



**MINISTRY OF BUSINESS,
INNOVATION & EMPLOYMENT**
HIKINA WHAKATUTUKI



Electrical Workers Registration and Licensing System: adjusting the fees

Discussion Document

June 2018

How to have your say

Submissions process

The Ministry of Business, Innovation and Employment (MBIE) is seeking written submissions on proposed changes to the Electrical Workers (EW) registration and licensing system fees.

This discussion paper includes questions you may like to respond to in your submission. The questions are listed in full in section 7 *Summary of Questions for discussion* of this document. Your submission does not need to answer all of these questions.

MBIE also encourages any other comments you may have regarding the fees or any other aspect of the EW registration and licensing system. Where possible, please include evidence to support your views, for example, references to facts and figures, or relevant examples.

Please send your submission before 5pm on 20 July 2018. Please include your name, or the name of your organisation, and contact details. You can make your submission:

- by attaching your submission as a Microsoft Word or PDF attachment and sending to licensingreview2018@mbie.govt.nz
- mailing your submission to:

Electrical Workers Fees Review
Ministry of Business, Innovation, and Employment
PO Box 1473
Wellington 6140
New Zealand

Please direct any questions that you may have in relation to the submission process to:
licensingreview2018@mbie.govt.nz

Use of information

The information provided in submissions will be used to inform MBIE's policy development process, and will inform advice to Ministers on changes to the EW fees regime. We may contact submitters directly if we require clarification of any matters in submissions.

Except for material that may be defamatory, MBIE may post PDF copies of submissions received to MBIE's website at www.mbie.govt.nz. By making a submission, we will consider you to have agreed to us posting your submission, unless you clearly specify otherwise in your submission.

Release of information

Submissions are subject to the Official Information Act 1982. Please tell us as part of your submission if you have any objection to the release of any information in the submission, which parts you consider should be withheld, and include your reasons for withholding the information. MBIE consider any objections you note and consult with you when responding to requests under the Official Information Act 1982.

Please indicate on the front of your submission if it contains confidential information and mark the text accordingly. If you wish to make a submission which includes confidential information, please send us a separate version excluding the relevant information for publication on our website.

Private information

The Privacy Act 1993 establishes certain principles with respect to the collection, use and disclosure of information about individuals by various agencies, including MBIE. Any personal information you supply to MBIE as part of your submission will only be used to help inform the development of policy advice in relation to this review. Please clearly indicate in your submission if you do not wish your name to be included in any summary of submissions that we may publish.

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1. Message from the Minister

Electrical workers are a valuable part of New Zealand's economy. Electrical workers across New Zealand contribute to both the construction and the infrastructure sectors.

The construction industry is a large and growing part of New Zealand's economy and it underpins the delivery of the Government's KiwiBuild programme. Building activity contributed almost \$15 billion to New Zealand's GDP, or around 6% of the total GDP, making it the fifth largest contributing sector. This is a large and important industry and its economic productivity is an important contributor to the overall health of the economy.



Infrastructure is the foundation on which so much of our economy relies, so effective infrastructure is important to facilitating economic growth. Infrastructure contributed \$6.5 billion to New Zealand's GDP, or around 3% of the total GDP. The Government's objective is that, by 2045, New Zealand's infrastructure should be resilient and coordinated and contribute to growth and increased quality of life.

The Electricity Act 1992 created the system to register and license electrical workers. The purpose of the Act is to protect the health and safety of members of the public in connection with the supply and use of electricity in New Zealand; to promote the prevention of damage to property in connection with the supply and use of the electricity in New Zealand; and to provide for the regulation of electrical workers.

Over the last 10 years, there has been an average of around 1,600 new registrations each year with an increase in people from overseas applying to register. The numbers of current practising licences have been steadily increasing and are expected to continue increasing. There are currently about 49,000 registered EWs, with over 28,000 current practising licences.

As with any system, there are always ways to improve its operational effectiveness and its overall benefits to the sector. This discussion document is about improvements to just one part of the overall building and construction system.

