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IN OTHER NEWS

If "Cashies" didn't exist?

We have heard a lot of people say that if they didn't do "Cashies" they couldn't survive - not realising they are creating the problem that is causing them to have to do the extra work.

Everyone in the industry has a role to play in correcting this situation. We seem to be our own worst enemies so we all need to play a role in correcting the situation.

Look at some of the professions such as lawyers - they don't have the same issues as us because they place themselves above everyone else where no one will question them and theoretically the more they charge the better they are.

They don't have a "Cashie" industry working in parallel to the legitimate operators.

Reality Check



Is it time for the Plumbing Gasfitting and Drainlaying industry to take a reality check? It appears the industry has gone through a period where the regulation of the industry has put us down when it should have been lifting us

up, but they are not totally to blame. Firstly the industry has let them do it, and secondly the industry seems to have lost its sense of pride and has gone in to survival mode.

We should have a highly engaged workforce, high performance with high profit and growth, but the government policies have pushed us into a stagnant pool where those who have qualifications are continually proving their competence to make the bureaucrats feel better. Time spent re-qualifying and proving competence is valuable time that could be spent handing on necessary skills and knowledge to the partially trained.

Rather than qualifying people totally, the regulation of the industry has provided a number of outs so people can stop or become stagnant. They have provided exemptions where qualified people have to prove competence and those partially qualified on exemptions operate in what is effectively an area of deregulation.

As an industry we should be using the titles Registered Plumber, Registered Gasfitter and Registered Drainlayer because SUPERHERO isn't an official job title! That's how we should be thinking of ourselves - we should be proud of what we do and how we do it. Rather than having people ask "Why do plumbers charge so much" they should be able to see it for themselves.

We should be asking questions like why do we have a disengaged workforce, why is there low performance and why are people leaving? It seems to be most are looking after number one (themselves). We are not saying there is anything wrong with getting a good deal for yourself but we all need to start looking at the big picture.

Sir Winston Churchill once said: *"We make a living by what we get, but we make a life by what we give"*. The concept of "Cashies", the

So how do they get ahead - well it's very simple, they have positioned themselves in the market where people have to pay what they ask for their service.

People have no option than to pay because there is no one else to provide the service.

Plumbers Gasfitters and Drainlayers have let the bureaucrats suppress our industry to the extent that we now do the damage to ourselves and they claim to be protecting the public by regulating us.

There is a simple concept to correct the situation - if you want to succeed and make money then perform your job better than anyone else can.

We need to do that as individuals and as an industry.

Have a look at big business, if they want to increase prices they simply create a shortage. Oil production is a prime example where they stop or slow production so prices will go up with demand and then they gradually increase production again at the increased price.

And don't think it's just the multinationals that do this, it has happened here in New Zealand with chicken where prices were low so one of the major companies created their own shortage of chicken so

jobs done after normal working hours, where the price is kept low by individuals not paying their dues, the same as those making a living from the industry throughout the week is a prime example - they get but what do you give?

The concept of "cashies" is that the consumer gets a job done at a cheaper price and takes little if any risk. The tradesperson makes income to spend as they see fit to make their lives more comfortable at little if any risk but is that true? Cashies have created a danger area where the unqualified and unauthorised have jumped on the bandwagon and are operating in another deregulated section of the industry.

The person who does a "cashie" on a Saturday at a far lesser rate than his boss charges Monday to Friday might need to wonder why he is getting laid off when his employer hasn't got enough work to keep going. Effectively the "cashie" is stealing away the legitimate work – and the only reason the person can do it cheaper is because they aren't absorbing any of the costs that the business owner is such as insurance, ACC levies, GST, overheads for office staff, vehicles etc. It's salt in the wound when the person doing the "cashie" is also using his employers gear to do the cheap job!

What is the impact of "Cashies"? It's far worse than you think and the theory that it is a tradesperson god given right to do "cashies" must stop but be replaced with better equity within the industry a better charge out rates.

There are three main stakeholders the consumer, the tradespeople and the industry.

The Consumer



on materials.

The Consumer has everything to gain at very little risk. The biggest gain is the financial one where they get a cheaper job done and it appears this is around 60% cheaper on labour and 25%

Their main risk is if something goes wrong. If it is a non authorised person getting things corrected is probably not going to happen, but they can still get revenge by reporting the person to the Plumbers Gasfitters and Drainlayers Board who may prosecute them and they end up with a couple of thousand dollars fine.

