

Stage 2 Cost Recovery Impact Statement

Regulations to adjust Electrical Workers Fees, September 2018

Agency Disclosure Statement

This Cost Recovery Impact Statement has been prepared by the Ministry of Business, Innovation and Employment (the Ministry). It provides an analysis of proposed changes to the rate of electrical workers licensing and registration fees, as provided for under section 169 of the Electricity Act 1992.

The Ministry's analysis has focused on ensuring that the electrical workers scheme fees are set at a level that fully recovers costs to prevent the Occupational Licensing memorandum account from going into deficit. The analysis has also focused on how well the proposals align with the purposes of the Electricity Act 1992 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 electricity in New Zealand; and
- to provide for the regulation of electrical workers.

As the proposed changes are intended to reset the fees to full cost recovery, with only a small increase in expenditure to provide additional electrical worker services, only one option for fee changes has been developed.

Other occupational regulation schemes (e.g. the Licensed Building Practitioners scheme) use a fee and levy structure to recover costs from users. The Electricity Act 1992 does not provide for the charging of levies associated with electrical worker registration and licensing. As such, this analysis only considers recovering costs through a fee structure.

Analysis of the impact of the proposals relies on occupational forecasting¹ and feedback from affected workers. Analysis does not take in to account the impact of the fees in the context of compliance costs within the construction industry; however we do not consider this presents significant risks to the analysis and recommendations in this CRIS.

The Ministry has assessed the proposal against the principles and objectives outlined in this document. The proposed fees meet these principles and objectives. In particular, the proposals are consistent with the authority to collect fees set out in the Electricity Act 1992 (section 169 (1) (28)), and are sufficient to recover the costs of the electrical workers scheme without imposing undue costs on electrical workers or on the public.

Ingrid Bayliss

General Manager, Consumer Protection and Standards
Market Services
September 2018

¹ MBIE Occupational Outlook 2018, National Construction Occupations Model, MBIE's Future Demand for Construction Workers 2017 report, the Electrical Workers Registration Board 2017 Annual Report, and the StatisticsNZ Producer Price Index.

Executive summary

1. Section 169 of the Electricity Act 1992 authorises the setting of fees associated with electrical worker registration and licensing, which are prescribed in the Electricity (Safety) Regulations 2010. In 2012, Ministers agreed a long-term strategy for electrical worker fees, which included setting fees at below cost for a period of time to return past surpluses to practitioners. The strategy also committed to reviewing the fees model every two years to ensure they remain at an appropriate level.
2. Consistent with the two-yearly review cycle, the electrical worker scheme fees have been reviewed. The review found that:
 - The strategy to reduce the memorandum account surplus will be achieved in 2018/19. Unless fees are increased, a large deficit will be incurred by the end of that fiscal year.
 - The appropriation and settings of the charges for fees are too low to recover the costs of running the electrical worker licensing and registration scheme.
 - Costs have also increased since the appropriation and fees were last set due to increased resource required to maintain an effective and efficient licensing and registration scheme during a time of increased construction.
3. For some fee categories, more accurate costing (including a time-recording process to provide more accurate information about the costs of its various processes and functions in each regime) has identified that fees are currently substantially below cost. In particular, manual license renewal and overseas registration fees are currently set below cost and have the largest proposed fee increases.
4. The Ministry proposes to increase electrical worker fees to ensure the scheme has sufficient resources to address new cost pressures that have arisen since the fees were last adjusted in 2013, and to fully recover costs. These cost pressures primarily result from the resource required to develop and maintain new IT business systems, and to provide for certain expansions to the electrical worker work programme.
5. To cover these costs, revenue collected from fees needs to increase by \$823,000 from 2018/19. The proposed increase to fees is substantial due to fees being set below cost recovery, and thereby discounted, since 2013. Consultation with electrical workers was undertaken in June/July 2018 for a period of five weeks. 119 submissions were received.
6. The proposed fees have sought to strike a balance between minimising additional costs to electrical workers while ensuring the scheme is adequately resourced. Comparing the proposed electrical worker registration and licence fees with other building sector occupations indicates that the electrical fee arrangements are reasonable compared to other occupations and their average incomes.
7. Cost pressures are at a critical point for this scheme. If fees are not increased, a large deficit will be incurred by the end of that fiscal year and the Ministry will need to cut core activities (i.e. registration or auditing activities) or seek a deficit write-off to manage fiscal risk. Given this, the Ministry recommends that the proposed fee increases are put in place from January 2019.

