



Submissions for

proposed changes to the Plumbers Gasfitters & Drainlayers Act 2006
Sections 28, 29 & 30

9 August 2007

Prepared by

Stephen Parker - Executive Director

Phone: 04 472 9220

Fax: 04 499 0466

Email: s.parker@ganz.org.nz

www.ganz.org.nz

Table of Contents

1. Introduction	3
2. Executive Summary	3
3. Safety in the Gas Industry	4
4. Industry Consultation	5
5. Background to Submission	6
6. The Changing Industry Environment	7
7. The Principal Objective	8
8. General	8
9. Submission Format	8
10. Proposals	9
Proposal #3.....	9
Proposal #4.....	10
Proposal #5.....	10
Proposal #7.....	10
Proposal #8.....	10
Proposal #9.....	10
Proposal #10	10
11. Related matters.....	10
12. Summary and Conclusion	10

Appendices 1, 2, 3, 4, 5

1. Introduction

- 1.1 The Gas Association of New Zealand (Inc) - GANZ - would like to thank The Plumbers, Gasfitters and Drainlayers Board (the Board) for the invitation to comment on the Board's proposals in its Consultation Document of June 2007.
- 1.2 GANZ makes this submission on behalf of its members (a schedule of the GANZ membership is attached in *Appendix 1*). It represents the majority of organisations involved in natural gas reticulation, gas retailing, and associated gas appliance manufacturers and retailers. A number of members also operate gas measurement system (GMS) business activities.
- 1.3 Its members operate 11,000 km of pipelines, supply more than 260,000 consumers and directly employ more than 800 people. Some of the members have gas LPG reticulation interests in the South Island.
- 1.4 The Association's Gas Equipment Suppliers (GES) group is significant. It caters for companies supplying natural gas and LPG appliances in both fixed installations within property boundaries - "buildings and houses" - and mobile installations, such as caravans, motor homes and boats.
- 1.5 The Consultation Document rightly highlights the significance of this period of legislative change - evolutionary importance of the Board's role in addressing matters at hand and working with industry to identify the most appropriate outcomes.
- 1.6 GANZ interprets its status in the gas market as an "organisation" as used in PG&D Act 2006; under Clauses 29, 31 & 33 and in that regard a "significant" organisation. As such should GANZ should have been accorded more time for this process.

2. Executive Summary

- 2.1 The Gas Association of NZ Inc (GANZ) does not support the options the Board is promoting in its Consultation Document and we submit that the Board has failed to follow an appropriate consultation process.
- 2.2 This submission concentrates on the gas industry requirements. It contains considerable detail on the industry's developments and needs in order to ensure there is an appreciation of why change is needed. The Consultation Document fails to provide any of this information or any other details in support of the Board's proposals.
- 2.3 GANZ believes it is inappropriate to perpetuate the status quo based around the existing two categories of licence for gasfitters. Nor does the Association support the deletion of the category of gas inspector.
- 2.4 Over recent years a number of exemptions and special arrangements have been introduced to fulfil the industry requirements in the gasfitting sector and, with the extension of the definition of gasfitting to include the smaller and mobile installations, there is a need now to consider how best to move forward.

- 2.5 GANZ has worked with other industry participants to create a “straw man” to help identify these future competency requirements for gasfitting. This and other supporting material is attached to this submission to complement and supplement our views.
- 2.6 GANZ does support the continuation of the CBL scheme based around the attainment of annual credits, provided those credits are aligned to relevant industry feedback.
- 2.7 Gas is an energy source of choice. Industry must constantly assess its delivery costs, structures and processes to ensure they remain competitive. While its safety record appears excellent, GANZ believes the industry has reached the point where those assessments are critical, such that this work, and other related Energy Safe work being completed, present the ideal opportunity to start that assessment - consultation.
- 2.8 GANZ believes a much wider consultation is therefore needed before the consultation can be completed effectively and identified as reflecting the Industry needs. This process should be supported by detailed analysis, market research and a cost benefit study. GANZ remains committed to work with the Board and the related gas community in this regard.

3. Safety in the Gas Industry

- 3.1 The Gas industry has a modest consumer base spread across the greater expanse of the North Island. Considering this, the relative market size and the scope of the wider energy sector, the gas industry has to deliver safety across a disproportionately large footprint compared to other energy options.
- 3.2 The predominant focus is safety for the public and/or the consumer. The gas industry has to be cognisant of the commercial elements related to safety in the transportation and retailing of gas, contingency response planning and as they affect appliances and the installations to which gas is retailed and connected.
- 3.3 The commercial structure of the market is openly competitive. However, in order to meet legislated safety outcomes, it is extremely important to maintain the integrated nature of the delivery processes throughout the “mains - flame” structure.
- 3.4 GANZ’s relationships with Industry stakeholders are a vital component in achieving that. The “safety chain - integrated process” is only as strong as its weakest link.
- 3.5 In this market, as for other gas markets internationally, it is not safety at any costs. Consequently, as the market grows, embraces innovation and absorbs outcomes such as energy efficiency, be that for appliances and/or property, it must consult with stakeholders to reassess appropriate levels of safety, remain competitive and still meet changing market needs.
- 3.6 GANZ is committed to competence - one of the most vital ingredients in meeting industry objectives. Perhaps selfishly, it sees competency quite differently to that of other utility industries. Through the classic utility delivery model, the synergies are close, in what some more recently call the “pipes & wires” approach.

- 3.7 Where gas connects at the consumers' point of supply for the first time, and enters the gas installation, the needs of the industry - consumer change. To this point, competency requirements remain unchanged along the entire value chain. Competency requirements for the installation are yet another integration of assets - pipes and the integration - connection - commissioning of appliances.

4. Industry Consultation

- 4.1 For GANZ members to remain competitive, and meet the many legislative requirements, we must be able to assess change.
- 4.2 Therefore discussions around any proposed changes are needed with Industry stakeholders in a continuous and planned way; otherwise its mere existence becomes questionable. To achieve this, and to meet Government objectives, be that via the Government Policy Statement - Gas, world class infrastructure objectives of NZ, there must be a productive relationship mechanism whereby the greater good of the industry can be achieved. Alterations to competency models, and other related processes, must be managed in a more productive engagement process.
- 4.3 Over the last few years GANZ, with MED - ES support, has facilitated a "Gas Safety Forum" whereby the respective industry stakeholders groups can bring their interests to a common table. It is unfortunate that the Board has selectively decided not to participate for the past 18 months in both the GSF and the Gas Equipment Suppliers meetings. GANZ believes that the absence has contributed to a growing and significant gap in the Board's appreciation of the needs of the wider gas industry.
- 4.4 Unless the Board intends meeting with industry stakeholders subsequent to this invitation for comment then, under the circumstances, GANZ believes that consultation in the context of the Board's invitation would not be sufficient.
- 4.5 As a matter of process, GANZ wishes to express its concern and surprise at both the limited time allowed for this process and the subsequent rejection by the Registrar to a GANZ written request for an extension of time.
- 4.6 GANZ received its invitation by post on 10 July. This allowed less than five weeks for both consulting and preparing its submission, which, under the circumstances, is far too short. Two months should be the absolute minimum and three months the ideal; especially given the potential impact of such a significant change to the new Act, and the relationships with the Gas Act 2006 and the respective Regulations which are still being drafted.
- 4.7 The process followed by the Board does not entice and/or stimulate sufficient consideration of alternatives to the status quo. This is not to say the status quo would not win out, but it is critical to have sufficient consultation and supporting information in order to make an informed decision.
- 4.8 It will then be correct and defensible. Perhaps GANZ is missing the point, or interpreting the consultation process incorrectly but it assumes the new Act is not being designed to empower the Board with an absolute right to decide for the industry, subject to obtaining Ministerial approval under Clause 34.

