

**CPEC**

Chartered Professional Engineers Council  
Kāhui Kaiwetepanga Ngaio Whaimana

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

**FOR THE PERIOD 1 JULY 2018 TO 30 JUNE 2019**



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## 1. INTRODUCTION

The Council has continued this year to undertake its statutory functions which are covered in section 4. Additionally, there has been attention on the following areas:

- Submission on the MBIE proposal for the Building System Changes
- Preparation of revised guidelines and policy for the appeal processes

## 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.

<b>Statutory Function</b>	<b>Activity During the Year</b>
Section 45(a) – Review and approve proposed rules containing CPEng standards	There were no changes to the existing Rules proposed by Engineering New Zealand this year.
Section 45(b) - Hear appeals from decisions of the Registration Authority	Three appeals were received during the year. One appeal was carried over from the previous year. Three appeals were heard during this financial year. One appeal was ongoing at year end.
Section 45(c) - Review and report to the Minister on the performance and exercise of the Registration Authority’s and the Council’s respective functions and powers under the Act	
Registration Authority (s53)	2018 Report – published in June 2019
CPEC (s54)	2017-18 Annual Report given to MBIE in October 2018 and tabled in Parliament and published in January 2019.

### 3. COUNCIL MEMBERSHIP AND MEETINGS

Jon Williams has continued as Chairman with Ross Tanner as Deputy Chairman. Both members had their terms extended to 31 August 2019. Member Sandra Hardie had her term extended to 31 July 2022.

#### Current Council Members:

Name	Position/nominee	Appointed on	Appointed until
Jon Williams*	Chairman Nominated by ACENZ	01 July 2010 Chairman from 18 December 2014	31 August 2019
Rebecca Knott	Nominated by Engineering NZ	1 February 2018	31 January 2020
Christopher Harrison	Nominated by Engineering NZ	18 December 2014	31 January 2020
Sandra Hardie	Nominated by Engineering NZ	30 October 2016	31 July 2022
Sue Simons	Consumer Representative	1 December 2015	31 January 2020
Ross Tanner*	Deputy Chairman	1 September 2013	31 August 2019
Alan Winwood	Nominated by Minister	18 December 2015	31 January 2020

*\* Mr Williams and Mr Tanner continue in office until successors are appointed by the Minister (as per Schedule 1 of the Act). New appointments have been confirmed by the Minister to replace Mr Williams and Mr Tanner with effect from 1 December 2019. The Minister has approved Mr Chris Harrison as Chair and Ms Sandra Hardie as Deputy Chair with take effect on 1 December 2019.*

The appointment terms and dates set out in the table above were advised by the Minister of Building and Construction in August 2019

#### Meetings:

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

Meeting # 65 - Friday 6 September 2018

Meeting # 66 - Friday 7 December 2018

Meeting # 67 - Friday 1 March 2019

Meeting # 68 - Thursday 5 May 2019

Representatives from the Registration Authority ('the RA'), which is Engineering New Zealand (ENZ), including the Chief Executive, and the Registrar, attended each of the Council's meetings. The Ministry of Business, Innovation and Employment (MBIE), also had representation at all meetings of the Council during the year.

## 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:

- 4.1 The performance of the Registration Authority
- 4.2 Increased uptake of CPEng.
- 4.3 Speed of assessments and re-assessments.
- 4.4 Number and complexity of appeals.
- 4.5 Review of governance of the engineering profession.
- 4.6 Council policies and self-review.

### 4.1 The Performance of the Registration Authority

The Council is required to provide an annual report to the Minister on the performance of the Registration Authority (RA). The RA reported to the Council on their activity for the year ended December 2018, and the Council provided its annual report on that performance to the Minister in June 2019.