Status quo

8. The Government regulates specific occupations in the building and construction sector where there is potential for significant harm as a result of poor performance and where it is important to ensure that practitioners are adequately skilled and held to account for substandard work. The relevant purposes of the Act are 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 electricity in New Zealand; and
 - to provide for the regulation of electrical workers.
9. The electrical workers registration and licensing system was launched in 1992 under the Electricity Act 1992 (the Act). The principle purpose of the Act is to promote safety for all New Zealanders by ensuring the competency of electrical workers, which contributes to the government's objective of ensuring homes and buildings are designed and built right the first time.
10. Section 169 of the Act authorises the setting of fees associated with electrical worker registration and licensing, which are prescribed in the Electricity (Safety) Regulations 2010.
11. The Electrical Workers Registration Board (the Board) oversees the electrical workers scheme with administrative support from the Ministry.
12. The electrical workers scheme incurs costs registering practitioners, issuing occupational licences, supporting electrical workers to comply with regulatory requirements, and providing a complaints management regime. Practitioners gain the benefit of being registered and licensed, and it is appropriate for the costs of the scheme to be recovered directly through fees.
13. The Act states that regulations may 'prescrib[e] the matters in respect of which fees are payable' under the Act, and 'the amounts of the fees, and 'the persons to whom the fees are to be paid' (section 169 (1) (28)).
14. These fees were last adjusted in July 2013 following a review in 2012. Prior to that, there had been no adjustment to the fees since 1993 and the Board's memorandum account had accumulated a large surplus due to consistently over-recovering costs.

Cost recovery principles and objectives

15. The following principles have been developed to guide the review of the electrical worker scheme charges, based on the Office of the Auditor-General's Good Practice Guide on charging fees for public goods and services, and section 87 "*principles guiding prescribing of registration and licensing matters*" in the Electricity Act 1992.
 - **Effectiveness:** The level of funding for the activity or activities should be adequate to enable the activity to achieve its current outcome and regulatory objectives to protect consumers and the public. The revenue from fees recovers the costs of activities.
 - **Equity:** The charge is being paid by the appropriate people. The costs of regulation should be allocated in a way that reflects the cause of regulation (causer

pays) and/or the incidence of the benefits from regulation. Fees should be fair; they should treat individuals in similar situations similarly and individuals in different situations differently.

- **Transparency:** Information about the activity and its costs, including their drivers and the components that make up the charges is available in an accessible way to all stakeholders.
- **Simplicity:** cost recovery regime is straightforward and understandable to relevant stakeholders. It should not create undue transaction costs for the organisation which implements and administers it, nor for the participants who must pay it. The fee structure should only consist of as many individual fees as are necessary to recover the costs in an efficient manner, taking into account other principles.

Policy Rationale: Why a user charge? And what type is most appropriate?

16. The aim of regulating occupations is broadly to protect the public from the risks of practitioners of an occupation carrying out tasks incompetently or recklessly. Licensing workers minimises the risk to the public from unskilled practitioners by requiring that all who practice have met particular standards on entry and prohibiting non-licensed persons from offering certain services.
17. The electrical workers registration and licensing scheme supports electrical workers to comply with regulatory requirements and provides a complaints management scheme. Electrical workers gain competency and reputational or competitive benefits from meeting a specified skill level and therefore it is appropriate that the costs of the electrical worker scheme are recovered from licence holders.
18. Electrical worker licensing and registration fees are generally recovered on an activity basis. Currently there are four categories of fees:
 - Registration fee: a fee for the Ministry to assess qualifications so that a person can gain registration as an electrical worker
 - Limited certificates/provisional license fees: licenses that allow an electrical worker to undertake supervised work while completing study
 - License fees: two-yearly practising licenses that enable electrical workers to undertake work within a prescribed area of practice
 - Other fees: administrative fees, such as paper certificates of registration, and replacement copies of documents
19. The proposal for change only considers the level of fees that are paid; no changes are proposed to the categories of fees.
20. There are approximately 49,000 registered electrical workers, with over 28,000 of these workers holding current practising licences.
21. The scheme also receives \$691,000 per annum from the Electricity and Gas Safety Levy which is used to fund investigations and manage complaints about unlicensed workers.

