



BRIEFING

Freedom Camping Regulations – further proposals for discussion paper

Date:	27 April 2022	Priority:	Medium
Security classification:	In Confidence	Tracking number:	2122-3372

Action sought		
	Action sought	Deadline
Hon Stuart Nash Minister of Tourism	Approve the proposals in this briefing for inclusion in the Freedom Camping Regulations discussion paper.	4 May 2022

Contact for telephone discussion (if required)				
Name	Position	Telephone		1st contact
Dale Elvy	Manager, Tourism Operations and Partnerships	Privacy of natural persons	Privacy of natural persons	✓
David Fraser	Senior Advisor, Tourism Operations and Partnerships	Privacy of natural persons		
Craig Hill	Principal Policy Advisor, Tourism Policy	Privacy of natural persons	Privacy of natural persons	

The following departments/agencies have been consulted
N/A

Minister's office to complete:

Approved

Declined

Noted

Needs change

Seen

Overtaken by Events

See Minister's Notes

Withdrawn

Comments



BRIEFING

Freedom Camping Regulations – further proposals for discussion paper

Date:	27 April 2022	Priority:	Medium
Security classification:	In Confidence	Tracking number:	2122-3372

Purpose

To seek your agreement to proposals on the approval process for certification authorities, the format of the self-containment certificate and warrant, exclusions, and levies and fees being included in the Freedom Camping Regulations discussion paper.

Executive summary

Officials are developing a discussion paper on proposed Freedom Camping Regulations. The aim is for the paper to be released for public feedback around the same time as the Freedom Camping Bill is referred to Select Committee.

This briefing seeks your agreement to include proposals for the following matters in the discussion paper:

- criteria for approval as a certification authority by the Plumbers, Gasfitters and Drainlayers Board (PGDB) and the evidence required to satisfy these criteria
- competency requirements for vehicle inspectors (VIs)
- application process for certification authority approval
- format of the self-containment certificate and warrant card
- exclusions from some or all of the regulatory requirements
- levies and fees.

Recommended action

The Ministry of Business, Innovation and Employment recommends that you:

- a **Note** that a technical advisory group and the Plumbers, Gasfitters and Drainlayers Board (PGDB) have informed the proposals in this briefing.

Noted
- b **Agree** that the discussion paper consult on the preferred options for the following certification authority approval matters [refer paragraphs 4 - 25 and Annex One]:
 - i. criteria for approval as a self-containment authority by the PGDB
 - ii. the evidence to satisfy these criteria that a prospective certification authority would need to provide the PGDB when making an approval
 - iii. competency requirements for vehicle inspectors (VIs)
 - iv. the application process itself.

Agree / Disagree

- c **Agree** that the discussion paper consult on the preferred option for the format of the self-containment certificate and warrant [refer paragraphs 26 – 43 and Annex Two].
Agree / Disagree
- d **Agree** that that the discussion paper consult on the preferred option that there be no exemptions from the regulatory requirements [refer paragraphs 44 – 47].
Agree / Disagree
- e **Agree** that the discussion paper consult on the preferred option of a self-containment certification monitoring levy of \$101.28 plus GST (\$116.48), payable every four years [refer paragraphs 55 – 70].
Agree / Disagree
- f **Agree** that the discussion paper consult on the preferred option of a certification authority approval application fee \$375 + GST (\$431.25) [refer paragraphs 71 – 77].
Agree / Disagree
- g **Note** that while the discussion paper will include the preferred options (if agreed), the options considered, but not recommended, will also be included in the discussion document.
Noted
- h **Note** that the next steps are for the draft discussion paper to be submitted to an MBIE Regulatory Impact Assessment panel for consideration and sent to your office for review.
Noted



Dale Elvy
Manager, Tourism Operations and Partnerships
Labour, Science and Enterprise, MBIE

27 / 04 / 2022

Hon Stuart Nash
Minister of Tourism

..... / /

Background

1. Officials are developing a discussion paper on proposed Freedom Camping Regulations. You have already agreed to proposals on infringement fees/fines, and self-containment technical requirements being included in the discussion paper [Briefings 2122-2952 and 2122-3110 refer].
2. This briefing seeks your agreement to include proposals for the following matters in the discussion paper:
 - criteria for an organisation to be approved as a certification authority, and the evidence required to satisfy these
 - competency requirements for VIs
 - application process for certification authority approval
 - format of the self-containment certificate and warrant card
 - exemptions
 - fees and levies.

The Freedom Camping Bill (the Bill) will introduce a new regulatory regime for self-containment

3. On 27 October 2021, the Cabinet Economic Development Committee (DEV) agreed [DEV-21-MIN-0219 refers]:
 - to establish a light-touch regulatory system for self-contained vehicles
 - that the PGDB become the regulator, and be provided with appropriate additional powers and functions to provide oversight of the self-containment of vehicles
 - that the regulator will approve certification authorities based on criteria to be specified in regulations
 - that certification authorities will appoint or recognise VIs based on competency requirements to be specified in regulations
 - to create regulation-making powers to specify the technical requirements that must be met for a motor vehicle to be certified as self-contained, as well as prescribe criteria, processes, forms, fees, levies and related matters to give effect to the new regulatory regime.