The Council considers that the RA is performing well in the following areas:

- Having a robust competency assessment and re-assessment process;
- In obtaining and considering candidate feedback (by survey), albeit with a relatively low response rate;
- Recognising engineers practising in critical and/or emerging practice fields by the addition in 2018 of an "academic" practice field with further additions proposed for 2019;
- The continuing increase in the total number of chartered professional engineers (**3780**). An increase of 4.7% (170) since the last period;
- Continuing to increase the number of practice area assessors (428), including an increase in female assessors from 20 to 62 in 2018;
- Streamlining the knowledge assessment portion for CPEng candidates applying with Washington Accord equivalents by the introduction of a desktop qualification review;
- Continuing to streamline the complaints process;
- Raising the standard of CPEng by the development and proposed 2019 incorporation of the Bodies of Knowledge and Skills (BOKS) for geotechnical and structural practice fields, with further works being undertaken in the fire engineering practice field. As discussed frequently with both the RA and the Ministry, the Council stresses that initiatives such as this are applicable to the wider engineering spectrum, as highlighted by the issues raised with the water supply engineering in Havelock North in mid-2016.
- The establishment of an expert engineering panel for GCCRS utilising CPEngs

The Council sees scope for further improvements in the following areas:

- Reducing processing times for CPEng assessments, supported by regular and effective forecasting of demand and availability of trained assessors.
- Continuing training and publicity to maximise understanding of the membership pathways and minimise confusion between CPEng and Chartered member status.

## Summary

The relationship between the RA and the Council is seen as strong and positive. The Council's role is made considerably easier and more effective with the open and constructive communication that exists between the two parties.

### 4.2 Increased Uptake of CPEng

The Council was encouraged to see the continuing uptake of registration for the Chartered Professional Engineer (CPEng) title by the profession. During the period 1 January 2017 to 31 December 2018 the number of persons registered as CPEng increased by 4.7 % - from 3610 to 3780 . The Registration statistics for 2018 are as follows:

<b>Registration Statistics for 2018</b>	<b>Number</b>
Chartered Professional Engineers at the end of the reporting period	3780
Applicants (first) registered during the reporting period	313
Applicants declined registration during the reporting period	11
Registrants resigned or removed during the reporting period	142
Registrants suspended during the reporting period	94
Registrants placed in abeyance during the reporting period	39

The RA's Annual Report also provides detail of the age and gender breakdown of registrants as well as practice field and geographic distribution. The Council has previously commented in its own reports that engineering continues to be a male-dominated profession: the proportion of women registered as CPEng is now 9.2 % of all registrants, an increase from 2017. The council considers the RA's target of 400 female members by 2021 is within reach.

The RA has made gender and diversity in the profession one of its strategic priorities. Key elements of the RA's plan include; collaborating with successfully diverse engineering firms, creating a resource kit of tools and information for engineering firms that are struggling to understand and implement diversity initiatives, and connecting all female engineers, currently running independent programmes, to create a broad and compelling movement that encourages women into the profession.

Some Practice Fields are under-represented in the CPEng numbers. The CPEng register is still very heavily dominated by fields associated with Civil and Structural engineering (ranking 1<sup>st</sup> and 2<sup>nd</sup> respectively). The Management field is in third position.

### **4.3 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 the Council remains confident that the RA continues to maintain a credible and robust competency assessment system, the Council continues to monitor the speed of assessments and re-assessments with the Registration Authority at its quarterly meetings.

The median processing time for continued registration rose to 92 days in 2018 from 68 days in 2017. Time for initial registration of 81 days has bested the target time of 84 days. The RA has increased its pool of Practice Area Assessors to 428 (374 in 2017).

The RA carried out a survey of all candidates for assessment in 2018. 33 responses were received. While a small response, the overall rating of the assessment process rated *not good* or *terrible*, was only 6% of respondents. One ongoing issue identified was the confusion between CPEng registration and Chartered Membership of Engineering NZ. It is encouraging that 94% of respondents stated that the CPEng quality mark was important to them in their work as a professional engineer.

### **4.4 Number and Complexity of Appeals**

While appeals are still complex, they are fewer in number than in recent years. The anticipated influx of appeals relating to the Kaikoura event in 2016 has not eventuated

During this financial year Appeal Panels, made up of Council members, considered one ongoing appeal and received three new appeals. Of these four appeals, three were completed during the year and one was ongoing. The three new appeals comprised two between members of the public and engineers relating to engineering competence, and one between an engineer and two other engineers relating to engineering competence. Of three appeals heard, two were dismissed and the other upheld by the Appeal Panels.

The Council is carrying out an ongoing revision of its appeal process.

### **4.5 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 2014.

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.

