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IN OTHER NEWS

Does this help?



Not hearing , not seeing and not speaking about it does not help the tradespeople in the industry.

Ignoring issues does not make them go away. Most people in the plumbing, gasfitting and drainlaying industry are tradespeople who simply want to get on and do their work and do it well.

Most tradespeople don't want to get involved and believe they can't change things because they are not in a position to do so.

The Prime Minister said at a meeting in Upper Hutt that the Government would listen to the industry as the industry knows what is best for it - the

Fairness and equality



The Federation is about fairness and equality in plumbing, gasfitting and drainlaying regulations and legislation. This means we are vigilant about what is imposed on tradespeople in the industry, but it also means we are reliant on those imposing the regulations and legislation to operate in an open, honest and transparent manner.

Consultation is currently underway regarding fees and levies. In case you had forgotten

fees and levies become regulations when published in the New Zealand Gazette. The Government has delegated power to the Plumbers Gasfitters and Drainlayers Board to implement fees and tax the tradespeople in the industry by way of a levy.

The Plumbers Gasfitters and Drainlayers Board have claimed a number of times to be open and transparent and appear to have relied on their reputation with Government departments and the Minister of Building and Housing.

The PGD Board is required to operate in a fair and reasonable manner and one issue brought to the Board's attention and to the attention of the previous Minister was **cross subsidisation of fees**. The issue raised was ignored by the previous Registrar, by the previous Chairman, by the previous Minister, the Auditor General, in fact it was ignored by everyone who has anything to do with fees and the levy.

The Ministry of Business, Innovation and Employment theoretically keep a watchful eye on the PGD Board operations and advise the Minister but nothing was done about the issue of cross subsidisation. Now cross subsidisation is not illegal, but all guidelines seem to indicate they need to be open and transparent about it.

What we are talking about is the abuse of cross subsidisation. Cross subsidisation is when one fee or levy is used to subsidise another function for which a fee or levy is charged, and in our case it was subsidising registration by charging extra for licensing.

In the proposal for fees in 2010 the Board stated:

7.2 License fee options

problem is we know what is best, but not enough people step up to have their say.

Nothing will improve unless it is made to happen. At last look we still lived in a democracy and if that changes it's our own fault for letting people dictate to us.

Because we are in a regulated industry, regulations and legislation dictate our daily lives. We should be enjoying our work and industry not worrying about its regulation and the money that we spend on that regulation for the benefit of the public.

No one begrudges the public protection and most give them that protection every day of the week without question, but what about our protection?

We don't appear to have any protection - yet we have worked hard, got qualifications and entered into a regulated industry.

Now we have to prove our competence every year, pay to run a consumer protection board and earn an income for ourselves and our families.

Balancing all of the issues facing us is not easy and that is why a lot of people don't speak up. They just get on earning an income as being the provider is

Based on the analysis the license fee should be \$65.00. However, as is discussed below, it is proposed to set the license fee at \$100.00 per license.

7.3 Registration fee option

Currently the income from registration fees is less than the actual costs incurred by registration activities. As a result of the number of small number of registrations per year (approximately 500) the true costs of registration activities should be approximately \$1,500.00 per registration.

If this is charged on a "true cost" basis the level may create a barrier to those wanting to enter the trades. However, as the number of license holders is substantially higher (over 16,000) than the 500 people registering each year, a small increase in license fee could be used to significantly reduce the registration fee. It is proposed to set a registration fee of \$500.00 and a license fee of \$100.00 per annum.

It would be a form of cross subsidisation but could be justified in terms of the benefit to the individual as a whole.

As can be seen the cross subsidisation amount was \$35.00 per license. Based on the Board's figures of 16,000 licenses this would be a cross subsidisation of around \$560,000.00. The cross subsidisation had the effect of dropping Registration from a 1,647.05% increase to a 588% increase from the \$85.00 previously charged.

The 2010 Gazette notice listed registration as \$500.00 and licensing at \$100.00.

In 2012 the Board stated:

3. Should registration application fees be held at their current level or set to recover true cost?

Currently registration fees are cross-subsidised from licence fees because to increase them was seen as creating an undue barrier to entry to the trades. The Board proposes to continue this cross-subsidisation and to hold the registration application fee at its current level. If there was no cross-subsidisation, the registration fee would rise to \$564 and the licence fee would reduce by \$8 to \$100 as shown in table four below.

