

CONSULTATION

FEES

REVIEW

Background
Information



Plumbers

Gasfitters and

Drainlayers Board

Background information

Purpose of the Act

The purposes of the Plumbers, Gasfitters and Drainlayers Act 2008 (the Act) are:

- to protect the health and safety of members of the public by ensuring the competency of persons engaged in the provision of sanitary plumbing, gasfitting and drainlaying services; and
- to regulate persons who carry out sanitary plumbing, gasfitting and drainlaying

How the Board is funded

All of the Board's funding is obtained from the levy and fees paid by tradespeople. The Board does not receive any funding from government. The Board is authorised to set the fees and levy by sections 142 and 143 of the Act.

Setting fees

The Board's fees review is also guided by the Controller and Auditor General's *Good Practice Guide to Charging Fees for Public Sector Goods and Services*, and Treasury's *Guidance for Setting Charges in the Public Sector*.

The Board has ensured that:

- it has the legal authority to charge the fees and levy it is consulting on;
- the fees and levy proposed are set at a level that ensures it carries out its business efficiently;
- it's processes for identifying costs and setting fees is transparent and accountable;
- fees are set at no more than the amount necessary to recover costs over the three year period that the review relates to.
- costs are allocated to fee or levy services as directly as information allows;
- fees may over or under-recover costs in individual years in order to provide price stability and give certainty to consumers, but that the net effect over the whole period (three years in this case) should be zero or near zero.

The process so far

At its meeting on 5 December 2017, the Board resolved to develop a fees model on the basis that:

- The one year licence period is retained;
- The basic fee structure is unchanged;
- Surplus cash reserves are applied to the review;

How the proposed fees were developed

The proposed fees have been calculated using a model that was developed by the Board. That model works out the predicted costs over the next three years and allocates them based on the time that staff spend in relation to each activity.

The Budget

The total cost of operating the Board in the current year (2018/19) is estimated to be \$4,696,804.

Function	Cost
Licencing	\$1,153,805
Discipline	\$1,443,188
Offences	\$ 726,714
Examinations	\$ 523,743
Registration	\$ 273,829
Other	\$ 575,525

In developing the fees model, the Board estimates that its budget will remain \$4,696,804 over the next three years subject only to adjustment for inflation (based on NZ Reserve Bank forecasts-approximately 2% per annum).

Use of Reserve funds

In the 2018/19 year the Board has budgeted for a deficit of \$598,900 which it will offset by using some of the funds it holds on reserve. The Board policy on reserve funds aims for reserves of between 3 and 6 months. Currently the Board holds reserves of approximately 13 months. Over the next three years the Board intends to continue to budget for a deficit and plans to offset that deficit by gradually reducing the reserve over that time to 6 months total reserves.

Actual costs

In order to work out how much it costs the Board to deliver each of its functions, it required its staff to complete time sheets during part of 2017. This assisted the Board to identify the cost of delivering each function during the entire financial year. Generally, the proposed levy and fees have been calculated to recover the actual cost of providing the function or service.