Plumbers,
Gasfitters and
Drainlayers Board

Outcome of Consultation

Proposal on fees and levy review

December 2023

Consultation

Between 22 September and 13 October 2023, the Plumbers, Gasfitters and Drainlayers Board (the Board) sought feedback on its proposed fees and disciplinary and prosecution levy that would apply from 1 April 2024.

A formal fees review is usually conducted every three years, but due to unexpected impacts of Covid-19, the Board has brought forward the review by one year. The last full fees and levy review took place in 2021. In addition, the Board took the early step of reducing the disciplinary and prosecution levy in December 2022.

For more information you can read our consultation document here.

Submissions received

The Board thanks those that took the time to submit feedback on the consultation document. It helped the Board make informed decisions about setting the fees and levy.

The Board received 33 submissions on the consultation. 10 submissions agreed with the proposed fees; 19 opposed and three were on matters outside what was in the consultation document. One submission was neutral.

One industry response, from Master Plumbers, was received. Master Plumbers in its submission noted that it has 1250 members, and its submission was made and received on behalf of its members.

Summary of responses that agreed with the proposal

Those that submitted responses that supported the proposal thought the consultation document was informative on how the Board structures its funding. Some specific comments included:

- *You have done a good job outlining the reasons why you will and will not adjust fees. I think what I have read is fair and reasonable.*
- *I have read the Consultation Document and am pleased to see the outcome of this review. In light of the current (and foreseeable future) economic difficulties for the average person, I consider the changes to fair and reasonable. I am encouraged that the changes made in 2022 have been retained during this consideration.*
- *I think it is good that the prices have remained similar to where they were. I think there needs to be something looked into regarding multiple licences held.*

Summary of responses that disagreed with the proposal

The main themes of the submissions that opposed the proposed fees were:

- Prosecution and disciplinary levy 48% (16 submissions)
- Examination fees 18% (6 submissions)

- Board financial reserves 15% (5 submissions)
- Comparison to other industry regulators' fees 9% (3 submissions)
- Cost of holding multiple licences 6% (2 submissions)

The prosecution and disciplinary levy was a prominent concern of practitioners. Common themes were that disciplinary costs should be borne by practitioners who are found guilty of offences, and a number questioned the fairness of practitioners paying a prosecution levy, given this relates to unlicenced members of the public.

The Board's disciplinary and prosecution levy was compared to other trades like electrical workers and licensed building practitioners.

The other concern raised by practitioners was that increasing the certifying examination fee would discourage practitioners from upskilling and sitting the exam.

One industry response, from Master Plumbers, was received. Master Plumbers in its submission noted that it has 1250 members, and its submission was made and received on behalf of its members. Master Plumbers supported some of the proposed changes, such as the move to full cost recovery for applications for exemptions. However, most of their submission opposed the proposed fees and disciplinary levy, stating it's too high and the Board should "*be looking to give better value for the services they provide through the fees and levy*".

Consideration of submitter's concerns

The Board is committed to operating in a cost-effective manner, balancing the resources it needs to efficiently and effectively discharge its obligation to protect public safety against affordability for plumbers, gasfitters, and drainlayers.

Disciplinary and prosecution levy

All of the Board's funding is obtained from the fees and levies paid by practitioners. The Board receives **no** funding from the government. The Act requires the Board to prosecute unauthorised people who carry out restricted plumbing, gasfitting, and drainlaying. The disciplinary and prosecution levy was reduced for the 2023/2024 licensing year by $25 to $275, which was proposed to remain at the current rate.

Examination costs

The Board proposed that the Tradesman examination fee be reduced from $360 to $330. The number of practitioners sitting this examination has increased which in turn means the examination fee can be reduced. The move to on-demand certifying examinations, which are a mixture of multi choice and written questions, has a higher per exam cost than the tradesman examination and a higher per examination cost than the current method of delivering certifying exams which are only held twice a year.

Cost of holding multiple licences

The Board's assessment of its licence fee shows that the current fee of $100 for each licence is the cost for delivering this service.

Comparison to other industry regulators

Unlike the builder and electrician regulators, the Board receives no government funding. Electricians receive money from the electricity levy which is used to fund prosecutions of unauthorised people who carry out electrical work. Builders and electricians also get the benefits of having shared support services situated within the Ministry of Business, Innovation and Employment. The Board also regulates a much smaller number of practitioners, so the Board's costs are spread over fewer people. There were 32,154 licensed electrical workers as of 30 June 2022 and 27,223 individual licensed building practitioners. That compares with 12,839 plumbers, gasfitters, and drainlayers required to pay the disciplinary and prosecution levy.

Board financial reserves

As the Board is entirely funded by revenue from licences, registration and examination fees, disciplinary levies and CPD revenue, it cannot seek additional funding from the Crown, so needs to consider uncertainty. The Board must have a sustainable reserve, which is always a balancing act. The Board aims to have between three to six months of operational expenditure plus known commitments in reserves, which is around $4m to $4.5m. Over the next three years the Board is targeting all reserve funds (operating, disciplinary and prosecutions) to be between 4 to 6 months of operating expenditure, which includes a cash reserve of $1.75 million at 31 March 2027 to facilitate the upgrade the current practitioner database.

Outcome

After reviewing the fees and levy model, and considering submissions on the proposal, the Board have agreed that the following fees and levy will be gazetted and effective from 1 April 2024:

Fee or levy		**Current fee and levy**	**New fee and levy (from 1 April 2024)**
Annual licence fee (includes exemptions under supervision and provisional licences)		100	100
Registration		390	350
Disciplinary and prosecution levy (break down provided)		275 170 (disciplinary) 105 (prosecution)	275 205 (disciplinary) 70 (prosecution, note this will be waived until 31 March 2025)
Examination fees	Tradesman Certifying Verbal exam	360 360 Full cost recovery	330 410 Full cost recovery
Trainee certificate		65	65

Fee or levy		Current fee and levy	New fee and levy (from 1 April 2024)
Examination reconsideration fee		120	120
Employer licence fee		Full cost recovery	Full cost recovery
Exemption application fee	Exemptions for sanitary plumbing and gasfitting works	Full cost recovery	Full cost recovery
	Exemptions from the minimum standards of registration	1,200	Full cost recovery
Advanced proficiency assessment application		690	Full cost recovery
Advanced proficiency assessment		2,300	Full cost recovery
Advanced proficiency assessment materials		1,500	Full cost recovery

Summary

The Board would like to take this opportunity to thank those individuals who took the time to read and respond to its consultation document. We look forward to working together.

Notes on decision

Registration
The Board resolved to reduce the registration fee from $390 to $350 as it is expected the introduction of being able to apply for registration online from April 2024 should see this process become more efficient over time.

Prosecution levy
For the 2024/2025 licensing year, the Board will waive the $70 prosecution levy. This is because the Board has sufficient reserves to cover its expenses for prosecutions, due to the impacts of covid 19 (less complaints, less prosecutions). A waiver will bring the prosecution within the Board's reserves policy.

Examinations
Currently the existing approach applies a single fee for both tradesmen and certifying exams. In practice, this has not reflected the different costs to operate these different exam types, particularly the cost charged to the Board by its external exam administrators.

Exemptions and advanced proficiency assessments
The decision was made to move to full cost recovery as it will make the process fairer for applicants by avoiding cross subsidisation, and each application can differ. Exemption applications also tend to be low in volume.