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## IN OTHER NEWS

### Letters to the Editor



#### Dear Editor

I'm amused by your article last week entitled "We got it wrong".

The Chairman of the PGDB sat up on his high horse and acted the high and mighty stating he shouldn't have to respond to such misinformation. Doesn't he realise that is if wasn't for the Board's actions you wouldn't be commenting on it.

I say good on you for having the balls to speak up and ask the questions in the first place. These only follow on from the Board's actions initially in taking these fees and levies – and the Government winding back the laws for them.

I'm pleased we now have a Federation member and supporter on the Board and I hope she questions the Secretariat because I reckon a lot of the other Board members have been blind to some of the things that have been going on.

Hopefully some of them will wake up and see the damage

## Discipline and Prosecutions

This week we will be looking at the Fees and Levy Review but thought it appropriate to give you our view on Discipline and Prosecutions.

The Board have been publishing information about their discipline and prosecutions. A huge amount of effort is made to show the public what the Board are doing and where ever possible they mention the "Ask for the Card campaign", and state it is all about the protection of the public. Quite frankly it's starting to sound like a cracked record - nothing new just the same old rhetoric.

An anecdotal measure to see how successful this campaign is would simply be to ask yourself and other tradespeople you know – how many times have you been asked for your card? We did a random survey of 50 locally – not one had been asked for their card recently – or ever! So, we ask what the measure of success of this campaign is? Surely we should be seeing tradespeople being asked for their cards.

Ask yourself – do you know any tradespeople that have been asked for their card? Don't get us wrong, we want the cowboys out of the industry as much as anyone, but we want to ensure our funds are being well targeted and we can't see the measurable outcome on this one.

We believe they should take time to look at why the Board are having to increase their offences and prosecution function. Is what they are doing achieving the results that could be achieved? Einstein famously proclaimed "The definition of insanity is continuing **to do the same thing over and over**, and then expecting different results".

## Fees and Levy Review



Don't flush your money down the toilet could quite easily be the theme for the latest Fees and Levy Review. We are yet again being asked to make comment of fees and levies with what we consider to be very little information and unclear information at that.

The Board are guided by the Auditor General good practice guide – "Charging Fees for Public Sector Goods and Services." The guide sets out the Auditor General's expectations of how public entities should set fees. The expectations are based on three principles:

done by their decisions to Industry at large.

**ED:**

Thanks for your support writer. We don't like giving out wrong information as we believe you deserve the truth and full facts all the time.

As you say if the incident hadn't happened in the first place we wouldn't have had anything to say.

We believe the Government and Board believed this incident would go away but it's not going to. You can't treat an industry so badly and expect them to trust and respect you.

The Board and Government have been blaming the writing of the legislation but aren't they the professionals who should have picked up on it and got it corrected?

In the Minister and Board we trust - no way. The previous Minister used a blunt instrument to deal with the issue, supported by the Board and they made a huge mistake.

They seem to forget they carried on with unlawful actions even when they **knew** it was wrong.

That shows a contempt for the industry and an intent to rule with an iron fist. There has been no acknowledgement on their part as to the initial wrongdoings at all.

\*\*\*\*\*

**Dear Editor**

**Will the Government get the**

- authority;
- efficiency;
- accountability.

Now we know the Board have a chequered history when it comes to getting things right and fees and levies are no exception. When you look at the above three principles we know over the last four years the Board have failed to adhere to its authority and the Government had to bail it out by retrospectively changing the law.

Our fees seem to be forever increasing - so where are the efficiencies? The Minister and supporting Government Departments seem to have a code of silence regarding accountability - which we have the impression is nonexistent.

A fee should be set at no more than the amount necessary to recover costs, unless the entity is expressly authorised to do otherwise. Setting a fee that recovers more than the costs of providing the goods or services could be viewed as a tax. Unless expressly authorised by statute, this would breach the constitutional principle that Parliament's explicit approval is needed to impose a tax.

Accordingly, any authority given to a public entity to charge a fee is implicitly capped at the level of cost recovery. For example, specific authority is required to charge a fee that would recover more than the cost of providing a good or service – to generate additional revenue, impose a penalty, limit access to or demand for a service, or meet social objectives.

We ask you to look at the real implications of what the Board are saying and make logical decisions. If you don't agree with what is being said then speak up. Silence won't achieve anything. Despite everything we still believe in responding to these consultations, and Federation members have a proud history of doing so. Don't leave these decisions in others hands.

The Board's Questions and our thoughts about them are as follows:

**Do you support the introduction of photo licences?**

Any measure that reduces the risk of someone using false identification is supported if it is cost efficient. The Board have indicated the cost of a having photos on licence cards would cost about \$1.75 per licence per year.

Now consider the extra cost of your time to travel to whatever agency they contract the service to, the time spent there and the trip home. This will vary, but we estimate a thirty minute trip each way and a minimum of one hour involved in waiting and getting the photo taken. At say \$82 an hour charge out that photo has just cost you \$164.00 to get it taken. An exaggeration? Even at half that – it's still a lot more than \$1.75.

Add on any additional administration you have to do and the added administration at the Board the true cost of photos on the licenses will be more than \$1.75. Will the Board create a position of Manager ID Photos? Now consider how often you are asked for your card and

## Message?

Wasn't it excellent to see the people of Northland see through the Government's bullshit and vote against them causing them to lose a seat they have held for nearly seven decades.