The level of the proposed fee and its cost components (cost recovery model)

Review of cost recovery charges

22. 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. 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.
23. In 2012, Ministers agreed a long-term strategy for electrical worker fees, which included setting fees at below cost for a period of time to return past surpluses to practitioners [EGI (12) 135 Electrical (Safety) Regulations 2010: Amendments to Electrical Workers Registration Board Fees refers]. The strategy included an approach of reviewing the fees model every two years as the surplus was run down, to ensure they remained at an appropriate level. Initiatives to streamline processes (e.g. aligning licensing and complaints processes between the electrical workers and licensed building practitioners systems) were also implemented to ensure the regime is operating efficiently.
24. Consistent with the two-yearly review cycle, the electrical worker scheme fees have been reviewed. This review found that:
- The strategy to reduce the memorandum account surplus will be achieved in 2018/19. Unless fees are increased, a large deficit will be incurred by the end of that fiscal year (see Figure 1: *Electrical Worker Revenue and Expenses - status quo*).
 - The appropriation and settings of the charges for fees are too low to recover the costs of running the electrical worker licensing and registration scheme.
 - Costs have also increased since the appropriation and fees were last set due to increased resource required to maintain an effective and efficient licensing and registration scheme during a time of increased construction.
25. For some fee categories, more accurate costing (including a time-recording process to provide more accurate information about the costs of its various processes and functions in each regime) has identified that fees are currently substantially below cost. In particular, manual license renewal and overseas registration fees are currently set below cost and have the largest proposed fee increases. We plan to continue to review funding and fees every three years; this will assist in ensuring the electrical worker scheme is resourced adequately and minimise the risk of under- or over-recovering costs in the future.

Proposed fees

26. The Ministry proposes to increase fees to return to fully recovering costs, as well as a modest increase in revenue to address new cost pressures that have arisen since the fees were last adjusted in 2013. These cost pressures are primarily input-driven costs that result from the resource required to develop and maintain new IT business systems, and to provide for certain expansions to the electrical worker work programme, including:
- 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.

27. To recover these costs, revenue collected from fees would need to increase by \$823,000 from 2018/19 (see Figure 2). Note the variable level of revenue in these figures is due to the two-yearly licensing renewal cycle.

28. There are four different categories of proposed fees. Table 1 below shows the comparison of current fees, proposed fees, the cost to service and the percentage changes. Table 2 below shows the cost components of the fees, and Figure 3 shows costs of the electrical workers scheme by activity (as recovered through the main charges).

29. Tables showing how the fees funding is allocated across direct and indirect costs for each fee type, and the level of revenue by fee type and projected volume of fees are attached as Annexes 1 and 2.