Proposals for approval as a self-containment certification authority

Current conditions for issuing self-contained certificates

4. The voluntary self-containment standard *Self-containment of motor caravans and caravans (NZS 5465:2001)* sets out conditions for who can issue self-containment certificates, the technical requirements, and the format of the associated documentation. These conditions require that, in order to be an issuing authority for such certificates, organisations or persons:
 - shall operate a scheme of qualification for testing officers they employ
 - shall make documentation of this qualification scheme available on a public website or on request

- have testing officers attending a course of instruction and be tested to prove their competence.
5. Plumbers registered under the Plumbers Gasfitters and Drainlayers Act 2006 are automatically recognised as issuing authorities and testing officers.
 6. Cabinet noted these approval conditions were too subjective [DEV-21-MIN-0219 refers]. There are no details of what constitutes an appropriate qualification, course of instruction or competency test. Similarly, there is no oversight or monitoring to ensure that issuing authorities are correctly certifying vehicles and issuing self-containment certificates.

The Bill will provide for approval criteria to be set out in regulations

7. To provide the public with assurance that the certification system is robust and fit for purpose, the Bill will:
 - require that certifications will only be able to be carried out by certification authorities approved by the PGDB and
 - provide that approval criteria be set out in regulations.
8. Prospective organisations wanting to apply to be a certification authority would also need to follow an application process set out in regulations, which will be assessed by the PGDB as against the approval criteria. It is anticipated that some certification authorities will both inspect and certify vehicles, whereas others may just certify vehicles and outsource inspections to a third party.

Proposed criteria for approval as a self-containment certification authority and the application process

9. There are a range of options for how stringent criteria ought to be for approval as a self-containment certification authority. Currently, there are a range different operating models involved in issuing self-containment certification – from national organisations to regional level organisations, organisations that only offer services to members to those who will offer their services to any person. Given this, our favoured option is one whereby there are reasonably robust requirements, but where certification authorities have multiple pathways of demonstrating how they can meet criteria. This will incentivise existing issuing authorities to become certification authorities.
10. We propose that the discussion document consult on the proposals in **Annex One, Parts One Two and Five**, namely:
 - the proposed criteria for approval as a self-containment authority
 - the evidence to satisfy these criteria that a prospective certification authority would need to provide to the PGDB when making an application for approval
 - the application process itself.
11. At a high level, the proposed criteria cover:
 - processes to ensure that VIs are competent and have sufficient understanding of the applicable self-containment requirements
 - processes for inspecting vehicles to ensure that they meet or not meet the applicable self-containment requirements
 - processes around recording inspection details and issuing self-containment certificates and warrant cards

- appropriate record keeping processes
- an internal auditing system to ensure quality and consistency of certification decisions.

The proposals will have minimal impacts on existing issuing authorities

12. Moving from an unregulated system to a regulated system will create new regulatory burdens on those issuing authorities that choose to apply to become certification authorities. They will be regulated by the PGDB and be required to meet specified criteria to be approved, which includes keeping appropriate records, having in place appropriate processes, and paying a certification authority approval fee to the PGDB every 5 years upon application to be certified or recertified as a certification authority.
13. We have therefore been cognisant of not loading unnecessary new costs or burdensome requirements on to applicants. In particular, we understand through the regulatory advisory group that the evidence required by applicants in order to satisfy the criteria is easily obtainable and able to be easily assessed by the PGDB.
14. As advised in Briefing 2122-3110, we established a cross-sector advisory group to help with the development of proposals to go into a discussion paper on freedom camping regulations. The group considered the proposed criteria and required evidence were sensible, reflective of 'best practice', and that existing issuing authorities will be able to meet these with minimal effort. The PGDB also advised that the proposed criteria would be operable and comparable to criteria used to assess applications for employer licences under the Plumbers, Gasfitters and Drainlayers Act 2006.
15. Certifying plumbers will be deemed to meet the criteria, however, the PGDB will consider how to ensure that certifying plumbers upskill on the new self-containment regulatory requirements as part of implementing the new regulatory system.
16. Prospective individuals or organisations whom the PGDB declined to be certified would be able to challenge the Board's decision through the District Court.¹

Other options considered but not recommended

More rigorous and prescriptive criteria

17. We considered whether to propose a set of criteria with more rigorous requirements that prospective certification authorities would need to meet in order to be approved. Such requirements would be more prescriptive and would require certification authorities to embed standardised training and auditing systems approved by the PGDB. This would provide a very high level of certainty that certification authorities had in place the systems and processes required to operate.
18. Due to the range and diversity of operating models, we do not recommend more rigorous criteria, which would be unnecessarily burdensome. Given the range of operating models currently involved in issuing self-containment certification, more rigorous criteria could result in existing issuing authorities declining to transition to becoming certification authorities. This could result in an insufficient number of certification authorities and vehicle inspectors to meet demand amongst vehicle owners to have their vehicles certified under the new regulatory regime.

¹ Sections 162 – 169 of the Plumbers, Gasfitters, and Drainlayers Act 2006 set out an appeals path for people who are dissatisfied with decisions etc. of the PGDB. The Section will be amended to include a recourse for a people dissatisfied with a decision around approving—or not approving—an organisation as a self-containment authority.

Requiring third party review

19. We also considered whether a third-party assurance body (such as Telarc or IANZ) be required to review an applicant's proposed system and provide assurance to the PGDB that the system satisfies the prescribed criteria. While this would provide greater assurance, it would be costly for applicants and could put some off from applying. For example, an ISO 9001 audit of a small business might take 1½ days and cost over \$2,000. The PGDB is confident that it can review an applicant's policies and procedures without requiring third party review. As such, we have discarded this option.

