



9 October 2012

Plumbers Gasfitters & Drainlayers Board
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Dear Sir

**SUBMISSION TO THE PLUMBERS, GASFITTERS & DRAINLAYERS BOARD
REVIEW OF THE BOARD'S FEES AND LEVY**

This submission is made on behalf of Master Plumbers, Gasfitters & Drainlayers NZ Inc. Our membership comprises 730 businesses, who employ 5,500+ practitioners, ie 70% of licensed individuals under the Plumbers, Gasfitters & Drainlayers Act 2006. The principals of our Members are either Certifying tradesmen or the business employs one or more Certifier. The majority of our Members employ Licensed tradesmen, exemption holders and trainees. In addition we have 450 individuals in our Employee membership class.

Master Plumbers also has a 100% owned subsidiary – MasterLink Limited – which is a group employer of apprentices in the sector.

We applaud the Board for raising a number of issues for consideration in this consultation round, however we strongly believe there must be a more fundamental review of fees and the activities undertaken the Board, particularly given the loss of the gas certificate income. It appears that the Board are merely looking to replace this income rather than asking itself whether its structure, activities and/or philosophy is correct going forward.

It is noted that the Electrical Workers Registration Board are facing a similar issue with the removal of electrical certificates of compliance in their current form and yet they have not just put forward proposals to increase fees, but have in fact strategically looked at ways to reduce the impact of licensing on practitioners, such as changing the requirement for an annual licensing fee to a biannual licence – something our sector has long promoted as a reasonable solution.

In addition the EWRB state clearly that they will draw down on the Board's Memorandum Account over the next few years to offset the increase in fees. It is acknowledged that in their 2010-11 accounts they do hold \$3,834,000 in reserves, however they are also responsible for over 42,000 on the register. If this is compared with the PGD Board holding just under \$1,800,000 with 12,655 on the register, the PGD Board reserves are far higher in proportion. Whilst there is always a level of overheads associated with any business and we acknowledge EWRB is located within the Ministry of Business, Innovation and Employment, we do

not support the Board holding such a high level of reserves. It is noted that KPMG who recently carried out a few of fees for EWRB recommended that the Memorandum Account balance should be targeted at zero. Whilst the PGD Board's reality is different in that it is a separate body and has its own liabilities, again we question the need for public equity of just under \$1,800,000 when its main on-going costs should it be disestablished with the functions being taken up by another entity for example, would be rent and wages.

When compared with EWRB, the PGD Board's personnel costs appear out of balance at \$1,324,121 as at 31 March 2012, compared with \$1,427,000 for EWRB (calculated by taking personnel and support services for 2011). If this is calculated against the number of practitioners, the PGD Board spent \$104 per practitioner, with EWRB spending \$34.

Whilst it is simple to take a few numbers and draw a picture, the point we wish to make is that there needs to be a much more fundamental review of the PGD Board and its activities. Staying the same should not be the driver here – ensuring we have reasonable licencing costs which are combined with effective service for practitioners is.

Again we note in the EWRB government guidelines for setting fees that "the agency will demonstrate a focus on efficiency and delivering value for money". Frankly this is not apparent from the PGD Board's consultation document, nor does this philosophy seem apparent from the information practitioners have been provided with.

That said, we are now in the position of needing to provide feedback on the document we have – otherwise we will not be heard. Therefore in response to the questions asked, we would advise as follows:

1. Do you support the Board purchasing the standards commonly used by plumbers, gasfitters and Drainlayers so that they can be accessed online by tradespeople?

Yes

Knowledge of Standards form an essential basis for the work being undertaken by our industry. We believe being able to access these on line for a reasonable cost is a step forward but many in our sector do not use electronic devices whilst on the job and we do not believe this will replace hard copies which we will continue to provide at a discounted rate for our Members. So it is a positive step forward but not the answer for all.

2. Do you support the introduction of the fee for trainee limited certificates?

Yes

The fees proposed is reasonable and we believe will reflect the work involved in issuing a limited certificate for this group. In addition it educates apprentices on how

licensing works including the need to pay for the privilege of working legitimately in this industry.

3. Do you support the proposal to cross-subsidise the registration application fee from licence fees?

We are concerned that the costs of registration are so high and believe that these will be a barrier to tradespeople if we expect them to pay the actual cost of registration, therefore we support the cross-subsidisation of this application fee.

In addition we note that the activities outlined which fall under the banner of registration include keeping the register current for existing tradespeople etc and therefore we believe it is appropriate that a portion of this be covered from the annual licensing fee instead of being charged to those registering.

We would also promote that the registration fee should be per person as opposed to per discipline. In reality you are only ever entered onto the register once and we believe it inappropriate to charge a fee three times (in the case of PGD) when only one person is registered.

This fee also seems to cover the costs involved to consider applications from overseas-trained tradespeople as well as NZ tradespeople. We do not believe this is appropriate as it should be a much more simple process for a NZ qualification and this should be cheaper than for an overseas-trained person. Therefore we believe this should be a two-tier structure in place to reflect the differences in effort required for registration of these two groups. Again this appears to be an approach adopted by EWRB to ensure the real costs fall where they are incurred.

4. Do you support the following proposed fees and levy?

Annual Licence Fee	Yes
Annual trainee limited certificate fee	Yes
Registration application fee	Yes *
Annual disciplinary levy	Yes
Annual offences fee	Yes
Exemption application fee	Yes
Examination entry fee	Yes
Fee for reconsideration of an examination paper	Yes
Employer licence application fee	Yes
Advanced proficiency assessment fee for overseas-trained tradespeople seeking certifying registration	Yes
Fee for providing a copy of a gas certificate	Yes

* Note our comments above

5. Please explain why you support or oppose any of the proposed fees and levy

If tradespeople have to face an increase in fees payable to the PGD Board for next year, we support the fees as proposed as the increases are reasonable and whilst

working under the current structure they appear to apportion the costs in the right places, However we restate the comments that we have made in the past that the PGD Board needs to review its structure and reduce costs wherever possible, rather than just keep putting fees up to pay for it.

In addition if the administration of gas certificates is no longer required to be undertaken by the Board, does the Board need to have the same staffing levels and overhead costs etc? If the direct cost of retrieving a gas certificate (approximately \$25 is to be charged to the consumer) then why do the Board need to replace the income – they should reduce their staffing levels to reflect the loss of this work.

We note that there is an exemption application fee for sections 18, 20, 24 and 52 of the Act of \$300 and as these are specific exemptions we agree with this level of cost. We also support a fee for the other more general exemptions for sanitary plumbing, gasfitting and drainlaying as there should be a cost to employing an exemption holder so that the industry does not see this as an incentive not to train.

6. *What changes would you like made to the proposed fees and levy and what are your reasons for that? Do you wish to comment on any other matters relating to this review?*

We note that memorandum accounts are to be established for the disciplinary levy and offence fees. Whilst this is a positive step forward we believe the excess income from the levy and offence fees received in the 31st March 2012 year should also be set aside for use in disciplinary actions and offences in future years. From looking at the Board's annual report it seems like the excess has been absorbed into general reserves and we do not believe this is appropriate when the funds were for a specific purpose. If this was to happen it would reduce the need to charge as much this year.

Thank you for the opportunity of commenting. Again we have to reiterate our strong desire to see a real consultation round take place with a strategic review of the Board's activities and structure to ensure cost effective and efficient licensing for practitioners.

Yours sincerely



Fiona Gavriel
Chief Executive Officer