Figure 1: Electrical Worker Revenue and Expenses - status quo

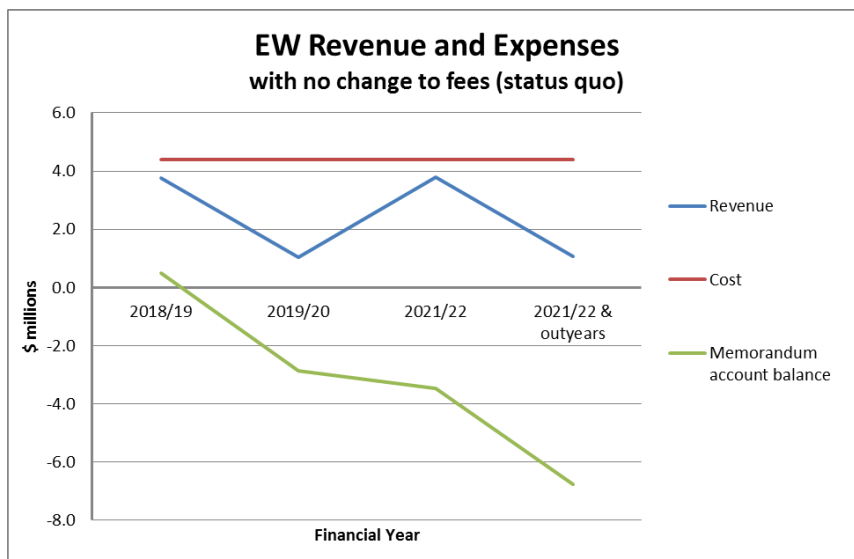


Figure 2: Electrical Worker Revenue and Expenses - proposed fees changes

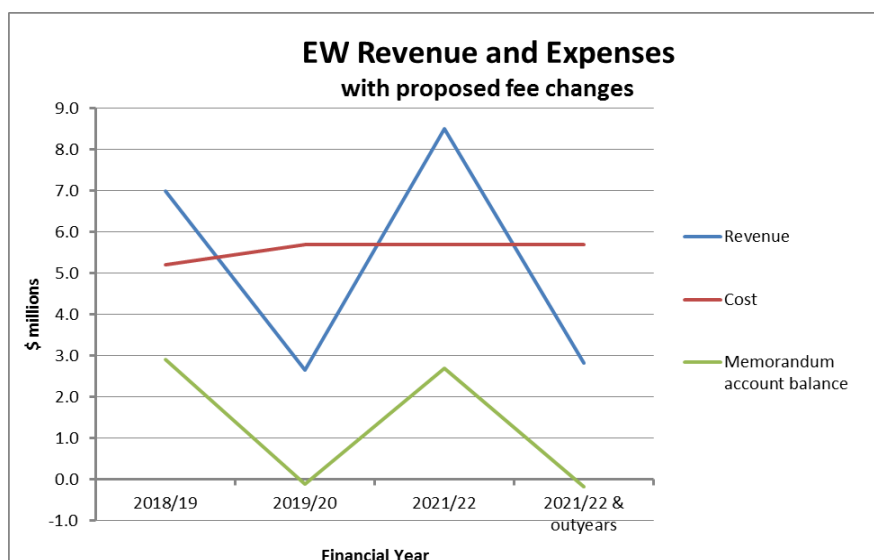


Figure 3: Cost components of the electrical worker scheme by activity type

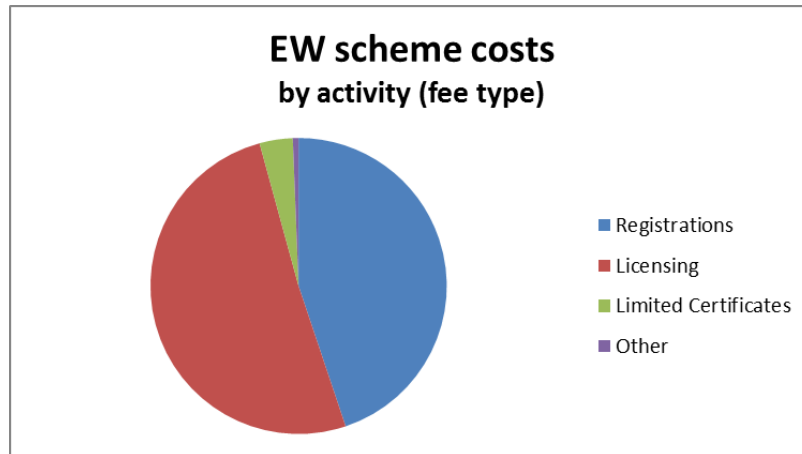


Table 1: Comparison of current and proposed electrical worker scheme fees

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		180			+100 %
Application for registration: Trans-Tasman mutual recognition (TTMRA)		240			+100 %
Application for registration (overseas-trained)	304	1,438	1,435	+1,131	+372%
LIMITED CERTIFICATES/PROVISIONAL LICENCES					
Application for provisional licence	79	-	113	+34	+43%
Application for limited certificate: first and second application	79	96	113	+34	+43%
Application for limited certificate: third and subsequent application		120			+43%
LICENCES (paid every two years)					
Application for practising licence: electronic	104	204	217	+113	+108%
Application for practising licence: manual	165	814		+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	-			+30%
Restoration of name to register	99	120	113	+14	+14%