I encourage you to provide your feedback on the proposals outlined in this document, which will ensure the on-going operational sustainability of the registration and licensing system for electrical workers.

Hon Jenny Salesa
Minister for Building and Construction

2. Purpose of this document

The Ministry of Business, Innovation and Employment (MBIE) is proposing to adjust the fees charged to Electrical Workers (EWs) to cover the services provided under the EW registration and licensing system (the System).

The proposal in this paper is to increase the fees to recover costs which have risen, and to equalise the costs across categories to ensure the system is run fairly. MBIE would like your opinion on this proposal, which would require changes to the Electricity (Safety) Regulations 2010.

Your thoughts will be used to help us make final decisions on changes to EW fees.

We welcome your written submissions on the proposals in this document. Once we have considered your submissions, we will develop final proposals, which will go to Cabinet for approval. If the proposals are approved by Cabinet they will form the basis of changes to the Electricity (Safety) Regulations 2010.

A proposed timeline of the process is as follows:

Due date	Action
20 July 2018	Deadline for submissions to MBIE
August 2018	Report back to Minister on submissions and proposals for change to the Electricity (Safety) Regulations 2010
September 2018	Seek policy approval from Cabinet for any proposed regulatory or legislative change
November 2018	Governor-General makes Order in Council to amend the Electricity (Safety) Regulations 2010
December 2018	Legislative changes come into force 28 days after Order in Council is made

How to use this document

This discussion document outlines MBIE's proposal to ensure EW fees are structured and set at a level to cover the costs of the registration and licensing system for EWs.

Questions are asked throughout the document for your consideration and feedback, and a complete summary of these questions can be found in section 7 *Summary of questions for discussion*. We welcome any other relevant comment or information that you wish to provide on the proposed fees.

Information on how to submit is provided at the beginning of this document (see *How to have your say*).

3. Introduction

Overview of the Electrical Workers Registration and Licensing System

The electrical workers registration and licensing system was launched in 1992 under the Electricity Act 1992. Its purpose is to promote safety for all New Zealanders by ensuring the competency of electrical workers.

The system is run by the Electrical Workers Registration Board (EWRB) with administrative support from MBIE. This includes:

- approving a provider for the examination of trainees who wish to become electrical workers;
- receiving and authorising the registration of electrical workers;
- issuing provisional licences and limited certificates to electrical workers;
- ensuring registered electrical workers maintain an appropriate level of competency; and
- exercising disciplinary powers and facilitating prosecutions when necessary.

The law requires EWs to register and maintain a practising licence to carry out prescribed electrical work unless they are authorised to do the work under a provisional licence, limited certificate or employer licence.

- To register as an EW, a person must have a certain level of experience and pass examinations approved by the EWRB.
- To obtain a practising licence, EWs must meet the minimum standards for registration that are set by the EWRB and satisfy the EWRB they are a fit-and-proper person to be issued with a practising licence.
- EWs must renew their practising licence every two years to continue working as an EW, by passing an EWRB-approved competence programme that is relevant to the class of registration held and that has been completed within the two years prior to renewal.

Section 169 of the Electricity Act 1992 authorises the setting of fees associated with EW registration and licensing, which are prescribed in the Electricity (Safety) Regulations 2010¹.

Principles of the EW registration and licensing system

The principles that guide the decisions of the EWRB when prescribing registration and licensing matters are²:

- to protect the health or safety of members of the public;
- to promote the prevention of damage to property; and
- to promote the competency of persons who do, or assist in doing, prescribed electrical work.

These principles reflect the purposes of the Electricity Act 1992, which are³:

- to protect the health and safety of members of the public in connection with the supply and use of electricity in New Zealand; and

¹ The current list of prescribed fees, as set out in the regulations, is available at <http://www.legislation.govt.nz/regulation/public/2010/0036/latest/DLM2763794.html>

² The Electricity Act 1992, s 87.

³ The Electricity Act 1992, section 1A.

- to promote the prevention of damage to property in connection with the supply and use of electricity in New Zealand; and
- to provide for the regulation of electrical workers.

