

**TABLE OF CONTENTS**

- **A New Ally?**
- **Last week Inland Revenue sent this out**
- **Attitudes have changed**

**IN OTHER NEWS**



Hi guys, thought I'd share with you an interesting phone call I had from a complete stranger yesterday (Dec 10).

This bloke, a self confessed academic builder, asked me if I would be prepared to sign off a PS3 (producer statement) for his plumbing to a new house he plans to build here in Wellington.

This cowboy has every intention of undertaking all his sanitary plumbing by himself and then the balls to ask a plumber to sign it off for him...after promptly telling him to piss off the thought ran through my head that he will most probably get someone to do this for him bastardising our industry.

**Ed:**

Good on you for telling this person where to go. It just shows the contempt people hold towards tradespeople

**A New Ally?**



As individuals we all moan and groan about taxes - well more about the amount rather than the actual tax. Most people seem

comfortable with tax as long as it's fair and reasonable and applied to services for all such as health, education, defence, roads and such like.

Most people we have spoken to believe Government expenditure is excessive on items and people that are not really necessary. The spending by the Ministry of Business, Innovation and Employment and building alterations is a good example, in fact the creation of the mega ministry seems to have resulted in a lumbering beast.

The resentment around government expenditure, for some reason, makes people think that not paying tax is fine if you can get away with it, but all it is really doing is taking money from other tax payers such as friends and family. Doing cash jobs and operating in the "black market" creates problems for the industry and the tax payers in general.

It's been reported cash trade jobs, crimes, wages under the table and online trading are costing the Government more than \$7 billion a year in lost tax. According to research by the international Tax Justice Network, that is equivalent to 44 per cent of New Zealand's health budget. It estimates a "shadow economy" worth more than \$20b makes up 12.4 per cent of gross domestic product.

**Last week Inland Revenue sent this out**



*To the Company Director*

*Whether it's you or your tax agent preparing your upcoming GST and*

where they believe we can be bought off to meet their needs.

More tradespeople should follow your example and tell people like this where to get off.

We believe every tradesperson in the industry needs to take pride in who we are and what we have achieved and not be lured by the power of the coin to sell ourselves to others.

As was stated in the main column, if we sell ourselves cheap then that sets the market price which then sets the market wages rate.

Why sell ourselves short for others, are they going to help you out in the future when they are earning big money and you are still earning what you were getting 5 years ago?

You may get thanks at the time for doing a cheap job but will your kind deed be repaid in the future - likely not.

### Dear Editor

There is always a smart arse around.

I called a musician to get a quote for a 6 piece band for my daughter's wedding. The guy said "Off the top of my head, about \$1,800."

I said "What \$1,800 just for music ?"

The guy asked me what I did for a living and I told him I was a gasfitter.

He said "I'll tell you what, work out what you would charge me to get six gasfitters to work from 6 in the evening until 2 in the morning on a Saturday night

*income tax return, it's important to remember that if you've done cash jobs - big or small - and you don't declare them, you can be hit with tax penalties, or criminal convictions that could lead to prison. It's simply not fair on those that are doing the right thing.*

*It's okay to do jobs for cash as long as you record them and declare the income when you're filing your GST and annual tax return.*

*So do the right thing in your GST and income tax returns - make sure:*

- *you record every job, no matter how big or small, paid by cash or not*
- *if you're registered for GST you charge it*
- *you declare all your income.*

*And if you've left some income off previous returns, it's best to let us know now rather than wait for us to find out another way - we've got ways to help you get back on track.*

So that would seem fair warning from Inland Revenue that they will be holding people who don't pay tax accountable for their actions.

We ask you to carefully consider your actions with regard to cash work. Firstly you place yourself at risk because although a person asks for a "cash" job they are not taking any risk because it is your responsibility to pay tax on income, so the only person who wins without risk on a cash job is the person paying the bill. They will not be prosecuted but you will be and don't say it won't happen because the chances are ever increasing - we live in times where the Government relies on enforcement for its survival.

When someone asks for a "cash" job, what they are actually asking for is a "cheap" job. If you can get this idea embedded in your mind, then the attractive "cash" job becomes a not so attractive "cheap" job – because that is what it is – the customer wants to pay less – that's why they ask!

The second and the main reason for this article is the effect cash jobs have on the industry. Take away GST from a job done there is a 15% decrease in the hourly rate and then drop the hourly rate to about \$45.00 an hour for cash and that's about 40% less than the current rate.

The client has now made a 55% saving per hour at no risk and the hourly rate they expect to pay in the industry is \$45.00 and all inclusive. This in itself holds the rates in the industry down, which means less money to pay wages, for OSH, for vehicles, for staff benefits, for training to get people to Certifying status and the list goes on.

Sure the extra cash at the time is great but in the long term you are worse off. Cash jobs and weekend work are affecting the industry in a huge way. It's supply and demand, the greater the demand the more that can be charged for the work, there will be an increase workload in normal working hours resulting in a need for good staff and the more demand there is on good staff the more employers will

and whatever you would charge me, we'll work for half."