Proposed competency requirements for vehicle inspectors

20. Testing officers must currently meet the conditions outlined in paragraph 4. The Bill will provide that the competency requirements for vehicle inspectors be prescribed in regulations.

Proposed competency requirements for vehicle inspectors

21. Under the new regulatory system, it will remain critical that people employed or contracted by certification authorities to undertake vehicle inspections are competent – in particular that they have the appropriate knowledge and experience to undertake robust vehicle inspections.

22. We therefore recommend that the discussion paper consult on a set of competency requirements for vehicle inspectors based around vehicle inspectors needing to:

- know about, and understand the technical requirements
- be able to inspect a vehicle's performance in line with the regulatory requirements using PGDB-issued guidance and inspection manuals
- know how to enter the results of the inspection into the national register of self-contained vehicles (if applicable)
- know where to seek help if they are unsure about the technical requirements and where to seek help around interpreting them.

23. The full set of proposed competencies is set out in **Annex One, Parts Three and Four**.

The proposal will have minimal impact on issuing authorities

24. As with the proposed approval criteria, we understand that the proposed competency requirements reflect current practice without being unduly prescriptive. The technical advisory group considered the requirements to be sensible and that issuing authorities will be able to demonstrate how they are meeting the requirements with minimal effort.

Other options considered but not recommended

25. We considered whether VIs should be required to demonstrate they had a relevant trade, such as a plumber or engineer. Such a requirement was not supported by the technical advisory group, as this would not necessarily guarantee a person was competent. We also understand that many current testing officers (those recognised as competent under NZS 5465:2001) do not have a trade qualification, for example, and many are volunteers. The regulations advisory group recommended instead that the focus should be on whether a vehicle inspector was competent. We agree with this assessment.

Proposed format of self-containment certificate and warrant

The current self-containment certificate and warrant

26. Under NZS 5465:2001, vehicles certified as self-contained are issued with a self-containment certificate, a self-containment warrant, and a self-containment sticker. The current certificate and warrant are set out in **Annex Two**.
27. A self-containment certificate lists the equipment fitted and the number of people the vehicle's fresh and waste-water systems can support. It must be kept in the vehicle and used to provide enforcement officers with additional documentation if they doubt the veracity of the vehicle's warrant.
28. A self-containment warrant is a window card that lists the critical details such as the issuing authority who certified the vehicle, the date of certification, the licence plate of the vehicle, the number of people for which the vehicle is self-contained, and the date the warrant expires. It is specific to the vehicle.
29. A generic self-containment sticker is placed on the rear of the vehicle once a testing officer certifies the vehicle as self-contained.
30. NZS 546:2001 prescribes:
 - forms for the self-containment certificate, warrant, and sticker
 - where the warrant and sticker must be placed on a self-contained vehicle.
31. There is a lack of public trust in the implementation of NZS 5465:2001. Many freedom camping bylaws and notices require campers to stay in a vehicle certified to the Standard, as this is the best available way for enforcement authorities to ensure that vehicles will meet minimum sanitary requirements. However, the lack of oversight by a regulator has led to inconsistent and inappropriate certification of vehicles. The generic blue self-containment stickers are also being counterfeited and it is difficult for enforcement authorities to verify a vehicle is certified given there is no register of certified vehicles.

What the Bill will provide for

32. Regarding self-containment warrants and certificates, the Bill will:
 - Provide a transition period between the current unregulated self-containment system to the new regulated system.
 - Require both a self-containment certificate and a warrant to be issued to vehicle owners by a certification authority after their vehicle has been assessed by a VI as meeting the self-containment technical requirements. The details of each inspection will be entered into the online National Register of Self-Contained Vehicles. Each warrant and certificate issued will be valid for four years.
 - Contain new infringement offences related to non-compliance with warrant obligations, such as not displaying a warrant, or displaying an expired warrant [Briefing 2122-2952 refers].
33. The Bill will also provide for the format of the self-containment certificate and warrant card issued to the vehicle owner to prescribed in Regulations. The intention is to replace the current blue-coloured warrant card found on self-contained vehicles with a new green warrant card, which will signal that the vehicle meets the new self-containment technical requirements set out in regulations.

We propose that the format of the self-containment certificate be significantly simplified

34. We recommend that the format of the self-containment certificate be simplified to only contain the information set out in the self-contained warrant.
35. The current certificate contains the technical details of many of the required self-containment facilities. It is the means by which an enforcement officer can check the veracity of the warrant, especially at remote sites with little or no cell phone coverage.
36. However, we consider the amount of information required to be provided on the current certificate is no longer required. The finer details of the fittings and facilities in a vehicle will be entered into the national register of self-contained vehicles and be available to enforcement officers online to check if required.

We propose that the format of the self-containment warrant remain as is, except that it be green in colour

37. We propose that the discussion document consult on a self-containment warrant that contains the same information as it does now, with this information able to be accessed via a scannable QR code/bar code), namely:
 - the licence plate details of the vehicle
 - the date the warrant was issued
 - the date the warrant expires (i.e., four years from the date of issue if no major modifications are made to the vehicle)
 - the name of the certification authority that issued the warrant
 - the maximum number of people for which the vehicle has been certified as self-contained
 - a unique number.
38. We consider this information to be fit for purpose given that the warrant is the primary means of providing the critical self-containment information to enforcement staff.
39. Having the warrant as a green card that must be affixed to the windscreen of a vehicle (in the same way as the current vehicle licence label) will enable enforcement staff to easily identify whether a vehicle has been certified under the existing non-regulated system or the new regulatory system.