Following the 2014 consultation, The Minister called for submissions on the proposed building system changes on 16 April 2019 and CPEC made a submission on 29 April, 2019.

It has been re-confirmed by MBIE that any changes to the role and functions of CPEC itself are unlikely to proceed for some time yet.

## 4.6 Council Policies and Self-Review

### 4.6.1 Council Policies

At the Friday 2 March meeting, the Council undertook the annual review of the following policies: Archiving, Fraud, Sensitive Expenditure and Health and Safety.

The Policy/guidelines on Appeals procedure is currently being re-drafted period and will be confirmed at the November 2019 meeting.

### 4.6.2 Self-Review

It was agreed that CPEC would undertake an annual self-appraisal of the Council's performance as part of the annual reporting process to the Minister. The self-review was undertaken at the Friday 2 March 2019 meeting and forwarded to the Minister on 29 April 2019.

## 5. FINANCIAL REPORTS

### Financial Statements

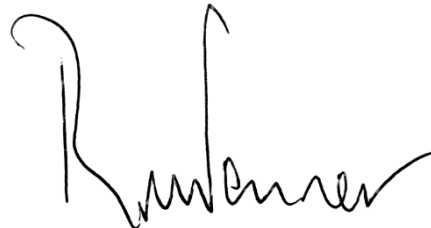
Financial Statements for the Council for the Year Ended 30 June 2019 are appended to this annual report.

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**Jon Williams**  
Chairman



**Ross Tanner**  
Deputy Chair



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**Date:** 16 October 2019

17 October 2019

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**Chartered Professional Engineers Council**  
**Financial Statements**  
**For the Year Ended 30 June 2019**

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**Chartered Professional Engineers Council**  
**Entity Information**  
**For the Year Ended 30 June 2019**

**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 (IPENZ) was established as the Registration Authority under the Act. On 1 October 2017 IPENZ changed its trading name to - Engineering New Zealand. The legal name remains The Institution of Professional Engineers New Zealand Incorporated.

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 (now trading as Engineering New Zealand) which is funded through a levy on its members. For the year ended 30 June 2019 this was \$100,000 plus GST.

**Council Members :**

Jon Williams (Chair)  
Ross Tanner (Deputy Chair)  
Sandra Hardie  
Chris Harrison  
Rebecca Knott  
Sue Simons  
Alan Winwood

**Executive Officer :**

Sue Beasley (to June 2019)  
Katie van Dinther (from June 2019)

**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 2019**

**Contact Details :**

**Physical Address :**

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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 2019**

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 6 to 12, that comprise the entity information and statement of financial position as at 30 June 2018, 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 on pages 1 to 2 and 6 to 12, present fairly, in all material respects:

- the entity information,
- its financial position as at 30 June 2019 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 5 September 2019. 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 responsibility arises from section 15 of the Public Audit Act 2001 and the Chartered Professional Engineers of New Zealand Act 2002.

### **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 2019**

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 2019.

#### **For and on behalf of the Council**



**Chair**



**Council Member**

Date 5 September 2019

**Chartered Professional Engineers Council**  
**Statement of Service Performance**  
**For the Year Ended 30 June 2019**

**Meetings of the Council**

During the Year the Council held 4 quarterly meetings in September, December, March and May. 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 and from the Ministry of Business Innovation and Employment (MBIE).

**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 made up of Council members were considering 3 ongoing appeals lodged prior to 1 July 2018. This reporting year 1 appeal was received and an Appeal Panel of Council members was appointed. Of these 4 appeals, 3 were completed during the year with 1 ongoing.

The appeal received this year was from a member of the public.

**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 on the Chartered Professional Engineer (CPEng) register for the year ended 31 December 2018. In June 2019 the Council reported to the Minister on the performance of the Registration Authority.

