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IN OTHER NEWS

Letter to the Editor



Dear Editor

After reading today's newsletter I quizzed my bank manager re ripping me off. Attached is his reply.

Where do bank payments go overnight?

*RICHARD MEADOWS,
January 29 2016*

Unlike physical cash, it's impossible to keep an eye on what's happening to your digital dollars.

Sometimes the recipient of a bank payment gets the cash immediately. Sometimes it takes an hour. Sometimes it doesn't appear until the following morning, or even days later. What's with the variation? Where does the money go in the meantime? And who's earning the

Combating the "BLANK PAGE"



Last week we discussed the BLANK PAGE tactics used by the Government. The article made comment that:

"It seems the Government is operating on a big "Blank Page". This may be by

choice, as how do we as an industry fight against a "BLANK PAGE"? The industry gets told nothing until it's too late and the decisions made generally cost us as an industry and achieves absolutely nothing. The Gas Certification system is a prime example followed closely by the Industry Training Organisation scheme."

One reader submitted this to us:

Dear Editor.

I read with interest your article on the Government using "Blank Page" tactics. My wife and I discussed the issue and came up with a solution for the Federation. How about we use Tarot Cards or even a crystal ball? We would have as much luck with those as the Government has with their blank page.

We think the Government may have taken the Middle Earth theme too far and now actually believe we live in a mystical world full of wizards, slavery and tyrants. Perhaps they are right with regard to the wizards and slavery as they certainly seem to make our money and rights disappear.

Keep up the good work.

It's good to see that people can keep their sense of humour even in adversity. But is it humour with a little bit of truth?

Cards were never our game so let's run with the crystal ball theory. If we look at a blank page what do we see, just a deep white expanse of nothing, no image and no reflection.

Looking into the Federations mystical crystal ball it shows a reflection, and it really does suck to be us. Reflecting on the past two to three decades we see what the industry has been through, inquiries, Board sackings, retrospective legislation, mistakes in

interest?

New Zealand's payment system is a bit confusing. It's also in the middle of some big changes. With the help of Payments NZ, the Bankers' Association and the Reserve Bank, we've unravelled it for you.

Why don't transfers happen instantly? *Within the same bank, they do. Your bank can shuffle the ones and zeros of digital money between accounts without involving anyone else.*

What about transfers between banks? *This is where the Reserve Bank gets involved. Think of it as the banks' bank.*

Each bank has an account with it. There's an overnight settlement where each bank works out who owes each other what, based on the flow of their customers' transactions.

Those that need a top-up borrow some cash from the Reserve Bank, or from each other. Those that have a surplus lend it out overnight, either to another bank or to the Reserve Bank. A system introduced in 2012 means most payments are now settled during the day.

Is it instant? *No. Banks batch together a bunch of transactions and send them off every hour or so, which gives them time to do security checks and reduce fraud. They also stop*

legislation, unlawfully taken money, reduction in skills and numbers. The list goes on and in reality how much of it was the result of actions by the practitioners - NONE!!.

Certainly the industry has reacted to what has been imposed on it and even the Controller and Auditor-General stated in the Office of the Auditor General Report in 2010:

There is a great deal of writing on the importance of voluntary compliance in regulatory systems. In any regulatory context, it is too hard to achieve high levels of compliance through force or coercion – effective systems depend on people choosing to participate and follow the rules. For people to want to comply, they have to trust the system and see it as providing an overall benefit. The evidence this inquiry gathered showed that many tradespeople do not have this view of the Board at present.

If more people drop out of the regulatory system or choose to ignore it, the system will not be effective in protecting public safety.

As an industry we have no say as to our direction, we have no say as to who is on the Plumbers Gasfitters and Drainlayers Board - so the Board and the Government have to accept responsibility for where the industry is and where it goes.

No one is appointed to the Board to represent the interests of the industry and the Minister is appointing people without even giving practitioners the opportunity to apply for positions on the Board. (Something of a change recently – prior to the last couple of year's positions were advertised and practitioners could apply for them).

Our reflection shows those that have supported the Government have done so for their own self gratification or to advance their businesses or organisations.

Our crystal ball shows there has been a lot of change in the last two decades but there doesn't seem to be any evidence that change was needed. The gas certification scheme is a prime example of a step backwards based on the opinion of suits and desktop research. The Industry Training Organisation is another failure not caused by the practitioners. Training and skills are at an all time low, the evidence of this is simple, talk to any tradesperson trained prior to 1990.

Looking back even further to the 1980's where the classes of registration were changed and the Craftsman qualification was implemented. We went to the partial qualification scheme and now we are plagued with supervision issues because those qualifying at the end of their apprenticeships are not adequately trained and are not required to take responsibility for their work.