- 4.9 Consequently, GANZ does not support the options promoted by the Board in its consultation document. In fact, GANZ submits the Board is not actually consulting. It has offered its options, and as such has sidestepped what is believed to be a proper consultation process.
- 4.10 It is entirely predictable that the response by gasfitters will almost certainly see them support the status quo. Without any material challenging that status - offering alternatives, providing an opportunity for the wider industry to table its views, encouraging engagement with practitioners - then the Board is not meeting its obligations and following the intent of the Act.
- 4.11 To assist some 11,000 invited submitters to make an informed decision requires some commentary, statistics and/or empirical evidence of what the current regime has produced, why any change is being considered, and some unbiased and useful options for submitters to consider. Anything less is paying lip service to what is likely to be the most critical piece of work for the last decade, and even as far back at the early 70s. The industry deserves better.

5. Background to Submission

- 5.1 GANZ believes the considerations before it are very significant and the outcomes will potentially reshape the gas industry one way or another for many years to come. They have arisen by design and the full industry needs to appreciate what has driven them. Therefore we see that placing the background in context at this juncture is important.
- 5.2 It was the change in market needs back in 1998 that prompted GANZ to lead the creation of the gas industry strategy “delivering gas - delivering safety”; from whence the ESR Bill, significant industry consultation and resulting regulatory changes emerged.
- 5.3 The gas industry needed a strategy to coalesce what had become fragmented business relationships driven by the regulatory “unbundling” of the gas industry. Before that, the industry structure and performance, especially competency and quality assurance processes, were held together differently, and with the changing market came a clear need to change.
- 5.4 The Gas strategy foresaw the changing market and the need to address those changes more formally to ensure the underlying needs and process would set the foundation to support the market as it evolved. That foresight has proven correct. Since then the market has been further challenged by the Government Policy Statement - Gas, the Commerce Commission and energy efficiency in a market where gas, both natural and LPG, are fuels of choice.
- 5.5 Every stakeholder was represented in creating that strategy because every view along the value chain deserved to be heard. They had importance and impact. It is important at this point to highlight that only the gas sector's needs were addressed, and only where plumbing skills overlapped was that trade considered for obvious reasons.
- 5.6 Coupled with this, throughout the life of the “gas industry strategy” and the subsequent reshaping of Industry needs and the eventual redrafting of the legislative structure, there was extensive cross sector - organisational consultation. That consultation recognised the inseparable links between industry members because, combined, they were the gas market.

- 5.7 If the industry is not careful now, the potential exists for a sector to adopt a “tall poppy” attitude assuming its existence is supportable in spite of the industry. This would be totally inappropriate. The mistakes of such attitudes are covered within the Armstrong Report, and lessons need to be learned from that. Ignoring them will be to the industry’s peril and cost.

6. The Changing Industry Environment

- 6.1 As the gas industry has reshaped itself to adapt to the market needs so have other related industries. The building industry and the resulting Building Act and Department of Building & Housing testify to that.
- 6.2 Gas and its structure should be consistent with those related structures and needs. Duplication should be removed, there should be better and more effective and efficient legislation and reduced compliance costs. This would keep the industry competitive and provide a better return to the public and consumers.
- 6.3 An appropriate industry structure should focus on delivering risk based assessment, design & build, solution delivery & commissioning, servicing & maintenance support, event investigations, compliance & enforcement, continuous improvement and consultation, all underpinned by competence. The gas industry is no different and must address its need in such a fashion. To do so requires far more data, research and industry wide analysis than offered by this Consultation Document, to determine the best outcome for the industry - by the Industry.
- 6.4 Notwithstanding, the changes being created by the definition of gasfitting are extensive, not just for the reticulated market, but more so for the bottled LPG market. That market has split even more between fixed and mobile installations. When those markets are considered, it is possible to make a counter argument and question the need for specific categories of licensing for those particular markets. On a risk based approach, it may well be arguable that such solutions for LPG may also then be considered for some similar types of natural gas installations. It is important to reassess the market regularly as these changes impact costs and the overall solution, and thus the competitiveness of gas as an energy solution.
- 6.5 It does seem that at any time, the industry may approach the Board to accept a ‘new’ category of license(s). On the basis of the current work, that process and an underlying review point - guideline could be established. Otherwise the credibility of the process would become questionable, with the potential for continued counter-submissions to the Minister. With good structures and forward planning such approaches to the Minister should remain an exception rather than the rule.
- 6.6 With the current (see attached current exemptions list - **Appendix 2**) and growing potential for modularising gas work - gasfitting being expressed by appliance suppliers - it seems from the Board’s current paper that it has predetermined the options and thus the outcomes. Our comments re exemptions clearly set a different picture and should be used to lead the way forward.
- 6.7 By the nature of the long path trodden by industry to reach this point, GANZ wishes that process and rationale to be recognised in considering the context of this work. The most appropriate registration and licensing structure for the PD&G trades and/or the wider industry participants must reflect the background from whence it came, and the wider industry and market drivers that got it here.

7. The Principal Objective

- 7.1 GANZ supports the need to consider the most appropriate competency structure for the Industry as permitted under the legislation. It does not, on the basis of this consultation mechanism, agree with the majority of the proposals. They lack supporting information and data to substantiate them, and the consultation process is insufficient to embrace the entirety of the industry upon which the basis for the legislative change was originally fashioned.
- 7.2 The existence of the PG&D trades gives rise to the need for the Board; however, the Consultation Document seems to suggest the Board exists in spite of them. Furthermore, it is not clear who actually represents all or any of the PG&D trades.