The impact of the proposed formats will be minimal

40. The technical advisory group supported the move to simplify the format of the certificate. Members felt that the information on the certificate was better held on the national register, which enforcement officers could access. They agreed that there will be minimal impact on existing issuing authorities from the proposed formats. Under the new regulatory system, the intention is that the certificate and warrant be emailed to the vehicle owner once the vehicle has been certified by a certification authority. The proposed national register will record the inspection details, and these will be available to enforcement officers on-line should they need to check these.

Options considered but not recommended

Not requiring that a certificate be issued

41. We considered whether there was a need for a certificate to be required given that it would only contain the same information as the warrant. While this might save a small amount of money for vehicle owners, retaining the requirement for authorities to issue a certificate would enable the vehicle owner to provide proof, where needed, that the vehicle has meet the technical requirements of self-containment. On balance therefore, we recommend that the certificate be retained but in a simplified form.

Not requiring a warrant to be issued

42. We also considered whether a warrant needed to be issued. Instead, enforcement officers would rely on the online register to check whether a vehicle is self-contained. We noted however that the warrant was an easy way to identify a self-contained vehicle, particularly at remote locations that at times have little or no internet access. On balance therefore, we recommend that the warrant be retained but in a green colour to identify that it was issued under the new regulatory system.

Retaining the blue generic sticker

43. We propose to remove the requirement that a generic blue sticker be issued at the time of certification. This sticker is not linked in any way to the vehicle so it can be put on any vehicle (whether certified or not), and as such only serves to undermine confidence in the self-containment certification process.

We do not recommend that any motor vehicles be excluded from the regulatory requirements

44. The Bill will provide for regulations to exclude a specific set of motor vehicles from some or all of the regulatory requirements.

45. We have considered whether the regulations should specify such an exclusion. In particular, whether a case can be made for certain type of vehicles to be excluded from the requirement that freedom camping can only occur on local authority land if the vehicle is self-contained, or from the requirement for a fixed toilet in order to be certified. For example:

- an exclusion to allow “retro”, “tear drop” and other smaller vehicles to be exempt for the requirement to have a fixed cassette or plumbed-in toilet, or
- an exclusion for vintage vehicles from the need to be certified as self-contained.

46. We have taken into consideration:

- whether there was a strong case for an exclusion – what problem would an exclusion be addressing?
- whether an exclusion would undermine the regulatory regime – would it reduce the level of willing compliance, and add in unnecessary complexity?
- practical difficulties in designing an exclusion – can the regulations define what vehicles are excluded with sufficient clarity to avoid confusion?
- enforcement needs - how would enforcement staff identify an excluded vehicle?

47. On balance, we do **not** propose that the regulations specify any vehicles that are to be excluded from the regulatory regime. Excluding specific vehicles in regulations would result in

unnecessary complexity, make enforcement difficult and undermine the integrity of the regulatory system. We do intend however, for the discussion paper to seek feedback on this matter.

Fees and levies background

Under the status quo there are no regulated fees or levies

48. As noted above, NZS 5465:2001 is a voluntary standard and there is no regulatory body that has oversight of the system. As such, there are no fees or levies required to be paid under NZS 5465:2001.
49. We are aware that issuing authorities seek to recover the costs of providing self-containment services (e.g., for the time of VIs, production of certificates etc.) through a variety of means, including via an annual membership fee or at the time a person's vehicle undergoes a vehicle inspection.
50. Currently, organisations wanting to certify self-contained vehicles merely need to determine that they meet the criteria in the voluntary standard. There is no regulator of this activity and so no checks are done on whether the criteria have been met. In addition, plumbers are deemed to be issuing authorities.

The Bill will provide the legal basis for a monitoring levy and certification authority approval fee

51. The Bill will provide the legal authority for freedom-camping related fees and levies to be set in regulations. These fees and levies will be in the form of a:
 - monitoring levy that self-contained vehicle owners will pay once every four years to the PGDB to fund its regulatory oversight costs
 - certification authority approval application fee that prospective certification authority would need to pay the PGDB.
52. The Bill will not prescribe a fee payable by a vehicle owner for the cost of having their vehicle inspected. The price that certification authorities charge for this service will not be regulated and may well vary between certification authorities. The proposed levy will be in addition to this charge.
53. The Bill will require that certifications only be carried out by organisations approved by the PGDB as certification authorities. Certifying plumbers will continue to be deemed as certification authorities.
54. We have discussed the proposed levies and fees set out below with the PGDB to ensure that our assumptions and principles are correct. The PGDB is comfortable that the proposed fee and levy amounts will fully recover costs associated with regulating self-contained vehicles, and not cross-subsidise other functions.

There are different options for setting the self-containment monitoring levy

55. A levy on vehicle owners, payable at the time of self-containment certification, is the most appropriate means of recovering costs incurred by the PGDB to fund its regulatory oversight. Self-contained vehicle owners as a group benefit from the PGDB overseeing the performance of self-containment certification authorities in the same way that vehicle owners benefit from Waka Kotahi overseeing the performance of warrant of fitness issuing authorities, and builder owners from having the building sector regulated.