Looking to the future in the crystal ball we see change that is out of

sending payments at night, meaning some won't be processed until the following morning.

What's the cut-off time? It varies from bank to bank. ANZ and Westpac's deadline is 10pm, ASB 11.30pm, BNZ 11.55pm, and Kiwibank 12am.

I paid in time, but it still didn't transfer on the same day? Your bank has sent the funds, but the receiving bank may not have cleared them. Sometimes they deliberately wait to make sure the payment won't be dishonoured. Different payment types have different timeframes, and bank systems and policies vary.

What happens on weekends or public holidays? Banks won't send the payment off for settlement until the next business day. For a payment made after the Friday night cut-off, the funds might not clear on the other end until Tuesday morning.

Who earns the interest in the meantime? Even though the money appears as if it's gone from your account, it's only your available balance that has actually reduced. You keep earning interest until it lands with the recipient.

So banks aren't secretly ripping us all off? Nope.

Is the system secure? Payment systems can be

the control of the industry. The Minister of Building and Housing has a review of occupational licensing in the construction industry on the go but what is the evidence it is needed in our industry?

We hope to be proven wrong but we see our licensing being sucked into a newly formed construction licensing authority as part of MBIE. A place where the industry will be buried in bureaucracy and where nothing is done to help the industry. It will all be in the name of protecting the consumer and we will return to oppressive regulation of the industry where practitioners are the target. We have not long moved away from this type of regulation with the changes imposed by the Board in the last 12 months or so.

Remember the family violence adverts years ago about breaking the cycle? Our industry has been regulated for over 100 years but the process still isn't right so let's break the cycle and try something different.

The crystal ball warns the Government that those that really care about the industry and the skills level are a dying breed.

A practical industry needs practical solutions and all the University degrees and business models in the world aren't going to provide the Governance needed for the industry to progress and provide for everyone's needs.

Perhaps the Government does think it's in Middle Earth and has an all seeing eye that controls the every move of practitioners.

The all seeing eye



It only happens in the movies where all that is happening is seen and controlled from a distance and if it was true the Government's ALL SEEING EYE must have acute angle closure glaucoma. This type of glaucoma occurs with the

sudden onset of pain, decreased vision, and can rapidly lead to blindness. The Government seems to be blindly pushing on with its vision for occupational regulation without seeing what practitioners see.

Bureaucrats doing desktop research and then making recommendations as if they were industry experts are causing issues for the industry and practitioners pay the price. We have seen the results of this before. As an industry we need to be prepared to take action. If we don't think it is an effective system and is being imposed through force or intimidation we need to step up. Enough

disrupted, as we saw on Anzac Day a few years ago. The whole idea behind getting banks to settle payments throughout the day is there isn't such a big volume of transactions building up.

Where to from here? From November, sending banks will only be able to recall a payment for issues such as error or fraud. Some banks already do this, but it's not consistent across the industry. Payments NZ expects the new initiative to make funds available to customers more quickly. The Reserve Bank is also keen to get banks processing more payments throughout the day, rather than overnight.

- Stuff

ED:

Thanks very much writer. That article explains a lot. It's a pity the bank didn't explain the changes like this.

It seems to be now days that if an organisation has the power to impose on you then they don't think there is any need to explain why.

Perhaps this is why there is so much dissention around because communication is poor.

of taking shit to meet others needs, we need to look after ourselves.

If we are happy and skilled the public will be protected, which is the requirement of the Plumbers Gasfitters and Drainlayers Act 2006. We have to be wary of people and organisations attempting to influence the process for self, business or organisational gain as we have also seen that drags the industry down. We need to be prepared to step up and hold those people accountable.

The Federation appeals to all practitioners to consider your options and think about who you are going to support because if the Government continues on with their Blank Page tactics based on what they see through their "ALL SEEING EYE" then all we can look forward to is more of the same that we have had for the last two decades.

The Federation believes a last stand is rapidly approaching the industry. Pockets of resistance to what may be forced upon the industry aren't going to be enough to affect change. There needs to be large scale resistance where the industry puts forward evidence based solutions to combat bureaucratic bullshit.

The Federation is objective driven and one of the objectives is to see the industry controlled by the industry. An industry that has a Plumbers Gasfitters and Drainlayers Board who are appointed by the industry for the industry. Through leadership that Board will provide what is needed to meet the requirements of the Act by getting practitioners to do it by choice not by being forced to comply.

Very simple for the Government to achieve. All they have to do is move their thinking away from a consumer protection board to an industry board. Practitioners wouldn't mind funding a Board that works for the industry as well as protecting the public. The Government has been warned before about the repercussions of using a sledge hammer to crack a walnut. Using a bit of vision would help.

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