It it's a trainee or Licensed person the consumer can do the same but it is more likely their insurance company will be involved and will be chasing the tradesperson for money and where will the supervisors in the industry stand?

demand would put prices up. Prices are now up and have been for years but is there a shortage- no there isn't.

In essence if we want to get our industry to progress we first need to take control of it and if this means creating a shortage then so be it because we aren't getting thanked by the Government for having a lot of tradespeople.

We need to have an industry where everyone wants to be better than the person next to them so competition is created, where individuals can ask for more money because a business doesn't want to lose them and an environment where businesses can charge what they need to survive in their market.

We need to drive the market and not let the consumer set the "Glass Ceiling" where they won't pay any more than \$90.00 - \$100.00 an hour for a tradesperson.

"Cashies" are a short term solution to an individual problem.

Initially it is up to the strong people in the industry to lift others up, to pass on the knowledge and skills and to instill pride.

Perhaps it is time the industry wrote it into individual employment contracts that "cashies" are not permitted. This may be the only way to bring the situation

The Tradesperson



For the risk taken are "Cashies" really a cash cow or is it a fallacy? Sure the tradesperson gets the extra cash in the pocket and they have made a new friend in the consumer but that's where it stops.

Look at the risk:

- Firstly there is the undeclared income that the Inland Revenue would like their slice of, plus the interest at rates no one can afford. The consumer has done nothing wrong as it's the tradesperson's responsibility to declare the income.
- If something goes wrong the chances are the tradesperson won't have public liability insurance and it only takes minutes for there to be a million dollars of fire damage to a house. If there is an incident of some kind the consumer will claim insurance and the insurance company will point the finger at the tradesperson. They will then have to prove their innocence.
- If the incident is reported to the Board then where does the trainee or Licensed practitioner stand - was the work done legally if their supervisor didn't know about it? If the supervisor did know about the work then they are now dragged into the affair. How many people get prosecuted here?
- The insurance company now chase the supervisor and trainee or Licensed practitioner to recoup their money and without public liability insurance they will take them for every asset they have. Bankruptcy looms.

So the people doing the "Cashies" are at huge risk and so are their supervisors. What damage are they doing to the industry?

The Industry



What effect do "Cashies" have on the industry? Well the effect is greater than most think. For every hour of work done as a "Cashie" it's an hour of chargeable work taken away from a legitimate business. The Federation has often said it believes the "Black Market / Cashies" are bigger than the legitimate business and even the Government reported a

couple of years ago that the "Black Market" in trades was around

under control.

Conflict in the industry

It appears to us that the regulation of the industry has reached a stage that a lot is not being achieved because people are too worried about being proved wrong or admitting it was wrong.

The Federation believes that the issue of **WHO** is right or wrong is not even worth thinking about or wasting time on but the issue of **WHAT** is right or wrong is what we should be concentrating on.

Sometimes there needs to be change in leadership to help effect that change. That's one of the reasons we have elections to change the government so fresh leadership and ideas can be attempted for the greater good.

There is no shame in stepping to one side for the greater good.

Those that do so get more recognition for what they have achieved than those who wait until they are ousted and get forever criticised.

seven billion dollars a year.

"Cashies" have three main impacts on the Plumbing Gasfitting and Drainlaying industry.

- Firstly "Cashies" lower the legitimate chargeable rates. If the consumer can have a "Cashie" done for \$40.00 an hour at no risk to them they won't spend \$80.00 an hour to have it done legitimately for the same outcome. The industry has to lower its rates to be competitive and the first area to be hit is wages.
- Secondly "Cashies" take away work from legitimate business. This is where supply and demand comes into the equation. If there is no "Cashie" market then the consumer is forced to go to legitimate tradespeople and as the demand for them increase prices inevitably prices go up and so do wages.
- Thirdly "Cashies" affect the reputation of an industry. You get the "Cowboy" comments when things go wrong, the consumer believes that if they can get a "Cashie" for \$40.00 an hour then the legitimate business charging them \$80.00 an hour is ripping them off and of course the industry has no control over the "Cashie" market.

So "Cashies" have a huge effect on the industry and cause a vicious circle of people wanting to better themselves and being forced into positions where they take risks but while doing that they create the problem of low wages, low charge out rates and low employment.

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Plumbers Gasfitters and
Drainlayers Federation 6 Tacoma
Drive, Totara Park, Upper Hutt
5018 Ph (04) 5277977 Mob
0276564811 Fax (04) 5277978
information@pgdf.co.nz