

Consultation Document

Annual Practising Certificate Fee and Disciplinary Levy 2011/12 year - Dentists

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Executive Summary

Council consulted in December 2010 on the proposed dentist composite Annual Practising Certificate (APC) fee/disciplinary levy (\$705.52 GST exclusive) that would apply for the APC cycle 1 October 2011 to 30 September 2012. Disciplinary cases are occurring in larger numbers this year than was anticipated when Council considered the fees and levies at the end of 2010. In contrast, lower operational costs and an increased number of registered dentists have resulted in an operational surplus for the year ended 31 March 2011. In order to mitigate the impact of the cost of current disciplinary cases and to ensure that Council has sufficient reserve funding for possible future disciplinary expenses, Council is increasing the disciplinary levy. To offset this levy increase Council is proposing to refund surplus operational funds to dentists, which results in a lower APC fee. Overall, this will result in a composite APC fee/disciplinary levy of \$735.41 (GST exclusive), an increase of \$29.89 (GST exclusive) above the amount that Council consulted on in December 2010.

Background

In the December 2010 Dental Council newsletter the Annual Plan and Budget for 2011/12 was presented. Included was an explanation of the fee setting process and the APC fee and disciplinary levy proposed for the 2011/12 year. At that time the APC fee for the practising year 1 October 2011 to 30 September 2012, was estimated at \$680.34 (GST exclusive) and the disciplinary levy at \$25.18 (GST exclusive), resulting in a composite dentist APC fee/disciplinary levy of \$705.52 (GST exclusive).

Disciplinary levy

When the disciplinary levy was set in December 2010, it was based on a projected dentist discipline reserve at 31 March 2011 of \$75,785, compared to a minimum reserve level of \$175,000. The minimum disciplinary reserve level is set by Council and is based on historical disciplinary expenditure incurred on disciplinary tribunal and professional conduct cases in previous years.

At its meeting on 28 February 2011, Council was advised that the projected disciplinary reserve at 31 March 2011 of \$75,785 would be significantly eroded by year-end, due to additional discipline expenditure incurred in two long-standing discipline cases. Council also

noted that there had been an escalation in the number of dentist Professional Conduct Committee (PCC) cases during the current year. This resulted in Council referring seven practitioners to PCC, which Council had not been required to do since 2005. Of the cases referred to PCC, three were heard in March 2011 and one of these cases has been referred to the Health Practitioners Disciplinary Tribunal (HPDT). The remaining four cases are still pending PCC determination. Some of these have the potential to be referred to the HPDT. Accordingly there is an immediate need to ensure the dentist disciplinary reserve level is returned to the minimum reserve level of \$175,000.

To address this situation Council agreed that the dentist disciplinary reserve would need to be replenished in 2011/12 to the reserve minimum of \$175,000, and not over two years as under the existing reserves policy, and that the dentist disciplinary levy per practitioner for 2011/12 would need to be revisited.

At 31 March 2011 the actual dentist discipline reserve was in deficit by \$19,399, or \$194,399 below the minimum of \$175,000. Council, at its meeting of 23 May 2011, agreed that the disciplinary levy for 2011/12 would need to be significantly increased to ensure that funding was available to meet new disciplinary expenditure in that year.

	Disciplinary levy per practitioner
<i>2010/11</i>	(\$10.67)
<i>2011/12</i>	
Disciplinary Levy that went to consultation in December 2010	\$25.18
Required increase in disciplinary levy to restore minimum reserve level	\$122.84
Total (GST exclusive)	\$148.02
Total (GST inclusive)	\$170.22

Under section 131 of the Health Practitioners Assurance Act 2003 (the “Act”) Council has the power to impose a disciplinary levy at any time upon practitioners, however Council at present chooses to charge the levy concurrently with the renewal of annual practising certificates. Notwithstanding this, should discipline cases continue to increase, the Council has the power to impose on practitioners an additional disciplinary levy at any time.

APC fee

To mitigate the impact of the increase in the disciplinary levy, Council agreed, at its meeting on 23 May 2011, that surplus dentist operational reserves would also be refunded in total in the 2011/12 year, and not over two years as per the existing reserves policy.

Fees payable

The impact of these decisions on the 2011/12 APC fee and disciplinary levy¹, as consulted on in December 2010, is a further increase in the composite dentist APC fee/disciplinary levy of \$29.89 as detailed below:

APC fee and disciplinary levy	Disciplinary levy	APC fee: Operational	Total
2010/11	(\$10.67)	\$675.56	\$664.89
2011/12			
APC fee and disciplinary levy - consultation December 2010	\$25.18	\$680.34	\$705.52
Proposed adjustments to APC fee and disciplinary levy	\$122.84	(\$92.95)	\$29.89
Total (GST exclusive)	\$148.02	\$587.39	\$735.41
Total (GST inclusive)	\$170.22	\$675.50	\$845.72

The proposed composite dentist APC fee/disciplinary levy for 2011/12, to be gazetted effective from 1 October 2011 has been assessed at \$735.41 (GST exclusive).

The Council recognises that the revised composite APC fee/disciplinary levy for 2011/12 of \$735.41 represents an overall increase of 11% on the APC fee/ disciplinary levy of \$664.89 in 2010/11. The 2010/11 fee included a refund of \$10.67 in the disciplinary levy so the overall increase in the disciplinary levy is \$158.69 per practitioner. By contrast the operational APC fee has decreased by \$88.17 per practitioner down from \$675.56 to \$587.39.

Discussion/Consultation points

The Council invites all stakeholders to provide comment on the proposed changes to the 2011/12 composite dentist APC fee/disciplinary levy as follows:

1. to refund surplus operational APC reserves by \$92.95 per practitioner;
2. to impose an additional disciplinary levy of \$122.84 per practitioner; and
3. to gazette a composite dentist APC fee/disciplinary levy for 2011/12 of \$735.41 (GST exclusive) effective from 1 October 2011, giving an overall increase of \$29.89 (GST exclusive) above the amount (\$705.52 GST exclusive) consulted on in December 2010.

Conclusion

The objective of this consultation is to gather views from the sector to enable Council to make a final decision on the proposal. The Council therefore seeks any comments on the proposal by **2 August 2011** where after the Council will consider all submissions at its meeting on Monday 8 August 2011. In accordance with section 14 of the Act copies of this consultation document have been sent to all dentists, relevant associations and societies, the Ministry of Health, District Health Boards and other organisations with an interest.

¹ The above changes do not impact the Capital Replacement Fee as consulted on in December 2010.

This document will also be published on the Council's website, with a similar invitation to comment.

Responses should be sent to:

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Email: marie.warner@dcnz.org.nz

Yours sincerely

A handwritten signature in black ink, appearing to read 'Marie Warner', with a small dot at the end.

Marie Warner
Chief Executive