4. Why do the current fees need to change?

Current fees are set lower than the costs of the registration and licensing system

For fees that are charged to third parties, such as EWs, MBIE uses a *memorandum account*. This account records the balance of surpluses and deficits over time when the fees charged are cost recovery. While memorandum account balances fluctuate during the year, they should generally trend towards zero over time. A negative balance (deficit) suggests charges need to be increased, and a growing positive balance (surplus) suggests charges could be decreased.

The costs for both the Licensed Building Practitioners and Electrical Workers scheme are allowed for by a single appropriation Vote Building and Housing, Occupational Licensing (total appropriation \$9.546 million). 88% of the costs of administering these schemes are funded by fees. This review does consider the Crown funded portion of the regimes (\$0.691 million).

The fees charged to EWs were last adjusted in July 2013. At that time there was a surplus of funds in the memorandum account. Through this account, if there is a surplus, the fees can be adjusted downwards to provide a 'refund' to the EWs paying into the EW registration and licensing system. This was the case in 2013 when fees were set below the actual cost of the EW scheme.

This has functioned as intended and the surplus has reduced. MBIE continues to seek cost efficiencies as part of its role in administering the system. Based on current fee settings and with no change to the running costs of the EW registration and licensing system, it is forecast that the memorandum account will enter into deficit in 2018/19. The fees need to be adjusted to prevent this occurring.

New costs have arisen since 2013

In addition to adjustments to account for inflation, the proposed fee increases in this paper also cover new cost pressures that have arisen since fees were last reviewed in 2013. Cost pressures are primarily a result of the resource required to develop and maintain new IT business systems, and to expand the EWRB's work programme. These functions are necessary to maintain a registration and licensing system that is efficient and effective during a time of increased construction.

Examples of activities that will be funded from this increase include:

- development and implementation of IT systems to improve efficiency of registration and licensing processes. IT systems will also improve the management of complaints and provide online access to services for Electrical Workers;
- development and enhancement of the Board's competency training material and assessments; and
- enhancement of the investigations function to ensure effective delivery.

Table 1, below, outlines shows the current costs and what the increase will cover to deliver the activities listed above.

Table 1 - Services provided through the EW scheme to ensure the competency of electrical workers

Service	Description	Costs \$000s (GST exclusive)			Expected benefit to EW
		Current	Future	Increase	
Registration and licensing	Register and license EWs	2,978	3,308	+330	Maintaining the reputation of the sector by ensuring consistent competency
	Issue Limited Certificates				
Support of the electrical workers regime	Training that is up-to-date with current competency programmes and materials	1,113	1,428	+315	EW competency meets the required standard to do work right the first time, ensuring public safety and minimising the potential for rework which can be costly for both the EW and the consumer. Rework and potential disputes over costs can damage EW reputations.
	Online Toolbox to enable EWs to keep up with the changing requirements for compliant electrical work				
	<i>Electron</i> newsletter				
	Access to standards				
	Audit of compliance				
	Support of the Board and strategic priorities				
Complaint management	Consider matters relating to the safety and compliance of electrical work	199	377	+178	Reduce the time taken to respond to complaints against registered EW and the costs of having to handle unfounded complaints.
Promotion of licensed electrical workers	Consumer campaigns, e.g. to promote use of licensed EWs	184	184	+0	Increased customer base through greater awareness of the benefits of using licensed EW.
TOTAL		4,474	5,297	823	

5. Proposal

The proposal is to increase the fees to recover costs and to equalise costs across categories to ensure the system is run fairly.

Changes to the fees will require a change of the Electricity (Safety) Regulations 2010.

Increase fees to recover the costs of services

Since 2013, the fees were set lower than the actual costs of running the system to reduce the surplus of funds from previous years. At the current fee rate, the surplus will be fully used up by 2018/19, and the memorandum account will go into deficit.

Table 2, following, shows the current fees and proposed fees and how much it costs to cover each of the activities (cost to service). In addition to covering the cost to service each category of fee, there are additional costs for covering the activities outlined above which have been absorbed into the proposed fees. The proposed fee changes will affect all workers seeking to renew their licence, and new registrations.