TABLE FOUR			
Fee	Board proposal	Fee if there is <u>not</u> cross-subsidisation of the registration fee	Reduction in fee if there is <u>not</u> cross-subsidisation of the registration fee
	\$	\$	\$
Licence	108.00	100.00	-8.00

important to them.

It then gets left to a few to deal with all the other issues.

Remember the saying "many hands make light work" well it's true. If everyone was to step up more would be achieved and it would be quicker.

At the moment people have their say over a cup of coffee and then go back to work and forget about the issues but the issues are still there no matter how hard you work and in fact the harder you work the more relevant other issues become because you don't take opportunities to speak up.

Look at the main article this week - a lot of people realised the same issue but action to rectify it has never been pushed. The same with the one off tasks identified last week.

Between the two it's over a million dollars of your fees and levies annually that is not really justified and simply because a lot of tradespeople in the industry sit back and say nothing!!

Have you ever heard of the Japanese term "KAROSHI". It simply means death due to over work or exhaustion from one's work.

You work hard for you

The proposed application fee of \$409 would not recover the full costs of the registration function. The true cost of registration would result in a registration fee of \$564 which is an increase of \$155 over the existing fee. The Board's view is that a registration fee of \$564 would act as an undue barrier to entry to the trades and for this reason proposes that it be held at the existing level. This would be achieved by cross-subsidising the registration fee from licence fees. However, this cross-subsidisation has the effect of increasing the licence fee by \$8.

The Board welcomes submissions on this issue.

It is estimated that there will be 715 applications for registration received during 2013/14.

So the Board has claimed the true cost of registration had reduced \$936.00 from \$1,500.00 to \$564.00 (which they claimed was an increase of \$155.00 over the existing fee as mentioned above). However, they already knew a cross subsidisation was in place and wanted to put another \$8.00 cross subsidisation on the \$100.00 licensing fee. At 12,405 licenses they claimed for the year, that would equate to \$99,240.00 new cross subsidisation and \$434,175.00 old cross subsidisation (\$35.00 per license).

A total of \$533,415.00 in cross subsidisation for a function which costs a total of \$354,000.00 as shown in table seven.

TABLE SEVEN	
Direct costs	\$20,000
Direct salaries	\$83,000
Share of corporate overhead costs	\$251,000
TOTAL	\$354,000

Remember there would also be the income from 715 new registrations of \$292,435.00!

In late 2012 an amendment to the Gazette notice showed registration at \$409.00 and licensing at \$101.00. The Board decided that same year to use \$475,000 of reserves to reduce licensing costs over three years.

We are left with a situation where either:

- the \$35.00 cross subsidisation was forgotten about, but that's hard to believe when the Board stated in part " Currently registration fees are cross-subsidised from licence fees..." or;
- the cross subsidisation money was gathered far in excess of what was required for registration or;
- there was a 55.5% increase in licensing from \$65.00 to \$101.00 and reserves were used to subsidise the registration costs with a claim of lowering license fees.

The Board may have a simple explanation where they have made a

money and qualifications and to earn a living to provide for your family so why sit back and let others control your destiny?

Are you going to be a victim of KAROSHI or are you going to spread the responsibilities and step up for yourself and other tradespeople in the industry?.

Our industry could be far more prosperous than it is now and it could be happier to work in if only we had say in our own direction.

As long as there is only a few speaking up they will be ignored by the powers that be and nothing will change. You need to speak up and encourage others to speak as well.

Nothing will change unless you change it.

number of ASSUMPTIONS and if so we would love to hear them. You may be able to think of some other scenarios, please just note it down and ask the Board at the consultation meetings, or drop us a line.

We don't like to harp on about the Plumbers Gasfitters and Drainlayers Amendment Bill 2013 but this is another regulation which the Government have legislated was legal when implemented. They may have made it legal and taken away the industry's right to complain to the Regulations Review Committee but as we have shown with previous issues - it doesn't make it right.

Behaviour like this certainly doesn't do much to restore the Board's reputation.

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