**Chartered Professional Engineers Council**  
**Statement of Financial Performance**  
**For the Year Ended 30 June 2019**

2018 Actual \$	Note	2019 Actual \$	2019 Budget \$
<b>Income</b>			
100,000	Levies Received	100,000	100,000
3,081	Interest Received	3,690	3,000
<u>103,081</u>	<b>Total Income</b>	<u>103,690</u>	<u>103,000</u>
<b>Less Expenses</b>			
7,200	Accounting Fees	7,350	7,500
16,521	Appeal Costs	15,589	25,000
4,290	Audit Fees	4,355	4,500
1,433	Council Meeting Costs	1,911	1,400
11,187	Council Meeting Fees	16,335	12,000
9,965	Council Meeting Travel	9,145	10,500
12,126	Consultant/ Executive Officer Fees	15,283	13,000
10,247	Consultant/Legal Fees	4,975	9,000
4,563	Sundry Expenses	6,357	4,700
<u>77,532</u>	<b>Total Expenses</b>	<u>81,300</u>	<u>87,600</u>
<u>25,549</u>	<b>Net Operating Surplus</b>	<u>22,390</u>	<u>15,400</u>

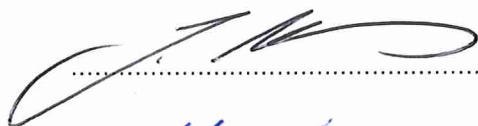
**Chartered Professional Engineers Council**  
**Statement of Movements in Equity**  
**For the Year Ended 30 June 2019**

2018 Actual \$		2019 Actual \$	2019 Budget \$
25,549	Net Operating Surplus (Deficit)	22,390	15,400
<u>25,549</u>	<b>Total Recognised Revenues and Expenses</b>	<u>22,390</u>	<u>15,400</u>
32,628	Opening Equity Balance	58,177	58,177
<u>58,177</u>	<b>Total Equity</b>	<u>80,567</u>	<u>73,577</u>

**Chartered Professional Engineers Council**  
**Statement of Financial Position**  
**As at 30 June 2019**

2018 Actual \$	Note	2019 Actual \$	2019 Budget \$
<b>Current Assets</b>			
18,080	Westpac Cheque Account	10,532	16,277
50,000	Westpac Short Term Deposits	80,000	70,000
693	Interest Receivable	182	300
5,263	GST Receivable	6,372	5,000
<u>74,036</u>	<b>Total Current Assets</b>	<u>97,086</u>	<u>91,577</u>
<b>Less Current Liabilities</b>			
15,859	Accounts Payable	16,519	18,000
<u>15,859</u>	<b>Total Current Liabilities</b>	<u>16,519</u>	<u>18,000</u>
<u>58,177</u>	<b>Net Assets</b>	<u>80,567</u>	<u>73,577</u>
<b>Represented By:</b>			
<u>58,177</u>	Total Equity	<u>80,567</u>	<u>73,577</u>

For and on behalf of the Council

  
.....

Chair

  
.....

Council Member

Date: 5 September 2019

**Chartered Professional Engineers Council**  
**Statement of Cash Flows**  
**For the Year Ended 30 June 2019**

2018 Actual \$		Note	2019 Actual \$	2019 Budget \$
<b>Cash Flow from Operating Activities</b>				
<b>Cash was Provided from:</b>				
100,000	Levies Received		100,000	100,000
2,658	Interest Received		4,201	3,393
<u>102,658</u>			<u>104,201</u>	<u>103,393</u>
<b>Cash was Disbursed to:</b>				
80,087	Payments to Suppliers and Council Members		80,655	84,511
1,300	Net Goods and Services Tax Paid		1,094	685
<u>81,387</u>			<u>81,749</u>	<u>85,196</u>
21,271	<b>Net Cash Flow from Operating Activities</b>	7	22,452	18,197
46,809	<b>Add</b> Opening Cash Brought Forward		68,080	68,080
<u>68,080</u>	<b>Closing Cash Carried Forward</b>		<u>90,532</u>	<u>86,277</u>
<b>Represented By:</b>				
18,080	Westpac Cheque Account		10,532	16,277
50,000	Westpac Short Term Deposit		80,000	70,000
<u>68,080</u>	Total Cash on Hand		<u>90,532</u>	<u>86,277</u>

**Chartered Professional Engineers Council**  
**Notes to the Financial Statements**  
**For the Year Ended 30 June 2019**

**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 in the foreseeable future.

**Measurement Base**

The measurement base adopted is historical cost.

**Changes in Accounting Policies**

All financial information is reported on a basis consistent with previous years.