56. Below, we set out our preferred levy option with details on the two other options that we have considered but do not recommend.

How we have calculated levy options

57. The proposed levy options are based on the principles of equity, efficiency, justifiability and transparency. These will be discussed in detail in the discussion paper.

58. We have used an overhead allocation approach to calculating the PGDB costs to be fully recovered through a levy. This involved:

- calculating the direct costs of regulating the self-containment certification system by:
 - assessing every existing role at the PGDB and determining what percentage (if any) of their time and therefore salary would likely be applied to the new function
 - identifying new roles dedicated solely to the new function
 - identifying associated direct operating costs solely attributable to the new function such as travel, accommodation and contract resource, communications etc
 - determining the appropriate amount of depreciation
- calculating the applicable overhead costs based on the overall percentage of staff resource required, including included IT-related support and maintenance, communications and marketing, audit, bank fees, printing and stationery, office rent, staff training, phones, internet and Board honoraria.

Our preferred option is a levy of \$101.28 plus GST for a four-year certificate

59. This option ensures a smooth implementation of the new self-contained vehicle certification (SCVC) system. Under this option, the PGDB would get an additional 5 FTE-equivalents, and additional resources dedicated solely to SCVC. In particular, there would be expenditure to:

- a. run a targeted awareness campaign to ensure that vehicle owners are fully aware of their certification obligations under the new regulatory system (\$150,000)
- b. provide additional IT support given the need for a robust register of self-contained vehicles (\$50,000)
- c. obtain technical advice through the setting up and support for a sector stakeholder group to provide the PGDB with appropriate advice on certification-related matters (\$15,000).

60. Based on an estimated 18,250 self-contained vehicle certifications per annum, the cost per vehicle will be **\$101.28 + GST (\$116.48 total)**. This represents **\$25.32 + GST (\$29.12 total)** per year for the four-year duration of the certificate.

61. While this is the highest cost option, it is lower than the estimated **\$125 + GST** levy referred to at public meetings in April/May 2021.

62. This option is preferred because it would provide greater assurance that implementation will go smoothly, that both freedom campers and certification authorities are aware of their obligations under the new regulatory system, and that the PGDB has sufficient resources to provide appropriate regulatory oversight. This will be particularly important given the need to have an estimated 73,000 motor vehicles certified by a set of new certification authorities, with certification details recorded on a new register of self-contained vehicles during the transition period.

63. The calculations and assumptions underpinning this option are set out in **Annex Three**.

Comparison with similar types of charges

64. The warrant of fitness label fee for a car (which is charged in addition to the vehicle inspection costs) is \$1.78. This fee pays for the administration of the certification system, changes to the warrant of fitness system and reviewing inspection organisations. It is a relatively small fee due to the large number of vehicles that get inspected every year.
65. The cost of a four-year electrical warrant of fitness certificate for a campervan ranges from \$85 to \$200. This price does not include any levy as there is no regulatory oversight of the issuing of such certificates.
66. The maritime regulatory and response system is primarily funded through an annual maritime levy on commercial vessels. A small fishing boat would expect to pay around \$140 per annum, a small passenger boat \$235, a large fishing trawler \$1,950 and a large foreign cruise ship \$13,520 per port visit. Private recreational boats on the other hand have a one-off registration fee payable to Yachting NZ.

Impacts on vehicle owners

67. This is a new levy and as such will have an impact on freedom campers. The extent of this impact will depend on what owners of vehicles that have been certified under the current unregulated system decide to do:
 - Get their vehicle certified under the new regulatory system, pay the associated monitoring levy, and have the choice of freedom camping at any site that permits freedom camping.
 - Not get their vehicle certified and be limited to only freedom camping on Department of Conservation land and sites that councils have designated as being suitable for non-self contained vehicles.
 - Not get their vehicle certified, camp on land regardless of whether freedom camping in non-self-contained vehicles is permitted, and incur associated fines.
68. It is unclear at this stage what option freedom campers will choose. Many may view the proposed new levy (which comes to just over \$25 plus GST per annum) as an irritant rather than a barrier to getting their vehicle certified under the new regulatory system given the increased camping sites that this will provide. However, the impacts on owners are proportionate to similar costs borne by campervan owners for the electrical warrants of fitness and fishing and pleasure boat owners.
69. The Bill will provide for transitional arrangements between the current and new regulatory regime. Vehicle owners with a current blue warrant will not need to have their vehicle certified under the new regulatory requirements until two years after the new regime comes into force (unless they are vehicle rental fleet owner, in which case the time period is 1.5 years).

Other options considered but not recommended

70. Two lower cost options were considered:
 - a. Option 2 - an alternative option with reduced dedicated expenditure on SCVC – this would have removed the dedicated IT support, targeted awareness campaign, and industry technical advisory group at an overall saving of \$215,000 per annum. If adopted, the levy under this option would be **\$89.48 + GST** for a four-year certificate (\$22.37 per year). It would enable the PGDB to effectively manage the additional staff resources but does not involve the costs of SCVC activities such as IT-support, public awareness campaign, and sector technical advice being absorbed into existing BAU activities. For example, SCVC public awareness would be rolled into the PGDB's existing communication channels rather than be a stand-alone campaign.