Table 2: Cost components of the fees

Cost type	Total cost (\$m)	% cost
Personnel costs – admin/processing/Board support	0.577	11%
Personnel costs – investigation & complaints	0.310	6%
Legal services – investigation & complaints	0.073	1%
Board (Board member remuneration, travel and accommodation)	0.352	7%
Call centre	0.449	9%
IT systems	0.470	9%
Other operating costs (e.g. standards access)	0.904	17%
Subtotal – Direct costs	3.136	60%
Depreciation/amortisation and capital charge	0.401	8%
Overheads – management support, corporate support (Legal, IT, Finance, HR), and occupancy costs	1.678	32%
Subtotal - Indirect Costs	2.079	40%
Total	5.215	

Consultation

30. As the proposed fees changes are intended to reset the fees to full cost recovery, with only a minor increase in order to provide additional electrical worker services, different fees options were not presented in the discussion document. The consultation document sought feedback on the individual/business impact of the increase in charges for registration, licensing, and limited certificates, views on the proposed simplification of fees into larger categories, and the impact of the proposed increase in overseas registration fees.
31. All 49,000 registered electrical workers as well as key stakeholders were emailed at the beginning of the consultation period with a link to the consultation document, which remained on MBIE’s website for a period of five weeks.
32. Information about the consultation was also provided via the following channels: Electrical Workers Registration Board Newsletter *Electron*; an email to registered electrical workers with one week before consultation closed; and individual emails to key industry organisations. The Board also contacted significant stakeholders (e.g. Master Electricians) to make them aware of the consultation and have informal discussions.
33. Information placed on the Ministry’s website was viewed over 1,200 times. The full discussion document was accessed over 200 times. While a substantial number of those contacted chose not to submit on the consultation, efforts were made to raise awareness of proposals. 119 submissions were received. Three were received from industry organisations.

Impact analysis

34. There are 28,435 licensed electrical workers (as at 27 March 2018). The proposed changes to the fees would mean an electrical worker would pay \$52-113 more to renew their practising licence every second year, as well as additional changes to the registration and administration (‘Other’) fees. The proposed fee changes will affect all workers seeking to renew their licence, and new registrations.

35. The proposed increase to fees is substantial due to fees being set below cost recovery, and thereby discounted, since 2013. However, the overall risk associated with the fees proposal has been assessed as low due to the fee levels being similar to charges for other building and construction sector occupational licensing regimes.
36. As would be expected when charges are increased, the majority of submitters (64 percent) opposed the proposed increase in charges. 24 percent were neutral and 11 percent agreed with the proposed increases.
37. Receipt of only 119 submissions may indicate that the fee increase is not considered to be significant to electrical workers. However, the majority of submitters who provided direct feedback on the impact of the increase noted either that they would be comfortable with the fees increase only if it improved services and processes, or that they did not think a fee increase was justified. Many comments did not acknowledge the decision to set fees below cost. This suggests low levels of awareness about the 2013 fees decisions and the use of the memorandum account surplus to cover the scheme's costs.
38. Submitters mentioned that the cost would be passed on to consumers, that the electrical worker would have to bear it and it is yet another cost on top of other cost increases, and noted concerns about a general environment of rising construction costs. Some noted they felt that the industry has to pay for the poor performance of a minority of workers.
39. Many submitters provided feedback that fell into the following categories:
- Fees should reflect a simple and efficient service offering
 - General feedback received discussed that the fees should reflect the service offering and questioned the types of benefits received by the average ('compliant') electrical worker.
 - A majority of the submitters saw the value in simplifying the process across registrations, certifications and licences. Most preferred registering online and proposed a reduction in online fees and an increase in manual fees. A small subset of submitters expressed their difficulty in registering online with a lack of resources or technological capabilities.
 - Keeping up with costs
 - Most electrical workers were happy to cover their own fees, training and licences, but raised issues around balancing the extra overhead within competitive markets.
 - New entry, social, part-time and or retired workers also raised concerns around breaking even with their income with small jobs to keep up with costs.
 - Some submitters noted the risk that more work will be done by unregistered workers if the increased fees price workers out of the market.
 - Cultivating the labour market within New Zealand
 - Some overseas submitters opposed the proposal and acknowledged the fees would discourage overseas electrical workers to immigrate and build their skillset. Other overseas submitters suggested that the increase wouldn't significantly add to costs given the general cost of immigration. Some submitters also noted that the fees would allow employers to employ local talent, and raise competency and regulation in the industry.

