

Consultation Document

2013/14 Budgets, Annual Practising Certificate and Other Fees, Disciplinary Levies¹

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Introduction

The purpose of this consultation document is to advise stakeholders that the Dental Council (“Council”) is proposing to –

- gazette changes to annual practising certificate (“APC”) fees, and other fees;
- gazette changes to disciplinary levies; and
- prescribe new fees for competence and other individual practitioner programmes;

and to seek stakeholder feedback on its proposals.

Council’s proposal to vary fees and levies and to introduce new fees has not been taken lightly. However, it is deemed necessary to ensure cost recovery and Council’s ongoing viability.

The Council abides by the Office of the Auditor-General’s good practice guidelines *Charging fees for public sector goods and services*, as well as the Treasury’s guidelines. Council must ensure it takes into account the principles of authority, efficiency and accountability when setting fees, as well as equity issues and likely costs.

Council is committed to ensuring that it operates in a cost effective manner and strives to maintain a balance between ensuring the efficient and effective discharge of its public safety obligations and practitioner affordability. It is also committed to ensuring that the costs incurred for services provided to those applicants or candidates not currently on the Council’s register, will be fully recovered under the principle of “user pays” to ensure no form of cross subsidisation occurs. This includes the costs associated with registration of oral health practitioners in a particular scope of practice, the costs of a competence or other programmes established for a practitioner to maintain registration; and the examination of a candidate to enable them to obtain a New Zealand prescribed qualification that leads to registration.

Practising Certificate and Other Fees

Under section 130 of the Health Practitioners Competence Assurance Act 2003 (the “Act”) the Council:

- (1) ...may prescribe the fees payable in respect of the following matters:
 - (a) an application for registration with the authority;
 - (b) an addition or alteration to the register maintained by the authority;
 - (c) the issue of a practising certificate;
 - (d) the issue of any other certificate, or a copy of any certificate;
 - (e) the supply of a copy of any entry in the register;

¹ All values for fees, levies and budgets, shown in this consultation document, are exclusive of GST, unless otherwise stated.

- (f) inspection of the register, or of any other documents kept by the authority that are open for inspection;
- (g) the supply to any health practitioner of any documents, other than certificates of registration, required by him or her for the purpose of seeking registration overseas;
- (h) examinations set or approved by the authority;
- (i) any other matter that relates to anything the authority is required to do in order to carry out its functions.

Disciplinary Levies

Under section 131 of the Act the Council:

- (1) ...may from time to time, by notice in the *Gazette*, impose on every health practitioner registered with the [Council] a disciplinary levy of any amount that it thinks fit for the purpose of funding the costs arising out of:
 - (a) the appointment of, and any investigation by, any professional conduct committee (PCC); and
 - (b) proceedings of the [Health Practitioners Disciplinary] Tribunal.

2013/14 Budget

The following 2013/14 draft budget was approved by Council at its meeting on 5 November 2012 to be issued for stakeholder consultation.

Dental Council Draft Budget 2013/14 – Summary	\$
Income (excluding APC Fees and disciplinary levies)	874,099
Less Expenditure	<u>3,285,685</u>
Net Expenditure before APC Fees and Disciplinary Levies	<u>(2,411,586)</u>
APC Fees	2,595,446
Disciplinary Levies	<u>89,992</u>
Total APC Fees and Disciplinary Levies	<u>2,685,438</u>
Net Surplus after APC Fees and Disciplinary Levies	<u>273,852</u>
Dental Council Draft Budget 2013/14 – Net Surplus by Activity	
Council activity - net surplus	14,326
Profession activity - net surplus	<u>259,526</u>
Net Surplus after APC Fees and Disciplinary Levies	<u>273,852</u>
Capital Expenditure²	<u>317,500</u>

In 2013/14 a total surplus of \$274k is being budgeted to provide for the replenishment of Council and dentist operational reserves; and both the operational and disciplinary reserves for the other professions. The total profession minimum operational reserve of \$395k is set at 1/12th of the annual budgeted gross income and expenditure, plus an additional \$55k held by dentists for third party costs of competence review committees. The total profession minimum disciplinary reserves of \$250k are set at \$175k for dentists and dental specialists, and \$25k for each of the three other professional groups.³

Council's operational reserves for capital asset replacement are based on budgeted capital expenditure requirements over a two year time frame with an allowance for a 10% contingency. The capital replacement reserve is an operational reserve held at Council level to pre-fund capital expenditure. The capital expenditure budget of \$318k in 2013/14 represents the budgeted amount to be drawn from the capital replacement reserve.

