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One other statement made to the Board during protest action was:

**The fees and levies contain amounts that were initially applied as one off events and have been applied continually for the last three years.**

**Comment from the Registrar:** *This statement is incorrect.*

The information the Federation has shows the following were included in the Board calculations:

- Consumer awareness campaign \$250,000
- Practitioner road show \$30,000
- Fees review \$20,000
- Organisational review \$10,000
- Infringement notices project \$15,000
- Debt Collection project \$5,000
- 2006 Act review project,

**What you need to know for the Fees and Levy Consultation Meetings**



The Plumbers Gasfitters and Drainlayers Board have taken the step to consult on Fees and Levies and the first stage of collecting information from the industry has finished. The next step where the industry can have further input is in August to October when the Board will further consult by way of meetings with the

industry.

Now there is no sense in worrying about how the Board has collected or spent the money as the Government has covered any unlawful actions with the Plumbers Gasfitters and Drainlayers Amendment Bill 2013. Any unlawful actions are now legal according to the Government, and that includes any actions with regard to expenditure that the Government don't know about (absolute coverage). All we can do about that is remember how the Government has treated the tradespeople in our industry and how they continue to ignore us.

The Federation believes one of the biggest issues in the Fees and Levy Review is the time allocation which is the basis of the fees and levies. In late 2011 the Federation made an Official Information Act request for information on the time study *"that was used as the basis for the fees review that was conducted by Craig O'Connell's term as acting CEO and was used in Sue Ineson's report of the same period and the one that was used ever since as the basis for the fees review."*

In November 2011 the Registrar responded to the Official Information Act Request and stated in part:

*"The time study conducted for the allocation of individuals' time to specific tasks used to calculate fees in respect of the chart was based on research and thorough conversations between Craig O'Connell and current staff, about the time staff spent on various tasks, including and seasonal variations of their time."*

A one page calculation sheet was provided which showed one line

Office systems and process development \$30,000

- And how about a 5% general increase totalling \$117,413

Those one off events total \$477,413 but where has that money disappeared to the following year and the following year and on it goes.

This money just seems to have been absorbed into the new budgets and the Board have claimed savings.

### How's Annual Licensing looking?

Just a quick update on the licensing statistics from the public register on 29 May 2015, two months into the current licensing year.

We thought we would give you actual numbers this week rather than percentages. We have compared the number of people who had licensed on 29 May 2015 compared to the number that had licensed at the end of last year's licensing period (31 March 2015)

- Certifying Plumber 404 less than March
- Licensed Plumber 449 less than March
- Certifying Gasfitter 107 less than March
- Licensed Gasfitter 178 less than March
- Certifying Drainlayers 522 less than March
- Licensed Drainlayers 71 Less than March

It concerned us that the numbers were so far down so we compared the May numbers to those in December 2014 to take into account early licensees.

- Certifying Plumber 345 less than December
- Licensed Plumber 427 less than December

with staff percentages on it. It showed the following

- Area One (Registration and examinations) 23%
- Area Two (Licensing and CPD) 28%
- Area Three (Complaints and Discipline) 41%
- Area Four (Gas Certificate Administration) 8%
- Area Five (Overheads) 0%

No other information or documentation was provided, no time sheets, no notes, no calculation sheets, no reports, nothing at all.

During a protest action regarding licensing Fees and Levy in 2014 a number of statements were submitted to the Board by tradespeople who were taking the protest action. The following are a couple of the statements and the Registrar's comments submitted to the Board:

**Last year's PGBD financials were not completely audited and places in question the application of the memorandum accounts and their accuracy.**

*Registrar Comment: Audit NZ was unable to confirm the accuracy of the time allocation assumptions that underpin the financial model that calculates fees and levy. However, they were satisfied that costs had been allocated in accordance with the model. It is common practice for a financial model to include assumptions when the cost of precise financial allocation exceeds the value of doing it.*

**I do not believe the fees accurately reflects the true time to task allocation used by the Board to calculate fees and the Board has been unable to produce that information.**

*Registrar Comment: The statement is not correct. The fees do accurately reflect the true time to task allocation used by the Board. The time to task allocation used by the Board consists of assumptions relating to this that are contained in the financial model. This information is readily available.*

The first comment shows the information of time allocations did not exist or was withheld from Audit NZ but they were happy the figures in the model had been used. The Registrar has reinforced his comment by adding it is common practice for a financial model to include assumptions when it would basically cost too much to get the precise information.

The second comment confirms the assumptions were used to calculate the fees and levy and reflects those used by the Board which are not necessarily the true time to task figures, simply the assumptions. It is interesting to note the figures used were for a staff of 11 where now there are around 16.

When the percentage figures claimed to be used by the Board mentioned above are compared to the figures in the 2012 review

- Certifying Gasfitter 78 less than December
- Licensed Gasfitter 182 less than December
- Certifying Drainlayers 463 less than December
- Licensed Drainlayers 53 Less than December

No matter how we stack the numbers the number of people licensing in these classes of registration are down. These figures may also interest you and that is the increase in the numbers of people on the register that can license. We have used the same dates of 29 December 2014 to 29 May 2015.

- Certifying Plumber 126 more than December
- Licensed Plumber 105 more than December
- Certifying Gasfitter 69 more than December
- Licensed Gasfitter 36 more than December
- Certifying Drainlayers 11 more than December
- Licensed Drainlayers 32 more than December

The Board always seems to claim increases in licensing and we would love to see that and are even happy to be proved wrong but we base our figures on the public register which you would hope are accurate. It would be nice if the Board showed us how they work out the increases.

they make for very interesting reading, and the percentages don't match up - yet there are no calculations available to show what has happened - for example the 8% for gas certificate administration where did that allocation go?

In the 2012 Consultation Documents, the five areas mentioned above only account for 47.9% of base salary - the remaining 52.10% is allocated to Board support and Corporate.

The Federation has the perception based on the information made available by the Board that the entire 2012 fees and levy review figures were based on assumptions and very little if any was based on provable fact.

To be so precise on the weighting figures, for example 14.1% for licensing, 5.8% for registration, 0.1% for exemptions, 10.1% for discipline, we would have expected detailed data to prove those figures.

The Auditor General has proved that information does not exist so why aren't they doing something about it?.

It appears each year the Board relies on the figures from the previous year but that leaves a situation where if the data right from the start was incorrect, they are building on false figures and the new figures are manipulated to fit.

The Board stated after the last consultation in 2012 that it was to utilise \$474,000 of the Board's reserves to reduce licensing costs over the next three years. They stated \$174,000 of these reserves were generated from an under spend on discipline that year.

That same year they stated licensing should be \$65.00 but with cross subsidisation we pay \$101.00.

The perception is there has been so much manipulation of figures that real costs are no longer known. The Federation would be more than happy for the Board to stop take a deep breath and start again with real cost recovery figures.

It is up to each tradesperson out there to step up attend the meetings and have a say. Obviously trust in the Board is a huge issue due to what has happened in the past and that will continue to be an issue unless the industry forces accountability.

When is someone going to step up and take responsibility for improvement rather than survival?

Is it going to be the Board or the industry?

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