40. A number of submitters agreed with the proposal for additional fees to contribute towards the development of a simplified system, enhancement of the Board's competency training/assessment material and investigations function.
41. Electrical workers provided feedback in different ways on how the service could be structured to provide better benefits, and the on-going viability of the licensing and registration processes. This feedback will be provided to the Board to review, and incorporated in to work underway on other initiatives (for example, the reviews of the registration process and the competency assessment process).

Simplification of fees categories

42. In order to maintain a fair scheme, the proposed fee increases continue the current approach of simplifying certain fees across like activities (specifically, applications for domestic registrations, applications for limited certificates and general administrative fees. This is based on the stated objectives of equity and simplicity. Individuals in similar situations should be treated similarly and individuals in different situations differently. We have sought to set as many individual fees as are necessary to recover the costs in an efficient manner, without creating undue transaction costs for the organisation or workers who must pay it.
43. For example, there are three different ways to apply for registration: time-based training (i.e. informal apprenticeships outside the NZQA system); competency based training (i.e. apprenticeships supported by industry training organisations, under the NZQA system); and applications through the Trans-Tasman mutual recognition scheme. The cost to serve varies across slightly these, but the proposed fee is a single fee because applicants are applying with the same set of skills, and if fees were set to actual costs this could inadvertently promote the competency-based training route over the time-based training route.
44. In consulting with electrical workers the Ministry also proposed to simplify the online and manual license renewal fees. Submissions on this were mixed: some questioned why a manual application was still an option; and some others indicated that fee payers did not see these as comparable situations, preferring these fees remain separate. Following these submissions, the Ministry undertook further analysis to assess the impact of splitting these costs out again. With only 3.5% of users forecast to use the manual renewal option in the next relicensing round, the administrative costs of maintaining two fee types outweighs any benefit of providing a financial incentive for users to use the more efficient online renewal process. In addition, maintaining separate fees for online and manual could place an unfair burden on those without good connectivity, resulting in more remote workers leaving the industry due to the high cost.

Overseas workers licensing fees

45. The most significantly impacted fee payer in these proposals are those applying for registration as an overseas-trained electrician. Processing overseas-trained registration applications is much more costly to process than other registration applications. This is primarily as a result of the difficulty in verifying a qualification that was conducted and awarded in a foreign language or in a different regulatory system. Some submitters also noted that the increase wouldn't significantly add to costs given the general cost of immigration. It is proposed that the fee be set to recover the full cost of overseas-trained applications.

46. Our assessment is that the proposed overseas licensing fee for the electrical workers is comparable to other occupations in New Zealand and other jurisdictions². Assessing overseas registration applications is a complex manual process which has higher costs than a domestic application. If costs were spread across both domestic and overseas applicants (i.e. by providing a single 'application assessment fee'), this would raise the cost of domestic applications from the proposed \$304 to \$631 - an additional cost of \$327 per domestic applicant. Given these factors, we do not consider it would be appropriate to expect domestic workers to subsidise the substantially higher cost of assessing these applications.
47. A well-resourced electrical worker licensing and registration system will ensure electrical workers have the required skills and abilities to do the work in their specialty and they continue to have up-to-date regulatory and technical knowledge to support the Government's building priorities. Where possible, the Ministry will continue to seek efficiencies in how we assess these applications as part of ongoing work to improve the registration and licensing processes.