² Includes \$188k for systems software development.

³ Dental therapists, dental hygienists and orthodontic auxiliaries, and dental technicians and clinical dental technicians

The capital replacement APC fee is part of the profession APC fee, and is standard across all professions, budgeted at \$28.20 per practitioner for 2013/14.

Dental Council Draft Budget 2013/14 - Council Activity

Income	
Council Income (excluding APC fees)	295,399
Expenditure	
General Administration Expenditure (Secretariat)	1,603,085
Depreciation Administration Expense	85,600
Council Project Expenditure	
Finance and management	36,600
Data collection	11,000
Education and accreditation	140,500
Recertification and registration	114,500
Strategic planning ⁴	125,000
Communications	30,700
Liaison	75,500
Council	245,900
Contingency	10,000
Total Council Project Expenditure	789,700
Total Council Project and Administration Expenditure	2,478,385
Net Council Expenditure	(2,182,986)
Income from APC Fees	
APC Fees (to fund net Council expenditure less depreciation)	2,097,386
APC Fees (to fund the capital replacement reserve)	99,926
Total APC Fees Income to meet Net Council expenditure	2,197,312
Net Surplus from Council Activity*	14,326

* The surplus of \$14,326 relates to APC Fees - Capital Replacement \$99,926 less \$85,600 for depreciation.

Dental Council Draft Budget 2013/14 - Profession Activity

Income	
Registration and Examination fees	578,700
Expenditure	
Project	
Health and competence	228,100
Examinations and education	200,300
Recertification and registration	364,600
Liaison	14,300
	807,300
Net Direct Profession Expenditure	(228,600)
Income from APC Fees & Disciplinary Levies	
APC Fees (to fund net profession expenditure and operational reserves)	398,134
Disciplinary Levies (to fund disciplinary reserves)	89,992
Total APC Fees and Disciplinary Levies	488,126
Net Surplus from Profession Activity	259,526

⁴ The 2013/14 budget includes provision for the Dental Council's share of the estimated costs of the project established to consolidate all 16 health regulatory authorities together into a single secretariat. This project is being coordinated by Health Workforce New Zealand, on behalf of the Minister of Health.

Annual Practising Certificate (APC) fees are set according to budgeted net expenditure after taking Council income from other activities into account. The APC fees for each profession fund the profession's share of net Council expenditure, profession net direct expenditure and any adjustments required to minimum profession operational reserves. Net Council expenditure is allocated to each professional group on the basis of an analysis of workflow within the Council secretariat.

Disciplinary levies are based on the estimated position of the reserve balances compared to the minimum levels set by Council's Level of Reserves policy.

No provision in the budget is made for disciplinary expenditure, as disciplinary levies are set to replenish minimum disciplinary reserves in order to provide prefunding for disciplinary expenditure, as the number of discipline cases and amount of disciplinary expenditure in any one year can vary significantly across professions. In 2011/12 the costs of professional conduct committees (PCCs) and the Health Practitioners Disciplinary Tribunal (HPDT) was \$162k, with \$196k forecasted expenditure for 2012/13. Notwithstanding the method of funding disciplinary expenditure, all disciplinary expenditure incurred will ultimately be reported as a deduction from the actual surplus in the 2013/14 year.

Council activities relate to those non-profession specific activities, and include:

- the administrative costs of the secretariat;
- Council member fees and meeting costs;
- standing committee costs including the Audit and Risk Management Committee, the Continuing Professional Development Advisory Committee, and other Council committees established from time to time;
- consultations, liaison with local and overseas professional bodies and regulatory authorities; and,
- publications such as the newsletter and annual report.

Profession activities encompass APC fee revenue after net Council costs have been met, disciplinary levy revenue, and direct profession revenue and expenditure.