- b. Option 3 – an alternative option that applies the bare minimum resources to SCVC activities. It has both reduced dedicated SCVC expenditure and 1.15 fewer FTE-equivalents dedicated to SCVC matters. If adopted, the levy under this option would be **\$79.44 + GST** for a four-year certificate (\$19.86 per year). This is the lowest-cost approach with little margin if implementation costs are higher than anticipated. It may lead to cross-subsidisation if revenue from plumbers, gasfitters and drainlayers has to be used for SCVC oversight purposes to ensure a smooth implementation.

We propose a certification authority approval application fee of \$375 + GST

- 71. The PGDB will incur costs in receiving and processing applications from organisations seeking to be approved a certification authority (refer paragraphs 4 – 23 above). These costs are appropriately recovered at the time of the application directly from the applicant given that the applicant is the party that will directly benefit from being approved as a certification authority.
- 72. It is estimated that the assessment of whether an applicant's proposed certification system and procedures meet the criteria for approval and the required evidence, as set out in regulations will take 5 hours at an hourly rate of \$75.00 + GST. This hourly rate and effort is the same currently used by the PGDB when assessing applications for employer licences.
- 73. The proposed fee of **\$375 + GST (\$431.25)** includes receiving the application, assessing the proposed system against the prescribed criteria and evidence requirements, assessing how the prescribed competency requirements for vehicle inspectors will be met, and issuing the five-year approval. We therefore recommend that the discussion document consult on a certification authority approval fee of **\$375 + GST**.

The proposed fee is less than the most comparable regime

- 74. As a comparison, the fee for approval as a WoF inspecting organisation by Waka Kotahi is \$1,437.50 (including GST). This includes one site assessment, with additional inspection sites incurring an additional charge (\$184 per hour, with an average site assessment costing \$552). In addition, a person must pay an application fee of \$494.50 to Waka Kotahi in order to be approved as a vehicle inspector. We are not proposing that the PGDB carry out any site assessments. Nor are we proposing that persons be required to apply to the PGDB to be 'recognised' as vehicle inspectors – they will be assessed and recognised by certification authorities.

The impacts on applicants will be minimal

- 75. The proposed application fee will have minimal impact on organisations considering becoming approved certification authorities. The proposed fee, payable every five years, represents a handful of certifications out of the 91,000 certifications likely to be done over that period. As such, we do not consider that the proposed fee will be a barrier to organisations considering becoming certification authorities.

Other options considered but not recommended

- 76. We considered whether the application fee should be a scalable fee depending on how much time the PGDB takes to process the application. For example, there could be a base fee (potentially based on three hours of PGDB effort) plus an hourly rate fee for every additional hour spent on the application. This would reflect that some applications may contain large amounts of evidence and be complex to assess.
- 77. While this is an attractive option, we have opted for a set application fee, at least initially, so that applicants have certainty on the fee. We are also mindful that PGDB staff may need to spend more time on applications initially due to it being a new regulatory function. A set fee will

therefore not disadvantage any applicant. The discussion will nevertheless include the option of a scalable fee alongside the proposed set fee.

Next steps

78. If you agree to the proposals in this briefing, officials will include them in the draft Freedom Camping Regulations discussion paper.
79. As this is the last briefing on the discussion paper, officials will finalise the discussion paper based on your feedback. We will provide your office with a copy for review, while at the same time submitting it to the MBIE Regulatory Impact Assessment panel for consideration.
80. A Cabinet paper will then be prepared seeking approval to release the discussion paper. The aim continues to be that the discussion paper will be released for public consultation around the same time the Bill gets introduced into Parliament and gets referred to Select Committee.

Annexes

Annex One: Proposals for criteria for approval as a certification authority

Annex Two: Current format of the self-containment certificate and warrant

Annex Three: Costing details for preferred levy option

Annex One: Proposals for approval as a certification authority

In order to be approved as a certification authority, the Board will need to be satisfied that an applicant (other than a certifying plumber) has in place, and will comply with, a system that will ensure that the certification of vehicles as self-contained is done consistently well.

1. Section 1 – How to apply for approval as a certification authority

- (a) An application for approval as a certification authority must be in the form prescribed by these regulations and be accompanied by the prescribed application fee.
- (b) An application must include the following information:
 - i. Details of the applicant, including-
 - i. their full legal name;
 - ii. trading name (if different from legal name); and
 - iii. the NZ Business Number (NZBN) of the organisation (if any)
 - iv. the physical address of their principal place of business; and
 - v. their postal address (if different from physical address); and
 - vi. their other contact details, including email address and phone number; and
 - vii. the address of their internet site; and
 - ii. details of the individual responsible for the application and who will be in management control of the certification operation, including-
 - i. their full name; and
 - ii. their title or role (in relation to the applicant); and
 - iii. their contact details, including email address and phone number, and
 - iii. details of the proposed certification operation, including
 - i. the proposed coverage of operations (national or regional),
 - ii. The range of vehicles that certification will be offered for – whether this will be any vehicle, or a limited range. If the latter, what this range/mix of vehicles is likely to be; and
 - iv. any other information required by the Board.
- (c) This section does not apply to a person who is a certifying plumber – they are deemed to be a certification authority and a recognised vehicle inspector (as applicable), and do not have to meet the criteria set out in the following sections.