Conclusions and recommendations

48. The primary focus of this fees review is ensuring that the electrical workers registration and licensing scheme is adequately funded to assess the qualifications and competency of workers, and to undertake auditing and investigating to prevent the harm that unregistered workers can cause to the public and to property. If fees are not increased, a large deficit will be incurred by the end of the 2018/19 fiscal year and the Ministry will need to cut core activities (i.e. registration or auditing activities) or seek a deficit write-off to manage fiscal risk.
49. The proposed fees have sought to strike a balance between minimising additional costs to electrical workers while ensuring the scheme is adequately resourced. Detailed time-recording of scheme activities to improve the accuracy of the costing information underpinning the model, and regular review of the fees are in place to ensure that costs are reasonable.
50. Comparing the proposed electrical worker registration and licence fees with other building sector occupations indicates that the electrical fee arrangements are reasonable compared to other occupations and their average incomes (see Annex 3).
51. On the whole, the feedback received also conveys a strong expectation that the Ministry manage costs, continue to seek efficiencies, and consider the impact of any fees changes in the context of rising compliance costs for electrical workers. Some of the comments received reflected different levels of awareness of how the system is designed, previous decision making, and what the cost drivers are. Further engagement with the industry outside of the fees review process may improve understanding of the system. This feedback will be passed on to the Board, with a recommendation that the Board improve communications to electrical workers about the purpose and activities of the scheme.

² The cost for overseas registration/assessment in New Zealand, the Chartered Professional Engineers scheme is \$1,175; overseas registration/assessment for the Plumbers Gasfitters, and Drainlayers Scheme is up to \$4,490. Where overseas qualifications are recognised in the Australian electricity licensing schemes, the cost is \$3,450-\$3,700. Fees for recognising qualifications between Australia and New Zealand are different due to the provisions of the Trans-Tasman Mutual Recognition Agreement.

52. On balance, taking into account the feedback from electrical workers that they are in a general environment of rising construction costs with the expectation that the scheme is adequately resourced, the Ministry recommends that:
- the fees increases set out in Table 1 be put in place as soon as possible in order to ensure the ongoing viability of the scheme; and
 - the Ministry continue to seek efficiencies within the scheme, taking into account the recommendations provided by submitters.
53. We also recommend future reviews of the fees consider opportunities to return cost savings to users, and the viability of fees increases on the sector. It is recommended that regulations be made requiring electrical workers to pay the recommended fees to ensure the electrical workers registration and licensing scheme is adequately funded.

Implementation plan

54. The proposed new fees will be implemented by replacing the relevant sections of the Electricity (Safety) Regulations 2010 that establish the prescribed fees payable to the Board. Sections referring to the fees as GST inclusive will also be changed to reflect the GST exclusive figure. This change will ensure the scheme does not face financial disadvantage or overcharge electrical workers in the event of any future change in GST.
55. If approved, the new fees will be effective from January 2019. No additional compliance costs are expected.

Monitoring and evaluation

56. Monitoring and evaluation of electrical worker fees will be undertaken by the Ministry of Business, Innovation and Employment.
57. The Ministry's accounts are audited and tabled in the House annually and are subject to examination through the Select Committee Estimates Examination process.
58. The Ministry's annual report includes progress against established measurements for the Occupational Licensing Appropriation (which covers both the electrical worker and the licensed building practitioner schemes). This appropriation is assessed against an internal audit and assurance rating of 'acceptable or better' for the quality and timeliness of administration of licensed building practitioners and electrical workers regimes.
59. Additional business objectives are in place to assess the timeliness of the licensing and complaints investigation functions. Objectives for communications, planning, policy and administrative services to support the functions of the Electrical Workers Registration Board are set out in service level agreements between the Ministry and the Board. In developing these objectives, the Ministry takes in to account the performance standards of other comparable schemes such as the Plumbers Gasfitters and Drainlayers Board and the Real Estate Agents Authority.