I'll never question the rates for good music again. I hope that puts a smile on your face and want to thank the Federation for going to bat for those of us who don't feel comfortable doing that type of thing.

**Ed:**

Yes that did put a smile on my face and in some ways it highlights that there are other people out there that are worse off than us.

Thanks for your support writer.

**Dear Editor**

Some crazy things have happened over the years and this year has been no different.

I just can't believe the quick turnaround in the attitude and actions of the Plumbers Gasfitters and Drainlayers Board.

Is it a con to keep us quiet until the Minister of Building and Housing cocks it all up by putting us under the control of the Ministry of Business, Innovation and Employment?

I sincerely hope they are genuine because you must be getting sick of all this crazy shit.

**Ed:**

Yes things do get a bit crazy and like you we hope the Board is sincere in its actions.

Here are a couple of quotes that may help you understand where we are

pay.

We believe the Inland Revenue are doing us a favour and are providing us with the ideal opportunity to tidy up our own industry and put us back on the road to getting the hourly rate we deserve.

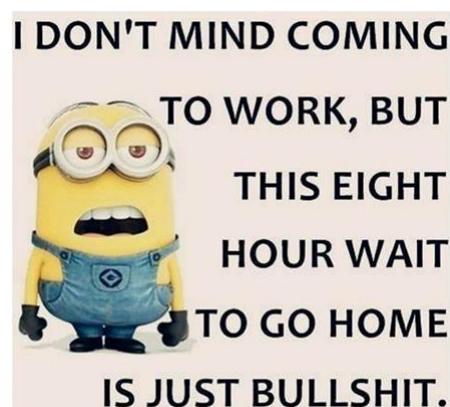
You don't see a "cash rate" for doctors, lawyers and dentists and look at their hourly rate for providing services which are less important and skilled than ours! Just take a minute and really think about this!

A lot of people out there aren't going to like this, but our take on it is that if you do the crime you do the time and those in the industry looking to the future need to help stamp out the cash jobs so we can all benefit from a changed environment.

Editor:

Dare I say it for the first time in my 54 plus years I see the IRD as a friend. Why should the progression and prosperity of our industry be held back and suppressed by people simply wanting to get a cheap deal. If they can't get the "Cash Price" then they will have to pay normal hourly rates. Only we tradespeople can close the "Cash Market". Time to think as an industry not as individuals.

## Attitudes have changed



We look at attitudes to apprenticeships and training and there has been a huge shift - people actually think they are better than they are, and expect more and demand more.

The days of proving worth seem to have gone and have been replaced by

economic pressures.

The Government don't seem to be keeping up with the changing times and are putting the onus on industries, especially us, to be self funding whilst they give money away to people and projects which they feel are more needy.

What could be better for the country than having a well trained, diverse workforce?

It seems to be our apprenticeships are being developed to meet a training model developed by the Government which is simply a failure, but the training industry has been developed around it such as the business of the Industry Training Organisations scheme which is just a bottomless pit for government funded bureaucracy.

We believe apprenticeships should be directed and based on small business requirements, because that's where the majority of apprentices are employed.

coming from:

*"Challenges makes you more responsible. Always remember that life without struggle is a life without success. Don't give up and learn not to quit."*

And while we are talking about crazy:

*"The ones who are crazy enough to think they can change the world are the ones that do"*

After all the Federation has fought against over the years we still believe we can get change for the better and that the industry can unite and lead by example.

#### Quote of the year



When speaking to the apprentice about his behaviour at the Christmas party I got this response:

**"It takes real skill to choke on air, fall up stairs and trip over completely nothing... I have that skill! Do you want me to train the others?"**

Have a great break everyone.

We are also in favour of "off the job" training of at least 30% being a combination of courses, night classes and distance learning and an apprenticeship that leads to **Full Competency** as defined by employers. Small business needs to be involved in the standards developed.

Here is a thought we touched on last week with regard to funding of apprenticeships. The Future of Apprenticeships in England: Implementation Plan looks at apprenticeship funding reform and had views on three potential mechanisms for employer-routed funding.

Yes let apprentices keep their money and have the Government money directed to fund the apprenticeship.

Here are the three options they discussed regarding employer-routed funding:

- via a new online system for Apprenticeships with payments to employers made directly from the system
- via a new online system for Apprenticeships with funding recovered by employers through the PAYE system
- by reforming the existing funding infrastructure.

It's great to dream about having a better system but if we don't DO something to make our dreams a reality they all we will have left is the dream and that will die with us and our skills.

The country already imports tradespeople to meet the skills shortage because the current system isn't producing what is required. Just a few thoughts for you to lead us into the new year.

The Federation Executive Committee and Editor thank you for your support this year and hope you return in the new year with added vigour to make our industry the best in the country.

Have a great holiday break and here is some advice if you are having trouble finding a gift for your boss or partner - give them a plunger because bosses and partners love bringing up OLD SHIT!

Our parting words for you to hand on to the consumers are:

***If you think it's expensive hiring a good plumber gasfitter or drainlayer try hiring a bad one!***

**Happy Holidays**

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