Simplify costs across certain categories to ensure fairness

In most cases, costs are recovered on an activity basis. There are exceptions where costs are recovered across a group of activities because recovering on an activity basis would be unfair or create perverse incentives.

To maintain a fair scheme, the proposed fee increases continue the current approach of simplifying certain fees across like activities, and restructuring others to better recover the costs of particular activities. This would mean that some EWs pay slightly more than the cost of their licence, and some would pay slightly less than the cost. However, EWs would benefit from being able to easily identify their fee category, and there would be less work to administer different fee levels.

The activities where costs are simplified are across registrations, limited licences, the other fees (administration), and the proposed fees compared to the cost to serve and current fees are outlined in Table 2. The rationale simplifying these categories is discussed below.

Registrations

Applications for registration received from within New Zealand or Australia are separated into three specific activities – as each requires a different level of staff time:

- *NZ time-based training* – trainees gain experience with a New Zealand employer (e.g. an apprenticeship), study at institutions and sit Board examinations;
- *NZ competency based training* – trainees do their training and study through an institute, and gain an NZQA qualification; or
- *Trans-Tasman mutual recognition* – applicants from Australia who are entitled to deemed registration under the Trans-Tasman Mutual Recognition Act 1997.

The time, and therefore cost, to process each type of application varies. It is proposed that there continue to be one fee set to recover the total cost of processing applications received from within New Zealand or Australia. This is because if the fees were set at full actual costs, this could inadvertently promote the NZ competency-based training route over the NZ time-based training route.

Processing overseas-trained registration applications is much more costly to process than other registration applications. These applications take more time to process, primarily as a result of the

difficulty in verifying a qualification that was conducted and awarded in a foreign language. It is proposed that the fee be set to recover the full cost of overseas-trained applications.

Question 1: What impact will the change in registration fee have on you or your business? Do you agree that the fees should be simplified across the three different registration types?

Question 2: What are your views on the proposed fee for overseas-trained registration applications? What impact will it have on your business?

Limited Certificates and Provisional Licences

Limited Certificates are needed where a person wants to work while training, or needs to complete certain examinations or work experience prior to training and wants to work while achieving those. Provisional licences allow a person to work without supervision, but impose limits on what that licence holder can do.

First and second applications for limited certificates are processed simply but third and subsequent applications must be considered by the Board and, in most cases, this involves hearing from the applicant in person before making a decision.

Third and subsequent applications for limited certificates are therefore more expensive to administer. However, it is proposed that the same fee is applied for all applications so that trainees and their employers are not penalised for taking longer to study and achieve their registration.

Question 3: What impact will the change in limited certificate fee have on you or your business? Do you agree with the approach to simplify fees across the three different application types?

Practising Licences

Previously, there has been a distinction in fees depending on whether an application was submitted electronically or in paper format. The paper applications required much more processing and this means they cost more.

It is proposed that one fee is used to cover both online and manual applications to reflect that not everyone can make the application online.

Question 4: What impact will the change in practising licence fees have on your business? Do you agree that the fees should be simplified across online and manual applications?

Other Fees

The other fees category covers costs to provide registration certificates or licences or a certified copy of entry in the register. They require the same amount of administration, but there are different volumes of requests for each category. Therefore the categories have been simplified to just one fee for each.

Question 5: What impact will the change in the 'Other fees' have on you or your business? Do you agree with the approach to simplify fees across the three categories?

Proposed fees

Table 3 on the following page compares the proposed fees with the current regulated fees. It is important to note that for registrations, the fees are a one-off cost, whereas the application for the practising licence happens on a biannual basis. There is no proposal to change the two yearly relicensing requirement at this stage.