Review

60. There is no legislative requirement for the review frequency of this scheme. Current practice has been to review fees every two years. Now that the surplus has been addressed, we intend to review fees again in three years' time (2021). This will ensure that the scheme continues to be adequately resourced and operate efficiently, and that

over-recovery or under-recovery is minimised. Fees may be reviewed earlier if the Ministry or the Electrical Workers Registration Board considers an out-of-cycle review is warranted.

Annex 1: Revenue by fee type and projected volume of fees

Fee	\$ rate (GST excl)	2018/19		2019/20		2020/21		2021/22 and outyears	
		Volume	Revenue \$m	Volume	Revenue \$m	Volume	Revenue \$m	Volume	Revenue \$m
REGISTRATIONS									
Application for registration - NZ time based trainings	\$304.35	717	0.140	732	0.223	746	0.227	746	0.227
Application for registration - competency based trainings	\$304.35	849	0.166	866	0.264	883	0.269	883	0.269
Application for registration – Trans-Tasman mutual recognition (TTMRA)	\$304.35	99	0.019	101	0.031	103	0.031	103	0.031
Application for registration - overseas trained	\$1,434.78	928	0.579	1,020	1.464	1,123	1.611	1,123	1.611
LIMITED CERTIFICATES/ PROVISIONAL LICENSES									
Application for a provisional license	\$113.04	0	0.000	0	0.000	0	0.000	0	0.000
Application for a limited certificate- first & second application	\$113.04	2,282	0.204	2,282	0.258	2,282	0.258	2,282	0.258
Application for a limited certificate - third and subsequent application	\$113.04	422	0.038	422	0.048	422	0.048	422	0.048
LICENSES									
Application for a practising license - electronic (annual fee paid every two years)	\$217.39	25,726	5.476	561	0.104	26,241	5.704	561	0.104
Application for a practising license - manual	\$217.39	946	0.204	395	0.073	757	0.165	395	0.073
Application for employer license	\$2,148.00	18	0.039	18	0.039	18	0.039	18	0.039
OTHER FEES									
Registration certificate	\$65.22	1,822	0.098	1,858	0.121	1,895	0.124	1,895	0.124
Replacement certificate or license	\$65.22	73	0.004	73	0.005	73	0.005	73	0.005
Certified copy of entry in register	\$65.22	0	0.000	0	0.000	0	0.000	0	0.000
Restoration of name to register	\$113.04	16	0.002	16	0.002	16	0.002	16	0.002
Other sales	various		0.033		0.033		0.033		0.033
Total		33,808	7.001	8,344	2.662	34,558	8.514	8,517	2.822

Annex 2: 2018/19 cost components of electricals workers fees

Cost type	Registration	Licensing (paid every two years)	Limited Certificates	Other	Total cost
Personnel costs – admin/processing/ Board support	0.509	0.062	0.006	-	0.577
Personnel costs – investigation & complaints	-	0.281	0.028	-	0.310
Legal services - investigation & complaints	-	0.066	0.007	-	0.073
Board (Board member remuneration, travel and accommodation)	0.106	0.224	0.023	-	0.352
Call centre	0.104	0.312	0.031	0.002	0.449
IT support, etc	0.118	0.320	0.032	-	0.470
Other operating costs (e.g. standards access)	0.200	0.612	0.062	0.030	0.904
Subtotal – Direct costs	1.036	1.879	0.189	0.033	3.136
Depreciation/amortisation and capital charge	0.100	0.301	-	-	0.401
Overheads – management support, corporate support (Legal, IT, Finance, HR), and building occupation costs	1.203	0.475	-	-	1.678
Subtotal – Indirect costs	1.303	0.775	-	-	2.079
Total	2.339	2.654	0.189	0.033	5.215

Note: Figures are GST exclusive.

Annex 3: Comparison of fees across the regulated building sector occupations

	Registration fee (\$)	Annual practising or registration fee and levy (\$)	Estimated average income ³ (\$)	Last reviewed
Electrical Workers – proposed	304	109 ⁴	57,000 (electrician)	2013
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.

³ Source: Occupation Outlook 2017. <http://occupatoinoutlook.mbie.govt.nz>

⁴ The proposed fee is \$217 for a bi-annual relicensing cycle.