8. General

- 8.1 GANZ members believe that gasfitting and gas work has reached a natural trigger point for a major reconsideration of its structure and application. This is a natural progression after first creating a Gas Industry Strategic Plan, then the ESR project and finally the introduction of legislative change.
- 8.2 Admittedly, this has been a long journey, but the market has evolved as GANZ members predicted and the “tools” and process that Industry has equipped itself with must now be applied correctly, and in appreciation of the bigger picture. Furthermore, the abundance of historical data held by the Board, together with industry performance, current needs and intelligence from the industry as to emerging market and building needs all requires much more consideration.
- 8.3 To help reach a sensible discussion/options point, GANZ has worked with other industry participants to create a “straw man” (**Appendix 3**). It was created by conversing with a wide variety of interested parties across the “fixed” and “mobile” installation sectors affected by the imminent changes in legislation. A pictorial presentation of that potential market is also attached (**Appendix 4**).
- 8.4 It is clear from the tensions between commercial needs, the views of some practitioners and considerations of the status quo that some form of SWAT analysis needs to be undertaken. The matters are quite complex, interwoven across legislative need and regulatory boundaries, and thus a solution is not a simple matter.
- 8.5 What is clear to GANZ members is that neither the status quo, nor the proposal offered will meet market needs.

9. Submission Format

- 9.1 The GANZ submission is predominantly addressing the gasfitting component of the Consultation Document. Therefore GANZ has no comment to make on the PG & D Board Proposals #1, #2 and #6. It therefore provides the following response to the remaining Proposals and has included a comment regarding auditing and other supporting material.
- 9.2 Given the nature of the matters at hand, GANZ provides additional comment to complement and supplement those made at the respective proposals.

- 9.3 As an opening observation the Consultation Document does not provide sufficient information upon which the Board justifies its comments and/or the proposal which it offers for consideration. Using the phrases such as "In the Board's view.....", or "the Board is not aware" without supporting material is misleading.
- 9.4 Furthermore, it is not clear whether the term "initial proposals" means there will be a subsequent round of industry discussions - workshops to canvass the aggregation of submissions. With this lack of clarity GANZ has chosen to adopt an approach where it assumes the Board is not going to consult further.
- 9.5 On that basis it would suggest that this process cannot be completed without:
- Some form of SWAT analysis
 - Guidance to wider market needs and NZ Inc
 - Public - consumer representation/comments
 - Cost benefit
 - Impact analysis
 - Compilation of industry performance for the past 10 years from the data held by the Board and the MED - Energy Safe
 - Full Industry consultation

10. Proposals

Proposal #3

It is the Board's initial proposal to designate two categories of registration for gasfitters that will allow a practitioner holding both categories and the appropriate practising licence to undertake gasfitting as defined under the legislation.

- *GANZ does not support this proposal.*

- 10.1 GANZ believes it is timely to review the two categories of registration whereupon it would be possible for the first level (currently National Certificate with Registration) of competence for the practitioner to sign off - certify their own work. The Registration function is otherwise a relatively routine task.
- 10.2 A second level of competency that provides the ability to certify others' work, based on certain competency attainment, can then be achieved at a practitioner's discretion. The requisite for business skills should be an elective and a prerequisite for operating a gasfitting business, which not every competent gasfitter or "category license" holder may elect to achieve. On the latter point, there are diverging member views as to whether "business skills" which are currently mandatory for becoming a craftsman gasfitter should be totally divorced from core practitioner skills. The rationale is that not everybody who becomes competent intends operating their own business. Whatever, it should not present a barrier to being recognised as competent to certify others' work. Separating business skills is consistent with other business - market structures being attained separately from professional skills.

- 10.3 The rationale behind these comments is to assist in reducing costs, attaining greater numbers of skilled practitioners that can certify their own work and provide a better transition than currently offered to a higher level of skill - competence. Furthermore, this structure was originally created to solve problems that may no longer exist. If they do still exist, the Board should explain what they are in support of their Proposal.
- 10.4 Some Proposals use the following phrase "It is the Board's view....." which suggests the Board has taken the opportunity to assess formally the needs of industry and the suitability of the current structure in making that proposal. It is not appropriate to assume what happens overseas is or isn't appropriate for New Zealand, as the markets differ and have substantially different drivers and needs. GANZ members agree that it is not appropriate to have a multitude of licenses, but reminds the Board that the "Exemptions List" (**Appendix 2**) is significant. However it does suggest that, without a formal market survey, it is not appropriate to assume practitioners' views are correct as they are not the drivers of market need, nor, like the Board, are they the sole arbiter for industry structure.
- 10.5 Para.6.2 - GANZ does not support a need for any regulator to own and deliver a competency system. The need for competency and its delivery should be the domain of the industry. The competency setting and industry needs should be set by the stakeholders of the industry of which any regulator is part. The continuous improvement process in such a structure should provide adequate feedback mechanisms to account for competency adjustment, regulatory adjustment, standards adjustment, performance adjustment and audit adjustment, and then process realignment. This would then require a co-operative body of industry governance and management rather than the fragmented approach currently practiced.
- 10.6 Para 6.3 Definition Extended: GANZ wishes to highlight that, as yet, the changes mentioned re the new Act have yet to be enacted, and we also await other work in related legislation - the Gas Regulations. That work will consider the requirements for gas certification certificates. Until that work - consultation is complete it is premature to complete this matter.
- 10.7 As the Board observes, the widening of the coverage of gasfitting will potentially be significant. Notwithstanding the current "Exemptions" for caravans, motor homes and boats/leisure craft (mobile installations), and properties (fixed installations), with less than 15kg LPG cylinders, none of these installations currently requires that work be undertaken by a craftsman gasfitter. Nor do they need a gas certification certificate.
- 10.8 In GANZ's opening comments, the rationale for creating these legislative changes has been covered. They were created because the industry foresaw change, realised the risk assessment - outcomes across natural gas and LPG installations differed across very similar types. That was not to suggest the default position was to adopt the regime for natural gas. The Industry - as represented by those that initiated the changes that brought about the ES Acts and Regulations - wants to consider on a risk based assessment how best to express the level of competence to install gas hobs, when until now, any gas appliance connected to a less than 15kg LPG cylinder was not gasfitting. GANZ contends that it is not necessary to complete the level of craftsman gasfitter attainment just to install hobs. It may also be fairly argued, based on the number of incidents and statistics, that such a gas demand, if supplied by natural gas, could be undertaken by a recognised competent "license category" holder as currently suitable for those smaller LPG installations.

