023. 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 2023

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 2023.

For and on behalf of the Council


..... Chair


..... Deputy Chair

Date 1 September 2023

Chartered Professional Engineers Council
Statement of Service Performance
For the Year Ended 30 June 2023

Meetings of the Council

During the Year the Council held 4 quarterly meetings in September and December 2022, March and June 2023. The December 2022 meeting was held online. 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. Representatives from the Ministry of Business, Innovation and Employment (MBIE) attended the December 2022, March and June 2023 meetings.

Changes to Rules

There were no changes to the rules containing CPEng standards during the year.

Appeals under consideration

At the start of this reporting year Appeal Panels of Council members were considering 4 ongoing appeals lodged prior to 1 July 2022. This reporting year the Council received 8 new appeals and Appeal Panels of Council members were appointed for these appeals.

Of these 12 appeals, 6 were completed during the reporting year and 6 are ongoing.

Of the 8 appeals received this reporting year, 3 were from members of the public or local authorities concerning engineers, 2 were from engineers concerning another engineer, 3 were from engineers appealing the decision of the Registration Authority not to issue or renew their CPEng registration.

Report on the performance of the Registration Authority

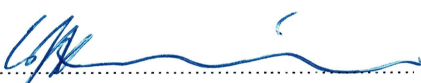
The Chartered Professional Engineers of NZ Act 2002 requires the Registration Authority to provide the Council with a report on its operations and on the Chartered Professional Engineer (CPEng) register for its year ended 31 December by 31 March each year.

The Registration Authority provided its report to the Council on 3 April 2023. This report together with the Council's own report on the performance of the Registration Authority was provided to MBIE in June 2023 for presentation to the Minister.

Chartered Professional Engineers Council
Statement of Financial Position
As at 30 June 2023

2022 Actual \$		Note	2023 Actual \$	2023 Budget \$
Current Assets				
19,277	Cash and Cash Equivalents	9	9,663	13,514
60,000	Investments - Short Term Deposits	10	60,000	30,000
6,103	Debtors	11	7,664	6,300
85,380	Total Current Assets		77,327	49,814
Less Current Liabilities				
23,566	Creditors	12	32,806	18,000
23,566	Total Current Liabilities		32,806	18,000
61,814	Net Assets		44,521	31,814
Represented By:				
61,814	Total Equity		44,521	31,814

For and on behalf of the Council


 Chair


 Deputy Chair

Date: 1 September 2023

The accompanying notes form part of these financial statements



Chartered Professional Engineers Council
Statement of Cash Flows
For the Year Ended 30 June 2023

2022 Actual \$		2023 Actual \$	2023 Budget \$
	Cash Flow from Operating Activities		
	Cash was Provided from:		
100,000	Levies Received	100,000	100,000
(935)	Net Goods and Services Tax Received (Paid)	855	(1,256)
99,065		100,855	98,744
	Cash was Disbursed to:		
120,626	Payments to Suppliers and Council Members	112,761	135,549
120,626		112,761	135,549
(21,561)	Net Cash Flow (Deficit) from Operating Activities	(11,906)	(36,805)
	Cash Flow from Investing Activities		
20,000	Funds transferred from Investments	-	30,000
1,376	Interest Received	2,292	1,042
21,376	Net Cash Flow from Investing Activities	2,292	31,042
(185)	Net (Decrease) in Cash and Cash Equivalents	(9,614)	(5,763)
19,462	Opening Cash and Cash Equivalents	19,277	19,277
19,277	Closing Cash and Cash Equivalents	9,663	13,514

Note 9

The accompanying notes form part of these financial statements



Chartered Professional Engineers Council

Notes to the Financial Statements

For the Year Ended 30 June 2023

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 at least 12 months. 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 2024. 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.

CPEC currently has sufficient reserves to continue to operate during these reforms.

Measurement Base

The measurement base adopted is historical cost.

Budget Figures

The budget figures were approved by the Council at its June 2022 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 2023 tax loss of \$17,434 the accumulated losses to carry forward will be \$117,023 (2022 \$99,730).