**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**

Prior to the Year Ended 30 June 2016, no provision was made for income tax as it was believed the Chartered Engineers Council, as a public entity created by statute, was tax exempt under the Income Tax Act 2007. Following an Inland Revenue review, IRD advised the Chartered Professional Engineers Council that it was to be taxed at the company rate. The Council has made the Minister aware of the situation and is currently considering its next steps. Inland Revenue allowed the Chartered Professional Engineers Council to lodge tax returns from 2007. These returns resulted in accumulated losses to carry forward. After deducting the 2018 surplus of \$25,549, the accumulated losses to carry forward reduced to \$103,367 and will reduce to \$80,977 after deducting this year's surplus of \$22,390.

**2. Contingent Liabilities**

The Chartered Professional Engineers Council had no contingent liabilities as at balance date (2018 Nil).

**3. Financial Instruments**

The Chartered Professional Engineers Council is party to financial instruments in the form of bank accounts, accounts receivable and accounts payable 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.

**4. Commitments**

The Chartered Professional Engineers Council had no commitments as at balance date (2018 Nil).

**5. Appeal Costs**

During the 2019 year the Council incurred \$15,589 (2018, \$16,521) in appeal costs for 4 appeals (2018, 6 appeals). Since 1 July the Council has incurred costs associated with 1 ongoing appeal (2018, 3 ongoing appeals) and these expenses will be recorded in the 2020 Financial Statements.

**Chartered Professional Engineers Council**  
**Notes to the Financial Statements (Continued)**  
**For the Year Ended 30 June 2019**

**6. Related Party Transactions**

During the course of business operations Council Members received fees totalling \$16,355 (2018 \$11,187) for attending 4 Council Meetings and \$11,455 (2018 \$13,035) for Appeal Hearings as follows:

	<b>2019 Actual \$ Council Meetings</b>	<b>2018 Actual \$ Council Meetings</b>	<b>2019 Actual \$ Appeal Hearings</b>	<b>2018 Actual \$ Appeal Hearings</b>
Jon Williams (Chairperson)	3,744	2,496	5,135	1,185
Ross Tanner (Deputy Chair)	1,729	1,976	1,580	2,765
Roly Frost	-	395	-	-
Sandra Hardie	1,975	1,580	3,160	395
Chris Harrison	2,370	1,580	-	4,345
Rebecca Knott	2,370	790	1,580	-
Sue Simons	1,777	790	-	1,185
Alan Winwood	2,370	1,580	-	3,160
	<u>16,335</u>	<u>11,187</u>	<u>11,455</u>	<u>13,035</u>

Council Members were also reimbursed travel expenses totalling \$9,145 (2018 \$9,965) for attending Council Meetings and \$382 (2018 \$922) for attending Appeal Hearings.

During the year ended 30 June 2019 in addition to the Council Meeting and Appeal fees listed above:

The Chairperson received \$3,198 for time spent:

- (a) reviewing and preparing CPEC's response to MBIE's review of occupational regulations
- (b) reviewing and preparing CPEC's submission on MBIE's proposed building reform programme
- (c) reviewing with MBIE and interviewing applicants for the position of 8th Council member.

Sandra Hardie received \$790 for time spent preparing the Annual Report on the Performance of the RA.

Chris Harrison received \$592 for time spent reviewing:

- (a) CPEC's Annual Report
- (b) the Annual Report on the performance of the RA
- (c) CPEC's submission on MBIE's proposed building reform programme.

Alan Winwood received \$395 for time spent preparing the CPEC Annual Report.

During the year ended 30 June 2018 in addition to the Council Meeting and Appeal fees listed above:

The Chairperson received \$1,872 for time spent:

- (a) preparing the Annual Report on the Performance of the RA
- (b) attending meetings with the CPEC Legal Advisor.

Alan Winwood received \$395 for time spent preparing the CPEC Annual Report.

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

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

	<b>2019 Actual \$</b>	<b>2018 Actual \$</b>
Net Operating (Deficit) Surplus	22,390	25,549
Movements in Other Working Capital Items		
Increase (Decrease) in Accounts Payable	660	(3,252)
(Increase) in GST Receivable	(1,109)	(603)
Decrease (Increase) in Interest Receivable	511	(423)
Net Cash Flow from Operating Activities	<u>22,452</u>	<u>21,271</u>