- 10.9 The LPG industry estimates there are 20,000 - 25,000 "fixed" (not the mobile market) gas hob - cook top installations, and there is a growth rate of approximately 2,000 appliances per annum. As those existing installations require maintenance, the Board proposal is that they would require a craftsman gasfitter to undertake that work and under the current Gas Regulations, would all require gas certification certificates. Until a sensible level of risk assessment, impact and cost benefit analysis is conducted, the default position as proposed cannot be supported.
- 10.10 Para 6.4: In further support for the GANZ submission the existence of the current exemptions should be not only placed in context, but they could become categories of licences.
- 10.11 Registered and Craftsmen gasfitters make up the bulk of the gasfitting trade but there are a number of other requirements that have been developed over the years to ensure all consumers' requirements can be catered for. These have been covered by the issue of exemption certificates and other provisions, as the law did not permit gasfitting to be performed by persons other than those registered by the Board.
- 10.12 Some examples of these are in the Clause 57 of the previous Act where there are five categories of exemptions. In addition there are gas inspectors and employer licensing. The root cause for the development of these additional categories is the rigid reliance on gasfitting being performed by gasfitters.
- 10.13 Some of the Clause 57 exemptions have been developed over the last 15 years to specifically cater for the consumers' needs. Some exemptions are for installing, maintaining and/or supervising testing and certifying work of a particular kind (specialists). They have, over the years, been granted to CNG compressor installers, industrial burner specialists, caravan installers and the like.
- 10.14 In addition, Clause 57 exemptions apply to very large industrial sites, householders who wish to do their own gasfitting, and contractors who want to lay pipes underground within installations.
- 10.15 The gas inspector category was introduced in 1992, when self-certification came in, to enable a category of person to be licensed to supervise, inspect and certify work, particularly in the commercial and industrial sector, which was previously approved by the gas company under the permit regime.
- 10.16 It was an attempt to match the electricity area where there is recognition that electrical engineers have some status in relation to the trade, but the amendment did not fully meet the requirement as it came with some limitations and so was not as widely used as it was intended. The original intention was that this category also covered persons involved in auditing, and incident and complaint investigations. They were expected to have a different range of skills to the registered and craft person.
- 10.17 The registered and craftsman categories are very suitable for domestic and light commercial installation work, and for most maintenance in this sector. There is, however, an increasing need to develop better diagnostic skills, particularly within the electronics field. A particular issue in this sector is the work on the water side of gas fired water heaters - a special provision (by examination or otherwise) has to be obtained to allow a gasfitter to do the plumbing bit. This special provision should be encapsulated within the basic trade requirements.

- 10.18 In the larger commercial and industrial sector the industry is not well served by the registered and craftsman categories. Some of the Clause 57 exemptions provide for competent persons to do gasfitting work in this sector.
- 10.19 In addition there has been the employer licence regime which has been so rigidly applied that there have been few takers, unlike the electricity sector where the category is widely used.
- 10.20 All of the above suggests that two categories of license have not been satisfactory over the past 15 years. Therefore some further research and discussion is needed to ensure that, for the future, the licensing categories are appropriate to the current industry needs.

Proposal #4

It is the Board's initial proposal that the current terminology be retained and attributed to a two tier gasfitting registration regime:

- Registered Gasfitter
- Craftsman Gasfitter

- *GANZ does not support this proposal.*

- 10.21 This proposal has a link with the previous proposal #3. GANZ would support the need to ensure that whatever levels of licensing are identified they are not misunderstood by the market. Whether any confusion exists in the market would only be known by a survey, or from the material that may be available from the various incident enquiries the Board has undertaken over the years. Again, in the absence of any empirical evidence to support the Board's position, GANZ can only assume this is either purely anecdotal or an assumption that the status quo is sufficient. GANZ may support the status quo if the evidence and a democratic consultation process supported that position.
- 10.22 The reluctance to change any terminology is already challenged in the preceding remarks regarding the Board's comments re "Exemptions". There is no reason why the exemptions around caravans, mobile homes and so forth, and potentially other areas, which could not be aligned with the new requirements, could not be given the title of e.g.; "Category of Licence - Caravans" or even electrical generating plant.

Proposal #5

It is the Board's initial proposal that there should not be a category of registration for a gas inspector.

- *GANZ does not support this proposal.*

- 10.23 GANZ is of the opinion, supported partially by the Board's comments that the gas inspector's role was carried out as a third party inspection, substantiates its continuation. Furthermore, those inspectors can also conduct investigations. It seems logical to assume, given that there is a requirement to undertake audits of gasfitters and their work as a sample base/indicator of the industry's performance, that such auditors should be suitably licensed. It would seem sensible therefore to suggest that this role is undertaken by the likes of a qualified gas inspector who has skills in addition to those of a craftsman gasfitter.
- 10.24 The rationale for this is to ensure that correctly identified auditors and/or incidents - complaint investigators, are of an acceptable industry standard. Being a gasfitter alone would not, in GANZ's view, be sufficient to meet the New Zealand audit best practice requirements for a number of reasons.
- 10.25 Linked to this already is the auditing regime undertaken by the Board by engaging Caseys from Australia. It is quite appropriate for the Board to fully describe the requirements for such audits which includes the competency requirements - professional qualifications to fulfil such roles. Whilst it may be appropriate not to use the term "gas inspector" the form, fit and function of that position is germane to the objectives of good process and should be licensed - recognised formally for that position. This is consistent with other such functions in other industries, and in other areas of the gas industry, where third party criteria is paramount for the credibility of process should the Board ever be challenged.
- 10.26 The Board makes no comment as to what it wishes to do with the role subsequent to its cessation of this position.

Proposal #7

It is the Board's initial proposal that if following consultation, it is determined that further classes are required, then the above suggested alignment with the Australian system should be adopted.

NB: The Board's preferred registration options are detailed in PGDB's proposals #1, #3 and #6.

- *GANZ does not support this proposal.*

- 10.27 The suggestion that there is potentially another option, over and above the first ones being proposed by the Board, is contradictory to its overall position. Considering the GANZ opening comments such that there may be further rounds of consultation and gathering of evidence and other intelligence to support any one or more of the suggested options, then it should not be pre-supposed that the Australian alignment is the ideal outcome for New Zealand. GANZ would fully support the intention in principle to align with Australia. However, given the globalisation - market changes, it may prove that the model best suited to New Zealand exists in alignment somewhere other than Australia, or it becomes predominantly unique to New Zealand.

Proposal #8

It is the Board's initial proposal that the minimum standards for registration will be the successful completion of a course of studies and a pass in a specific examination or any other assessment set by the Board.

- *GANZ supports this proposal providing the Board adopts a role where it does not own that function.*
- *GANZ does not agree that the Board should fulfil the role as an independent tester and/or examiner in this respect for the protection of public health & safety without some explanation as to why.*

10.28 GANZ believes that all matters of setting examinations or any other means of proving competence should not be the sole domain of the Board. The Board's function is to satisfy itself that, once set, the delivery mechanism and outcomes are adequately achieved. Those accountable for the CBL structure, delivery and first level QA, should, for good process, not be the Board. Adequate processes within that structure should be designed to ensure the Board, and thus the public, has confidence in that CBL outcome. Subsequent to that, it is the ongoing, post licensing performance audit structure of gasfitters' work, and any investigations - enforcement outcomes, which form part of the basis for continuous review and adjustment.

10.29 There are significant advantages in this approach. Whether or not the current structure is sufficient to meet those objectives is entirely another matter. Building other processes and creating other mechanisms is not the approach to solve inadequate performance by those who should be accountable. If the process is broken, then fix it; don't just create another in isolation to the wider relationship with Industry.