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 2023 this was \$100,000 plus GST (2022 \$100,000 plus GST).

Chartered Professional Engineers Council
Notes to the Financial Statements (Continued)
For the Year Ended 30 June 2023

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	2023	2022
		\$	\$
Accounting Fees		7,990	7,800
Audit Fees	13	5,073	4,844
Consultant - Executive Officers Fees		7,035	7,446
Dropbox, Google and Zoom Fees		4,926	3,644
Printing Annual Reports		2,196	1,273
Sundry Expenses		4,208	2,564
		<u>31,428</u>	<u>27,571</u>

6. Appeal Costs	Note	2023	2022
		\$	\$
Council Member Appeal Fees	8	42,959	59,803
Council Member Appeal Travel Expenses	8	2,265	1,152
Legal and Consultants Fees Appeals		2,939	1,758
Other Appeal Costs		1,875	759
		<u>50,038</u>	<u>63,472</u>

During the 2023 year the Council incurred appeal costs for 12 appeals (2022 14 Appeals). Since 1 July 2023 the Council has incurred costs associated with 6 ongoing appeals (2022 4 ongoing appeals) and these expenses will be recorded in the 2024 Financial Statements.

7. Governance	Note	2023	2022
		\$	\$
Council Meeting Fees	8	18,163	18,756
Council Meeting Travel Expenses	8	8,064	2,535
Council Member Other Fees	8	9,143	5,767
Council Meeting Other Costs		4,038	1,349
		<u>39,408</u>	<u>28,407</u>

8. Related Party Transactions

During the 2023 year Council Members received fees totalling \$70,265 as follows:

	Council Meeting Fees	Appeal Hearing Fees	Other Fees
	2023	2023	2023
	\$	\$	\$
Chris Harrison (Chair)	3,744	10,640	7,371
Sandra Hardie (Deputy Chair)	2,964	7,406	1,081
Manjit Devgun	1,975	5,579	-
Simonne Eldridge	593	593	-
Tony Fairclough	2,370	3,950	-
Mark Holland	592	593	197
Megan Neill	2,370	7,607	-
Sue Simons	395	49	-
Sarah Sinclair	790	-	-
Alan Winwood	2,370	6,542	494
	<u>18,163</u>	<u>42,959</u>	<u>9,143</u>

During the 2023 year Council Members were also reimbursed travel expenses totalling \$8,064 for attending Council meetings and \$2,265 for attending Appeal hearings.



Chartered Professional Engineers Council
Notes to the Financial Statements (Continued)
For the Year Ended 30 June 2023

8. Related Party Transactions (Continued)	Council Meeting Fees 2022 \$	Appeal Hearing Fees 2022 \$	Other Fees 2022 \$
During the 2022 year Council Members received fees totalling \$84,325 as follows:			
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	-
	18,756	59,802	5,767
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.			
9. Cash and Cash Equivalents		2023 \$	2022 \$
Cash and cash equivalents are cash funds readily available in the Westpac Bank operating account as follows:			
Westpac Bank operating account		9,663	19,277
Cash and Cash Equivalents		9,663	19,277
10. Investments - Short Term Deposits		2023 \$	2022 \$
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	60,000
Investments - Short Term Deposits		60,000	60,000
11. Debtors		2023 \$	2022 \$
Debtors are accounts receivable which are recorded at their realisable value as follows:			
Goods and Services Tax Receivable		6,333	6,061
Interest Accrued		1,331	42
Debtors		7,664	6,103
12. Creditors		2023 \$	2022 \$
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		29,442	21,871
PAYE payable		3,364	1,695
Creditors		32,806	23,566
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 2023 audit were \$5,073 (2022 \$4,844)			
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 (2022 Nil).			
15. Commitments			
The Chartered Professional Engineers Council had no commitments as at balance date (2022 Nil).			
16. Subsequent Events			
There were no subsequent events.			



CPEEC

**Chartered Professional Engineers Council
Kāhui Kaiwetepanga Ngaio Whaimana**