Section 2 – Approval Criteria

Applicants for approval as a certification authority must satisfy the Board that it meets the following criteria:

- (a) A process, with details on each step, for how a person is to be recognised as a vehicle inspector
- (b) Means of ensuring that persons meet the competency requirements in section (3) of the regulations in order to become recognised VIs
- (c) Means of ensuring that recognised VIs maintain the ongoing competency requirements
- (d) Means of monitoring VI performance to ensure that VIs are consistently making correct certification decisions
- (e) Means of providing assistance/advice to recognised VIs on the technical requirements and/or how to interpret these
- (f) Means of providing updates to VIs on the technical requirements and/or how to interpret these
- (g) Means of ensuring that VIs have regard to or comply with (as applicable) any formal guidance issued by the Board under the Plumbers, Gasfitters and Drainlayers Act 2006.
- (h) If self-certifying, a means of ensuring that any conflicts of interest are well managed
- (i) If a third party is undertaking inspections on your behalf, a means of ensuring that such inspections are robust

- (j) Means of managing customer complaints
- (k) Appropriate IT facilities to enable:
 - i. inspection details to be entered into the national register of self-contained vehicles,
 - ii. the review of inspection details prior to the issuing of a self-containment certificate, and
 - iii. the issuing of a self-containment certificate and warrant
- (l) Means of collecting the self-containment levy and passing it on to the Board.

Section 3 – Competency Requirements for Recognised Vehicle Inspectors

In order to be recognised as a vehicle inspector by a certification authority, a person must demonstrate competency in:

- (a) Knowledge and understanding of the self-containment technical requirements set out in these regulations
- (b) Knowledge and understanding of how to correctly interpret the technical requirements set out in the regulations when inspecting a vehicle
- (c) Ability to enter inspection details into the national register of self-contained vehicles
- (d) Knowledge of how to seek assistance on the technical requirements and/or how to interpret these

Section 4 – Ongoing competency requirements for Recognised Vehicle Inspectors

In order to continue to be a recognised vehicle inspector, a person must continue to demonstrate competency requirements set out in (3) above.

Section 5 – Evidence required to satisfy the Board that criteria have been met

The evidence required to satisfy the Board that the criteria in (2) have been met is set out in the following table:

Criteria	Required Evidence
(2)(a) A process for how a person is recognised as a vehicle inspector	<p>Details of the recognition process from application through to recognition.</p> <p>Details of each step, what must be undertaken in order to move to the next step.</p> <p>Details of what happens at each step if a person does not meet the requirements to move to the next step.</p>
(2)(b) - Means of ensuring that persons meet the competency requirements in section (3) of the regulations in order to become recognised VIs	<p>Details of a training programme covering all of the requirements in (2)(a).</p> <p>Details of how the knowledge and understanding of the self-containment technical requirements will be assessed, including:</p> <ul style="list-style-type: none"> • the nature of the assessment (on-line, open book, in-person, oral interview) • the required pass mark

	<ul style="list-style-type: none"> the number of times a person can be re-assessed before being declined as a VI <p>Details of how the knowledge and understanding of how to correctly interpret the technical requirements when inspecting a vehicle will be assessed, including:</p> <ul style="list-style-type: none"> the required minimum number of inspections observed taking into account the information provided in (1)(b)(iii) on the mix of vehicles likely to be certified the process for identifying who is competent to undertake such assessments
(2)(c) - Means of ensuring that recognised VIs maintain the ongoing competency requirements	Details of proposed training and upskilling plans, including any VI workshops or inspection days
(2)(d) - Means of monitoring VI performance to ensure that VIs are consistently making correct certification decisions	<p>Details of the process whereby a technically competent person reviews each certificate prior to issuing</p> <p>Proposed auditing plan of VI performance</p>
(2)(e) - Means of providing assistance/support to recognised VIs on the technical requirements and/or how to interpret these	Details of a centralised helpdesk or contact point for VI queries
(2)(f) - Means of providing updates to VIs on the technical requirements and/or how to interpret these	Process for providing updates to VIs
(2)(g) - Means of ensuring that VIs have regard to, or comply with (as applicable) any formal guidance issued by the Board under the appropriate section of the Bill	Process for checking VI adherence to formal guidance
(2)(h) - If self-certifying, a means of ensuring that any conflicts of interest are well managed	<p>If installing and/or, manufacturing and certifying, the person certifying is a recognised VI</p> <p>Details of what involvement (if any) the recognised VI has in the installation/manufacturing operation.</p> <p>Details of written procedures for transparently and appropriately managing conflicts of interest.</p>

	<p>Process whereby a technically competent person reviews each certificate prior to issuing</p> <p>Details of internal auditing arrangements</p>
(2)(i) - If a third party is undertaking inspections on your behalf, a means of ensuring that such inspections are robust	<p>Copies of MOUs and other written agreements with the 3rd party inspection provider</p> <p>Details of any auditing arrangements</p>
(2)(j) - Means of managing customer complaints	<p>Process for receiving and handling disputes and complaints in an appropriate manner</p>
<p>(2)(k) - Appropriate IT facilities to enable:</p> <ul style="list-style-type: none"> • inspection details to be entered into the national register of self-contained vehicles (if applicable) • the review of inspection details prior to the issuing of a self-containment certificate • the issuing of a self-containment certificate and warrant 	<p>Details of IT facilities that are, or will be, in place</p>
(2)(l) - Means of collecting the self-containment levy and passing it on to the Board.	<p>Details of the process to be used to collect and pass on the levy</p>

Annex Two: Current format of the self-containment certificate and warrant

NZS 5465:2001

APPENDIX A SELF CONTAINMENT CERTIFICATE (Normative)

This certificate is issued under NZS 5465:2001, *Self Containment of Motor Caravans and Caravans*

Name of Owner

Postal Address

Reg. No. Year of Vehicle Make of Vehicle

Previous Certificate issued on/...../..... (If this is a renewal).