10.30 Furthermore, the appropriate "competency - qualification" courses for industry should be created by industry in consultation - partnership with the Board. This would set a minimum structure that would suit the needs of the New Zealand market. It would be impracticable to expect the Board to be approached almost at will to accept requests for new licensing categories. Some process and a routine period for making those requests should be set by the Board to enable it to consider applications through a robust and structured manner. Those requirements should evolve via the ITO industry's representative groups that are charged within the ITO Act with managing the unit standards setting policy and qualification requirements. They, of course, would also consider the other material emerging from the market, particularly incidents and investigations.

Proposal #9

It is the Board's initial proposal that wherever possible, the terms and conditions of registration conform with the definition of the particular discipline as defined in the legislation.

- *GANZ does not support this proposal unless the terms and conditions are set in consultation with the industry.*

Proposal #10

It is the Board's initial proposal that the current CBL programme for gasfitters be continued and extended to include plumbers and drainlayers.

CPD credit requirements will be as follows:

One licence (Plumber or Gasfitter)	16 credits each licence period
Two or more licences (combination of plumber, gasfitter and drainlayer)	20 credits each licence period
Drainlayer licence:	8 credits each licence period

- *GANZ does support this proposal.*

- 10.31 GANZ's support is conditional, however, on the content of those courses being relevant to feedback and review of industry incidents and events, and other performance indicators. There is clear evidence that upskilling is required where feedback from the market identifies gaps in either learning, which needs to be addressed via the ITO, or in attitude, or both. The Board, with ES and other industry participants, should routinely review the events and investigations and structure the industry learning accordingly. Where appropriate, that feedback should in fact see adjustments made to the competency based qualifications and unit standards. It may also require auditing of the delivery mechanisms to establish the root cause of the problem.
- 10.32 The principle of the straw man raised earlier doesn't detract from the NZQA framework and the underlying competency based requirements - it does however seek to refocus the Board's involvement with aspects of competency and delivery such that accountability becomes the ITO process, with the Board maintaining the core registration function, performance assurance and quality processes, and their continued enquiry and disciplinary roles.

11. Related matters

- 11.1 For this initiative to be successful with the minimum of legislative intervention the industry sectors need to fully embrace the objectives and assist with the mechanisms to deliver them. This will mean the providers of the solutions will be looking for consistency of legislation across the variety of jurisdictions that currently appear to interpret the Building Act as they see fit, and create by-laws accordingly. These are counter-productive in some cases, and a disincentive to achieve national outcomes.
- 11.2 There is an opportunity now for this part of New Zealand's infrastructure to create a level of delivery and management across the property sector provided that the tools to deliver and maintain it are created before venturing too far.
- 11.3 Unfortunately the GANZ feedback is that, regardless of this process, there remain systemic problems with the delivery of gas qualifications and/or the training and audit processes. Attached are recent comments about gasfitters and the related processes. Whilst these matters will be addressed via the appropriate channels quite soon, it is a testament to the lack of co-operation and productive relationships which continue to hinder the enhancement of the gas industry.

12. Summary and Conclusion

- 12.1 GANZ's submission is significant. In the limited time, which is regrettable, the submitter has attempted to provide the context of reaching this point, the significance of it to the wider industry and importance for greater consideration of the situation before it.
- 12.2 In doing so, there is clearly an absence of supporting material for the offered Proposals and other options for the market to consider. It would be inappropriate to impose these outcomes without further consultation.
- 12.3 Furthermore, GANZ believes a formally structured Sector Management Board has distinct advantages for the gas industry. The industry is competitive by design but without the appropriate processes suitably empowered to ensure "Gas Inc" is addressed appropriately, there is a risk of industry capture by one or more participants without fair and reasonable consultation. The potential consequences for gas, which is an energy source of choice and where competence is a key factor to its sustainability, is that it will continue to further disadvantage the gas Industry.
- 12.4 GANZ remains committed to achieving the optimum industry outcomes working with the appropriate industry entity - the Board, in that regard.



Stephen Parker
Executive Director
Gas Association of NZ Inc

GANZ Membership**Members of the Gas Association of NZ Inc**

Vector Ltd
 Powerco
 Nova Gas Ltd
 Genesis Energy Ltd
 Mighty River Power Ltd
 Wanganui Gas Ltd
 Contact Energy Ltd
 Gas Equipment Suppliers

Board Members

Michael Cummings (Chair)
 Stephen Nicholls
 Craig Muirhead
 Erick Coenen
 Steve Rawson
 Jim Raybould (Wanganui Gas Ltd)
 Paul Inskster (Contact Energy)
 Ray Ferner (Rinnai Ltd)

Associate Members 2005/06

H J Asmuss & Co Ltd
 R Cameron & Co Ltd
 Central Utility Supply Ltd
 Chevron Taxaco Global Gas
 Combustion Control Ltd
 Custom Controls Ltd
 E-Gas
 Elliott Scott NZ Ltd
 Ampy Email Metering
 Entec Services Ltd
 Environmental Gas Ltd
 Geoffrey Elvidge & Co Ltd
 GLG NZ Limited
 Heath Consultants Inc
 Instromet Systems NZ Ltd
 Iplex Pipelines NZ Limited
 Kapiti Gas Ltd
 Kent Baigent Group Ltd

LPG Association of NZ Inc
 Lordco CWG (New Zealand) Ltd
 Moffat Ltd
 NZ Society of Master Plumbers & Gasfitters 1990
 Inc
 J J Norman Ltd
 Palmers Plumbing & Heating Ltd
 Paraparaumu Gas & Appliance Gas Centre
 Penniall Jordan & Co Ltd
 Rockgas Limited
 Shell Petroleum Mining Co Ltd
 SIT Gas Controls Pty. Limited
 Thomas Plumbing & Gas Ltd
 A P G Thompson Ltd
 Mr L Haugh
 Hong Kong & China Gas

Gas equipment suppliers:

Aber Ltd
 Serada Ltd
 Aquaheat
 Robert Bosch (Australia) Pty Limited
 The Fireplace Limited
 Glen Dimplex Australasia Ltd
 Rheem New Zealand Ltd
 System Control Engineering NZ Ltd
 Gaslab
 Masport Ltd
 Arisit Pty Ltd (NZ)
 LKK Restaurant Equipment
 Yunca Gas
 Plumbing World
 Galpro Sales Ltd
 The BBQ Factory Ltd
 Dallas Metal Industries Milan Products

The Gas Man NZ Ltd
 Energy Products Intl. Ltd
 Rinnai NZ Ltd
 Fisher & Paykel Appliances
 Parmco Sales Limited
 Gascraft Engineering Ltd
 Living Flame/Warm Home
 Waikato Polytechnic - Plumbing & Gasfitting
 De Longhi New Zealand Limited
 Real Fire NZ Limited
 Action Gas Ltd
 Supreme Barbeques Ltd
 Kiwi Camping Co Ltd
 Applied Research Services Ltd
 North City Heating