The Government's tactics of ignoring people backfired this time so perhaps the Federation and its supports should be heartened that others are taking a stand.

Losing by 4000 votes when they had a majority of over 9000 six months ago at the election just shows things can turn bad real quick.

The question now is will the Government and its Ministers note the warning and lift their game or will they carry on as they are now with people getting despondent and taking action against them?

**Ed:**

You hit the nail right on the head there writer. Are you a Licensed Building Practitioner?

Jokes aside, we believe times are changing and people are stepping up to force change quickly.

People are tired of waiting and want action now. We have been waiting for change in our industry and time has run out as well.

Winston Peters mentioned about the "Lost New Zealanders" and you could quite easily put the plumbing gasfitting and drainlaying industry into that group.

An industry lost in bureaucratic bullshit having to justify our skills and knowledge and left in a position of not being able to effectively hand on those skills

see if this I worth it. If it was common place to ask for the card – then this proposition would worth considering a bit more.

## Do you support a move to two year licences?

The Board has indicated a saving of only \$50,000 per year if it was to go to a two year licence and that is due to the Board's fixed costs. The following figures regarding licensing costs were from the consultation documents in 2012.

- Direct costs \$360,000
- Direct Salaries \$207,00
- Share of corporate overhead costs \$695,000

Going to a two year license should mean the current annual direct costs and direct salaries should be spread out over two years - a 50% saving. That's a \$283,500 saving annually.

Spread the licensing over 5 years, as permissible by the Act, and you get a \$453,600 saving annually based on the annual cost of \$567,000. This leaves the Board's fixed costs at \$695,000 annually.

We support **five** year licensing – why? It's cost effective – the Board still has safety measures in place if it needs to take action – and we could see some real savings.

## What changes (if any) should be made to how the Board sets its fees and levy?

There should be a **real assessment of time allocation to functions**, led by an independent entity. The Board have never been able to produce any accurate information about this and have stated it was not cost effective to it. Functions within the organisation should be scoped to ensure the functions have not been scoped at a level higher than is required - such as the CE position. Is a CE required - or a Registrar and more lower level (and cheaper) admin staff?

The expectations of the three principles by the Auditor General should be adhered to - authority, efficiency and accountability.

## Do you have any other points that you would like to raise in relation to fees and the levy?

The consultation documents have put a lot of effort of telling the industry a lot of "what if's" - what if you pay a license midyear, what if the people with three licenses don't subsidise those with one license and such like. We feel it has all been about the Board setting what it wants and then spending time figuring out how to allocate the fixed overheads by charging the industry.

We believe the Board have lost credibility with the industry as a result of the retrospective legislation imposed, and any fees or levy will need to be rigorously justified. There is the impression that an empire has been created - and that the industry is now funding a poorly established over scoped organisation that is providing very little for the public of New Zealand.

It should be remembered the Board performs an administrative

and knowledge.

Winston Peters will be doing exactly what we are doing and that's pushing for accountability.

#### From the Media

Is this where the Board's and Dr Nick Smith's attitude comes from?

*Mr Peters says it's time to put personality politics aside and he expects "a constructive and co-operative approach" from the government.*

*But he says Prime Minister John Key's attitude isn't helping.*

*"Mr Key's idea of co-operation is (the other party) agreeing with everything he says," Mr Peters said.*

Nearly five years we have been putting up with that attitude and no one would listen to us.

function so is a Chief Executive operating under the governance and control of a ten person Board required for 16 people? Is a level of management of five people required to operate under the Chief Executive to supervise the remaining ten people, four of which are supposedly lawyers, cost effective? Do we need 10 Board members? Why is a licensing authority employing more lawyers than some law firms in New Zealand certainly more than EWRB or LBP Board we understand.

More effort needs to be put into a credible review, but to achieve that the effort needs to be placed into the efficiency of the organisation starting with the scoping of positions and the functions performed.

Perhaps a saving of \$80,000 annually could be made by moving the Board to a more affordable location. The ten year lease must expire during the early stages of the new fees period so we hope that is examined and taken into account. Move to cheaper office space that has easy access for the public and the industry. Have you ever tried to get a park near Solnet House just to drop in to look at the Board's Security doors which you paid for. We remember when the Board was questioned about moving into Solnet House and they used the excuse that they needed to be close to their stakeholders. Who are their stakeholders – us the industry, the Government, ESS, MBIE, the Minister – but in these days of email and electronic devices, do they need to be physically located in what is the "Park Lane" of Wellington? This is a justifiable question surely?

A lot of questions still need to be answered about previous fees reviews and what has happened to the money charged to the industry and then absorbed into the spending pool held by the Board - for example the \$600,000 plus taken for the "ask for the card campaign" from 2010 through to the next fees review in 2013 and then was lost into the 2013 review without mention, but the fees didn't come down and the same with the cross subsidisation for licensing which just disappeared into the Board's financial merry go round.

There have been so many unexplained things happen that no one really knows what the truth is any more. The Government may have made legal the unlawful taking of money from the industry and the manner in which the Board have accounted and spent it but that doesn't make it right - it only makes it legal and no matter how much air freshener you use the stench of dishonesty will always remain.

Our rights as an industry count for nothing to this Government and Board so think of that when making your submissions and attending the meetings later in the year.

Feel free to use some/all/none of our responses – but please do respond – if you don't use these opportunities then you only have yourselves to blame.

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