Table 2 – Comparison of current and proposed EW scheme fees

Fee type	Current fee - set in 2013 (\$)	Unit cost of service (\$)	Proposed fee (\$)	Change in fee (\$)	% difference
REGISTRATIONS					
Application for registration – NZ time-based training	152	360	304	+152	+100 %
Application for registration – Competency based training	152	180			+100 %
Application for registration – Trans Tasman mutual recognition (TTMRA)	152	240			+100 %
Application for registration (overseas-trained)	304	1,438	1,435	+1,131	+372%
LIMITED CERTIFICATES/PROVISIONAL LICENCES					
Application for provisional licence	79	- ⁴	113	+34	+43%
Application for limited certificate – first & second application	79	96			+43%
Application for limited certificate – third and subsequent application	79	120			+43%
LICENCES (paid every two years)					
Application for practising licence – electronic	104	102	217	+113	+108%
Application for practising licence – manual	165	407		+52	+31%
Application for employer licence	2,148	1,860	2,148	0	0%
OTHER FEES					
Registration certificate	50	60	65	+15	+30%
Replacement certificate or licence	50	60			+30%
Certified copy of entry in register	50	- ⁴			+30%
Restoration of name to register	99	120	113	+14	+14%

All figures are GST exclusive.

Comparison of fees of other regimes

The proposed fees are comparable to other building and construction sector occupations. Table 3 below compares the proposed fees for electrical workers to those for other occupations.

Table 3 – Comparison of fees across the regulated building sector occupations

	Registration fee (\$)	Annual practising or registration fee and levy (\$)	Estimated average income ⁵ (\$)	Last reviewed
Electrical Workers – proposed	304	109 ⁶	57,000 (electrician)	2013

⁴ This does not have a cost to service listed as there were 0 applications.

⁵ Source: Occupation Outlook 2017. <http://occupatoinoutlook.mbie.govt.nz>

⁶ The proposed fee is \$217 for a bi-annual relicensing cycle.

	Registration fee (\$)	Annual practising or registration fee and levy (\$)	Estimated average income ⁵ (\$)	Last reviewed
Plumbers, Gasfitters and Drainlayers	308	310 (75 fee, 235 levy)	55-75,000 (plumber)	2016
Licensed Building Practitioners – current fees	Ranges from \$461 to \$880 depending on licence class	176 (fee 151, levy 25)	57,500 (carpenter)	2007
Licensed Building Practitioners – proposed by 2017 fees review	Ranges from \$461 to \$1096 depending on licence class)	208 (fee 84, levy 124)		
Registered Architects	Initial Registration varies depending on pathway 450-1,044	560 (no levy)	72,500 (architect)	2017
Chartered Professional Engineers	1,565 to apply plus 460 full year registration certificate	460 plus, if required 640 assessment of continued registration (no levy)	85,000 (engineer, independent practice)	2015
Engineering Associates	130	83 (no levy)	64,500 (engineering technician)	2013

All figures are GST exclusive.

6. Next Steps and implementation

We welcome your written submissions on the proposals discussed in this document. Please provide your feedback to MBIE before *5pm, 20 July 2018*. Instructions on how to submit your submission can be found at the beginning of this document.

Once we have considered the submissions, we will develop final proposals. The proposals will then go to the Government for approval. If they are approved, they will form the basis of changes to the Electricity (Safety) Regulations 2010. Please see **2 Purpose of this document** for proposed timeline of key milestones.

7. Summary of questions for discussion

Question 1: What impact will the change in registration fee have on you or your business? Do you agree that the fees should be simplified across the three different registration types?

Question 2: What are your views on the proposed fee for overseas-trained registration applications? What impact will it have on your business?

Question 3: What impact will the change in limited certificate fee have on you or your business? Do you agree with the approach to simplify fees across the three different application types?

Question 4: What impact will the change in practising licence fees have on your business? Do you agree that the fees should be simplified across online and manual applications?

Question 5: What impact will the change in the 'Other fees' have on you or your business? Do you agree that the fees should be simplified across the three categories?

Note:

Further information on the process for providing feedback is provided at the start of this document ('How to have your say'). When answering these questions, please let us know who you are responding on behalf of (e.g. for yourself, or on behalf of a company with several registered electrical workers). This helps us to understand the impact of the proposals on different types of workers.