Persons entitled to work on gas installations down stream of the GMS

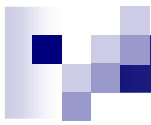
Category of authority to perform gasfitting work	1976 Act Reference Section
Apprentice with Limited Certificate	38
Other worker with Limited Certificate	38
Registered Gasfitter (without water heater exemption)	24
Registered Gasfitter (with water heater exemption)	24 and 53
Craftsman Gasfitter (without water heater exemption)	22
Craftsman Gasfitter (with water heater exemption)	22 and 53
Gas Inspector	22A
Employer Licence Holder (ELH)	39A
Worker employed by ELH	39A
Exemption Cert Holder (Specialist)	57 (1)
Other Tradesperson in course of Trade	57 (2)
Householder under supervision	57 (5)
On 60PJ/hr industrial plant with approval of Secretary	57 (3)
Laying underground pipework with network operator approval	57 (4)

2/08/07



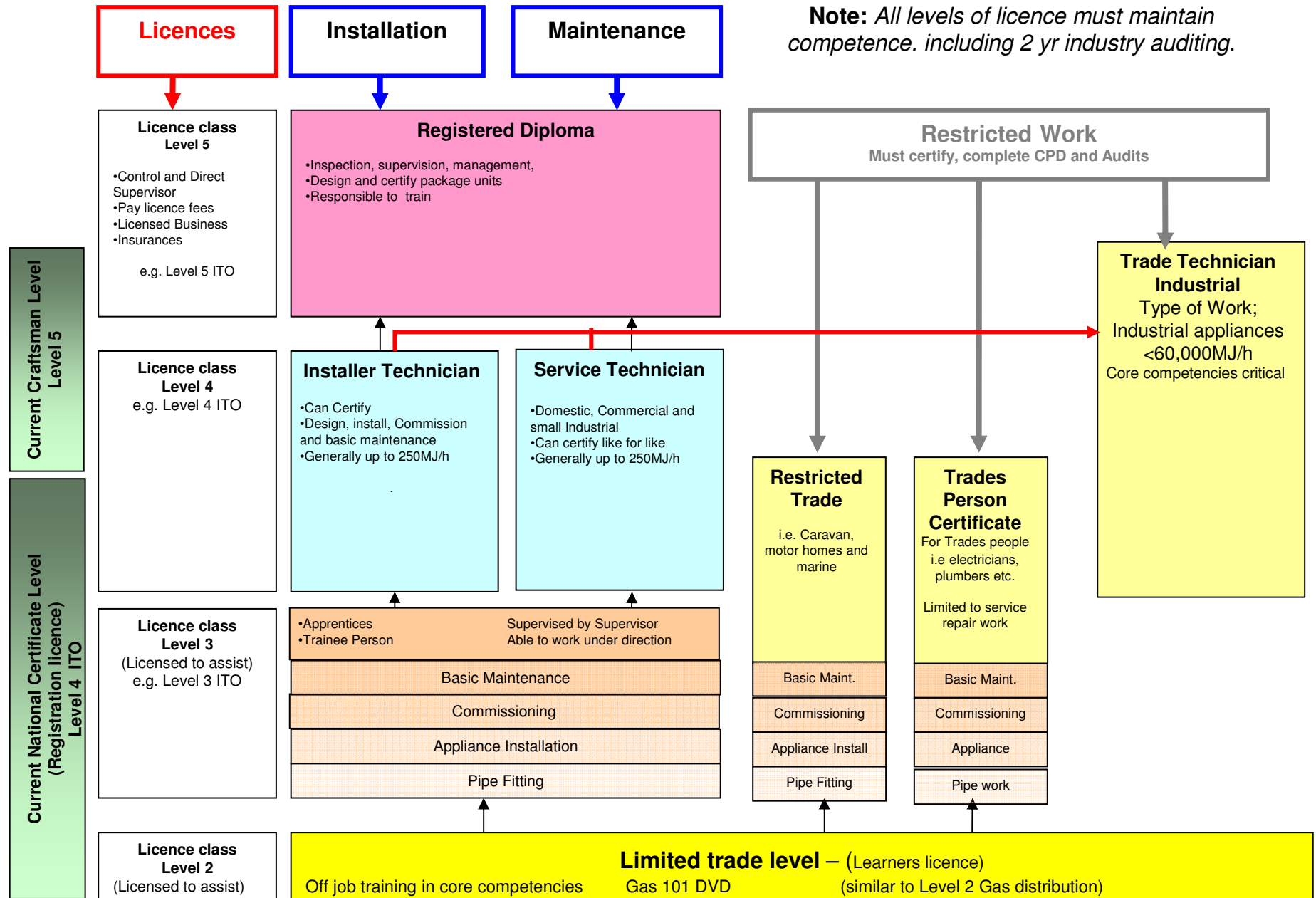
GASFITTING STRAWMAN

proposals for a new licensing structure

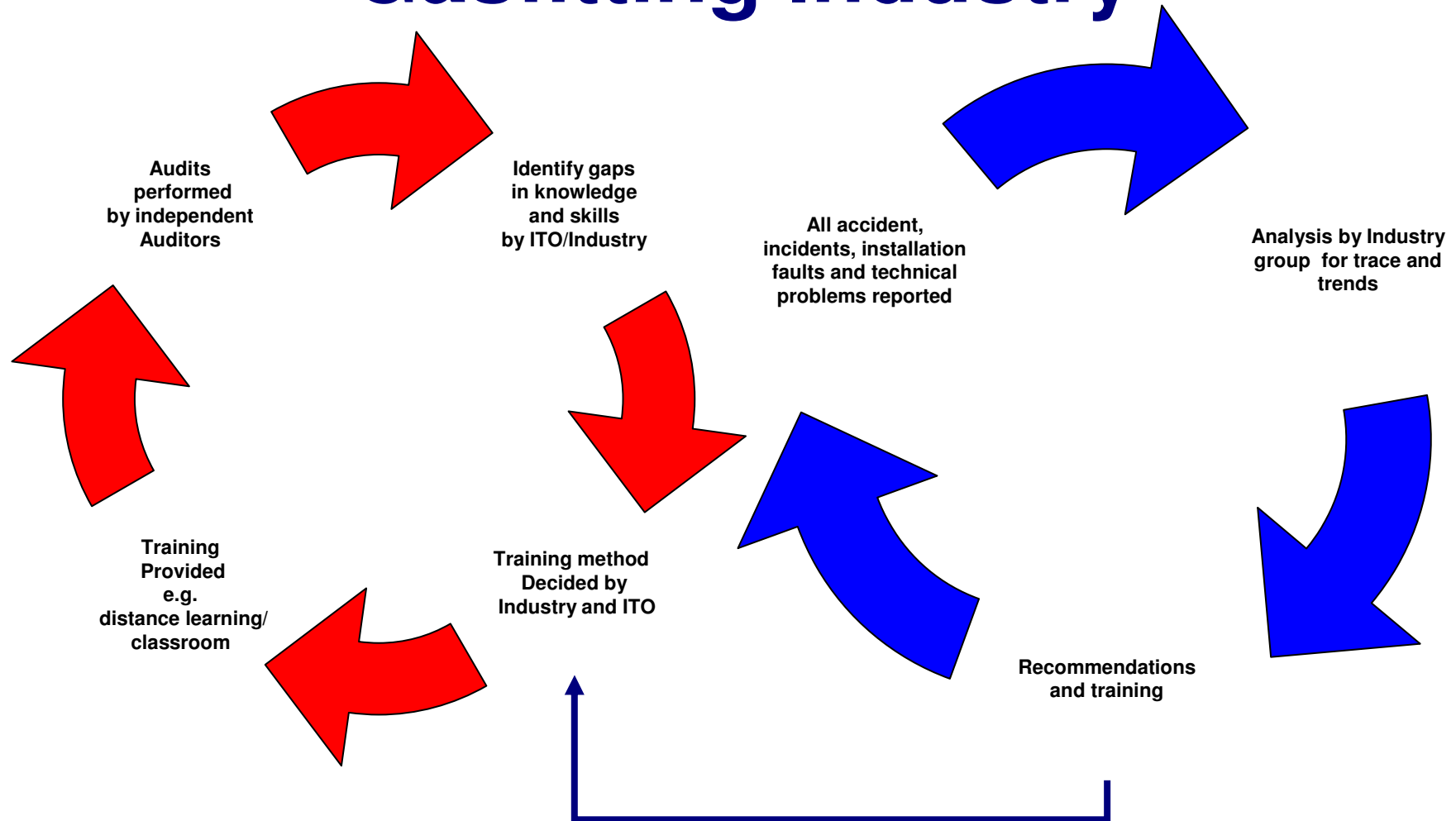


Principles

- Competency based
- Improved productivity
- Appropriate supervision
- Allows specialisation
- Recognises competency milestones
- Aligns with NZQA levels

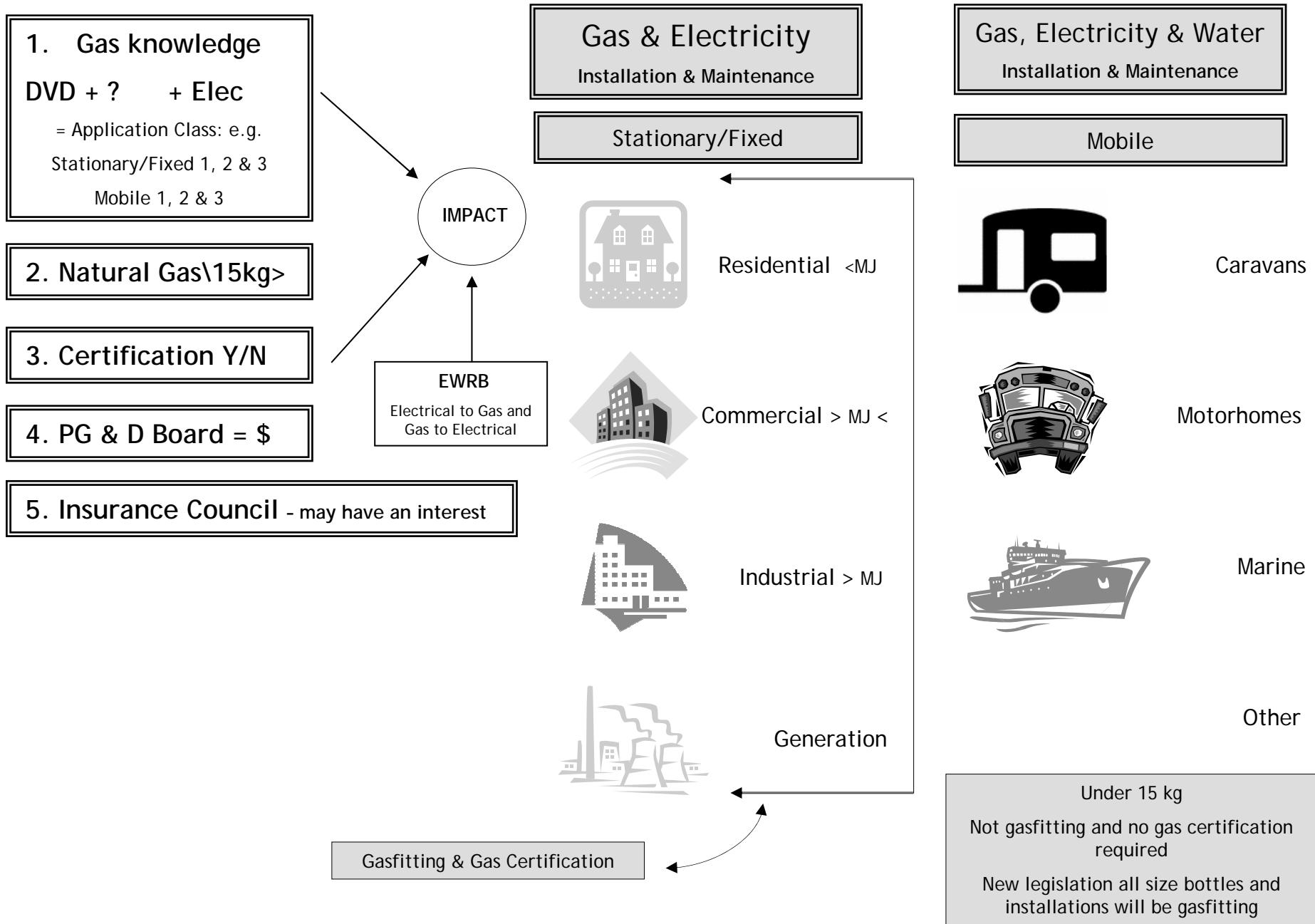


Safety Management Process Gasfitting Industry



Post ESR Bill - New Legislation Industry Structure

Appendix 4



PO Box 1442, PARAPARAUMU BEACH
 2 Ratanui Road, PARAPARAUMU
 Phone: 04 - 904 0712
 Fax : 04 - 904 0710

21 June 2007

Stephen Parker
GANZ
Wellington

Dear Stephen

RE Audits of Competency of Gasfitters

Further to the comments I made earlier this month with regards to the competency of gasfitters in particularly the issue of testing existing installations for leakage I report as follows;

During the period of August 2006 and June 2007 I tested around the 200 gasfitters on the knowledge of testing existing gas installations. I have records of 115 written tests which have been carried out during that period as shown in the table below;

The tests were carried out at the start of an up-skilling session and the candidates were asked to write down 7 steps necessary to carry out a leakage test on an existing domestic gas installation as required by the NZS 5261:2003. They were **not** allowed to use the 5261 as reference. These tests are required before and after an addition to an existing gas installation and when gas needs to be restored to a gas installation. This is one of the jobs a gasfitter have to do daily.