SINK Waste dia:mm Length: mm Air Admittance valve: Y/N Water seal: Y/N

HANDBASIN Waste dia:mm Length: mm Air Admittance valve: Y/N Water seal: Y/N

SHOWER Waste dia:mm Length: mm Air Admittance valve: Y/N Water seal: Y/N
(NB: an air admittance valve or 18 mm back vent is required on any waste over 3 m in length)

TOILET Type: Portable/Cassette/Fixed Make:..... Model:

If fixed: Waste dia: mm Pump installed: Y/N Type of pump: Manual / Macerator
(must be 75 mm unless pump is installed)

If portable or cassette: Holding tank capacity: litres (refer to 6.3)

FRESH WATER TANK 1 litres Monitor: Y/N Inlet: mm Vent: mm

Material: Type of Support:

FRESH WATER TANK 2 litres Monitor: Y/N Inlet: mm Vent: mm

Material: Type of Support:

WASTE TANK 1 Grey/Blacklitres Monitor: Y/N Vent: mm

Material: Type of Support:

Release valve dia: mm Evac. hose dia: mm

Evac. hose length: metres

WASTE TANK 2 Grey/Black litres Monitor: Y/N Vent: mm

Material: Type of support:

Release valve dia: mm Evac. hose dia: mm

Evac. hose length: metres

Separate hose container: Y/N Sealable solid waste container: Y/N

Caps on waste valves: Y/N

Maximum number of occupants allowed under this certificate:

Signed Signed

Date Date

Self-contained Warrant

CERTIFIED SELF CONTAINMENT WARRANT FOR MOTOR CARAVANS AND CARAVANS ← Font Size: 8 point

EXPIRY DATE ← Font Size: 13 point

23-04-2013 ← Font Size: 11 point

SELF CONTAINED ←

REGISTRATION NUMBER:	TRY6903	←
MAXIMUM OCCUPANTS:	4	←
DATE OF ISSUE:	12-08-2011	←
ISSUING AUTHORITY:	NZMCA	←

Certified self contained to NZS 5465 ← Font Size: 6 point

Annex Three: Costing details for preferred levy option

General

A five-year horizon has been taken. This reflects a two-year implementation period and a further three years of business as usual before a full fees review.

Inflation has been factored in, with a 5% annualised wage inflation rate, and a five-year midpoint inflation figure of 12.5%.

Estimated Direct Cost Calculations

- Every existing role at the PGDB has been assessed as to what percentage (if any) of their time and therefore salary would likely be applied to the new function – this varied from 0% to 35% and totalled 3 FTE equivalents. These roles included communications, investigations, legal advice, complaints, human resources technical advice, finance etc. All up, these totalled \$388,130.
- The number of new roles that would need to be dedicated solely to oversight of self-containment certification was assessed at two – a manager and a senior auditor. Total estimated salary costs for these roles were \$225,000 per annum.
- Direct costs totalling \$290,625 were calculated for:
 - i. travel and accommodation, and contract resources for auditing
 - ii. a targeted awareness campaign for vehicle owners outlining their obligations under the new certification system
 - iii. IT support for the new register of self-contained vehicles
 - iv. establishing and running an industry technical advisory group.
- Depreciation for the proposed new national register of self-contained vehicles was calculated on a four-year straight-line period. This is a shorter period than the PGDB's current register, which is being depreciated over a seven-year period. This is because the register of self-contained vehicles will be a completely new register and is likely to require changes through its life span. Based on an estimated register value of \$1.9 million, the depreciation cost will be \$475,000 per annum over the four-year period.

Overhead Allocation (indirect costs)

- 21.7% of overheads have been applied to self-containment certification oversight based on the percentage of staff roles that will be applied to self-contained vehicle certification activities. These included IT-related support and maintenance, communications and marketing, audit, bank fees, printing and stationery, office rent, staff training, phones, internet and Board honoraria. These totalled \$469,371.

Overall

Direct costs \$1,378,755

Indirect costs \$469,371

Total to be recovered per annum from the estimated 73,000 vehicle owners \$1,848,126.

Assumptions on number of certifications per year

We estimate that there are approximately 73,000 self-contained vehicles, of which 68,000 are in private ownership and 5,000 in the rental fleet. An unknown number of these will have portable

toilets. Owners of the latter will need to decide whether to install a fixed toilet or restrict their freedom camping to Department of Conservation sites, and areas designated by local authorities as suitable for non-self contained vehicles, or stop freedom camping altogether. In addition, an unknown number of vehicles undergo major modifications and as such require re-certification.

Given the level of uncertainty, we have gone with an estimate of 73,000 vehicles for the purposes of calculating the proposed levy amount. Given that certification lasts four years, this means that 18,250 vehicles can be expected to be certified per annum. A memorandum account will be established to smooth out any peaks and troughs in certification volumes over the implementation period. Following the initial four years, the fee level will be reviewed to ensure that it is set at an appropriate level.