All gasfitters who have completed the questionnaire have been instructed during the up-skilling session the correct way of testing gas installation in line with US 19550 and NZS5261:2003.

The tests and locations

Date	Location	No. Candidates
17 Aug 06	Wellington	29
23 Aug 06	Tauranga	10
18 Sep 06	Lower Hutt	14
21 Sep 06	Auckland	20
25 Oct 06	Wellington	11
7 Nov 06	Palmerston North	16
23 May 07	Cromwell	9
6 June 07	Upper Hutt	6
		Total 115

Test results

Test	No. Candidates	% of candidates
Test carried out correct	15	13%
Let-by test carried out correctly	38	33%
Leak test carried out correctly	19	17%

Comments

Issues highlighted in the test exercise were;

- incorrect test pressure
- No let-by test carried out prior to testing and therefore a leaking inlet valve could affect the test results.
- Pressurising of the installation with gas by opening and closing the inlet valve without equalizing the pressure between the inlet valve and regulator. This pressure can be up to 400kPa and affecting the recording of the leak in the installation during the test.

Only a very few gasfitters disconnect the gas meter before testing.

Concerns

In the PGDB auditors reports there are concerns with "pipe sizing", "ventilation" and some other issues however installation testing was not of a concern.

This is contrary to the findings I've obtained during the up-skilling sessions. The current audit system is based on knowledge and very little practical skills are tested.

I believe the audits should test skills by assessing on the job and not testing knowledge only.

Furthermore the industry needs feedback from the PGDB on a regular basis to act on skill gaps identified by the auditors. Better still the industry should own the auditing system administrated by the ITO. This would ensure that skill gaps are identified and up-skilling can be put in place without delay.

If you require any further information please call me on Mobile 021 2211219 or 04 915 6126, Email: arie.dekort@utilitech.co.nz

Regards
Kapiti Gas Ltd.

Arie de Kort

07/07/07

We recently took on two 3rd year apprentices who were taking their Registered Gas Fitting exam within 2 months. Neither was confident in working on gas and neither could safely do a full test for soundness on an existing meter set.

I believe the fault is two fold. First of all the apprentices are given inadequate training, and secondly they don't get to practise what limited training they have on the district, as their companies are plumbing based.

My honest opinion of a Registered Gas Fitter upon completion of his Apprenticeship is that he is safe not competent.

CoC teaches you to test for soundness plus safe working practices. In no way whatsoever should a CoC 3 engineer be able to test and turn on appliances.

If this engineer relights:

1. Potentially hazardous appliance
2. Illegal appliance
3. Dangerous appliance

If there is a fatality who is responsible:

1. Governing body who legislated CoC3
2. GMS owner who allowed unregistered engineer
3. Engineer himself

The levels of competency can't be lowered simply because there is a lack of gas fitters. Address the problem, don't move the goal posts.

I have spent the last 2 weeks liaising with Gary Cruikshank at Unitech. I am attempting to start 4 senior engineers this year with the idea of them becoming fully registered gas fitters only, not plumbers, within 3 years.

Gary will work closely with Gas Specialists so that all Plumbers, Drainlayers Board, GMS owners and Government legislation are adhered to.

All training on site and supervision work will be done by Gas Specialists.

This will include:

Medium pressure

Low pressure

High pressure

LPG

Product training by manufacturers

Commissioning

Installation

Conversions

Servicing procedures on all product

Diagnosis gas trains

Diagnosis electrical fault finding
Evacuation procedures
Entering gas filled environment
Working in gas filled environment
Rotary meters
Domestic meters
Commercial meters
Twin stream installations
Regulator diagnosis
Regulator installation
Spool kits
TOU metering
Sensing lines
Downloads using lap tops.

If all of what I have just stated is the minimum requirement for a qualified time served registered gas fitter, then why does my opinion differ so much from the training bodies of New Zealand.

Steve Whitehead

Jarad Cogan

Registration Number: 19119

In 2003 I started a four year plumbing and gas fitting apprenticeship which consisted of practical and theory training. The gas training provided is not adequate to be a competent gasfitter. I am now a registered gasfitter and receiving gas training that I believe should be available during an apprenticeship. The gas industry is getting larger and there is a need for a tradesman that specialise in gas fitting.



FRED FISHWICK

14 CULLINAN AVE
MANGERE CENTRAL
AUCKLAND
NEW ZEALAND
09-2756563
f.fishwick@woosh.co.nz

July 6, 2007

Dear Sir,

You do not know me, nor have I had any dealings with you before , the following comments are not directed at you they are my personal feelings about the state of the gas industry in New Zealand. I hold a New Zealand craftsman's gasfitters licence , and also a Queensland gas work licence , I have been a gasfitter for the past 27 years and have been working in New Zealand for the last 14 years.

My main beef is about the standard of the 'new' gasfitters coming through, I use the term gasfitters loosely as I would be ashamed to put my name to some of the work and standard of practice I see in my dealings with the general public, and it is the public who are being put at risk by shoddy and sub standard work.

My present position is a sub contractor for Contact Energy , the company who employs me is Ace Gas Ltd in Auckland , my employment will be terminated in August ,being made redundant yet again , however that is not the reason for this letter.

I personally feel some of the Poly Techs are turning out so called gasfitters with little knowledge of the trade they are doing , they are turning out plumbers who do a six week block course in gas fitting , not acceptable !. Ever since apprenticeships were abolished and the gas industry was deregulated it has gone down hill and no one seems to give a rats arse. I do not agree with self certification as it is open to abuse by sub standard so called trades men.

My next bitch is about our governing body the Plumbers , Gasfitters , and Drainlayers Board total waste of space as far as I'm concerned. They do nothing what so ever for gasfitters apart from once a year hold out there hand for our annual fee, that's another thing that pisses me off , I recently renewed my Australian gas licence it cost \$130AUD for a five year licence , here its \$120NZD for one year , our gas certificates here cost \$25 each , I

can buy a book of 50 in Australia for \$15. How do they justify that , for that matter how do they justify their existence ?? They come out with these great ideas of a points system to renew your licence and audit every two years , I'm all in favor of upskilling but last year I had 43 credits accrued I only need 16 for my licence but I can only carry over 8 credits for next year, in a word bullshit.

I'm now 58 I would like to pass on my skills to the next generation of trades people but there appears to be no courses where I can go to become a Instructor, while I have that knowledge I would like to be able to present it in a professional manner and not look like a complete dick in front of a class. I could go on but to what end ?, I become redundant on August 15th as of yet I'm undecided where my future is , I may go back to Australia as all my family are there , but for now I wanted to pass my comments and feelings onto someone who may be able to shake some sense into the gas industry.

As I said this is not directed at you so don't take it personally.

Sincerely,

A handwritten signature in dark ink, appearing to read 'Fred Fishwick', with a stylized flourish at the end.

Fred Fishwick