Proposed 2013/14 APC Fees and disciplinary levies (GST exclusive)

The following table sets out the proposed 2013/14 APC fees and disciplinary levies (GST exclusive), compared to the current fees and levies:

Profession	2013/14			2012/13		
	APC Fee	Disc Levy	Total Payable	APC Fee	Disc Levy	Total Payable
Dental therapists	\$623.58	\$45.82	\$669.40	\$412.11	(\$0.38)	\$411.73
Dental hygienists	\$445.86	\$140.66	\$586.52	\$412.11	(\$0.38)	\$411.73
Orthodontic auxiliaries	\$445.86	\$140.66	\$586.52	\$412.11	(\$0.38)	\$411.73
Dental technicians	\$537.63	\$75.08	\$612.71	\$610.83	(\$20.94)	\$589.89
Clinical dental technicians	\$537.63	\$75.08	\$612.71	\$610.83	(\$20.94)	\$589.89

The APC fee and disciplinary levy for Dentists and Dental Specialists are not consulted on at this time. Their APC fee and disciplinary levy consultation will occur after 2012/13 year-end.

Dental therapists

The proposed increase of \$211.47 in the operational 2013/14 APC fee for dental therapists reflects a significant increase in the forecast number of competence cases, and an increase in the volume of consultations and development work on professional standards.

The proposed 2013/14 disciplinary levy of \$45.82 reflects forecast PCC costs of \$4k in 2012/13, and the establishment of a minimum disciplinary reserve of \$25k.

Dental hygienists and orthodontic auxiliaries

Similarly, the 2013/14 costs for dental hygienists and orthodontic auxiliaries also reflect increased costs for competence cases, and an increase in the volume of consultations and development work on professional standards. However, these cost increases are largely absorbed by operational reserves, currently above minimum reserve levels.

The proposed increase in the disciplinary levy for hygienists and orthodontic auxiliaries in 2013/14 is primarily due to a hygienist being referred to a PCC and to the HPDT in the latter part of 2011/12. The costs of this case and further cases in 2012/13 are expected to reduce the dental hygienist/orthodontic auxiliary discipline reserve to a deficit of \$39k by 31 March 2013. To clear this deficit and to establish a minimum disciplinary reserve of \$25k, a disciplinary levy of \$140.66 is required for 2013/14.

Dental technicians and clinical dental technicians

The 2013/14 costs for dental technicians and clinical dental technicians include increases in costs for development work on professional standards. As operational reserves are projected to be above minimums a reduction in the operational APC fee by \$72.70 has been budgeted for in 2013/14.

The disciplinary levy of \$75.08 reflects Council's decision to set a minimum disciplinary reserve of \$25k from 1 April 2013.

This levy is separate from the special disciplinary levy of \$268.78 being imposed at the end of 2012. The additional levy is being charged to clear the Technician disciplinary reserve deficit as a result of significant disciplinary costs incurred during 2011/12 and 2012/13.

Proposed retention on the register, examination and registration fees

Retention on the register fees

Retention on the register fees are set to recover the cost of maintaining registrants on the register while they are not practising. These fees were last increased on 1 April 2010, and an increase of 7% is proposed. The proposed fee of \$103.00 is based on the movement in the Council administration cost over this period.

Examination and registration fees

Examination and registration fees are charged to those applicants or candidates not yet on the Council's register.

Council is proposing an increase in examination and registration fees by 17.5% and 18.7% respectively.

The fees are based on full cost recovery for services offered to these potential registrants. The increase is proposed to ensure no cross subsidisation occurs between current registered practitioners and potential new registrants or examination candidates.

The following table sets out the proposed changes in the examination fees (GST exclusive):

Examination Fees	Current Fee \$	Proposed Fee \$
Application for assessment of eligibility to enter the New Zealand Dental Registration Examination (NZDREX) - written examination	606.74	712.92
Subsequent application for assessment of eligibility to enter the New Zealand Dental Registration Examination (NZDREX) - written examination	606.74	712.92
New Zealand Dentist Registration Examination (NZDREX) - clinical examination	5,414.12	6,361.59
New Zealand Dental Specialist Registration Examination (NZDSREX)	14,995.09	17,619.23
New Zealand Dental Therapy Registration Examination (NZDTREX) - clinical examination (per candidate fee where there is less than a total of 5 candidates sitting the same examination)	3,976.30	4,672.15
New Zealand Dental Therapy Registration Examination (NZDTREX) - clinical examination (per candidate fee where there is a total of 5 or more candidates sitting the same examination)	3,552.70	4,174.42
New Zealand Dental Therapy Registration Examination (NZDTREX) - written examination (per candidate fee where there is less than a total of 5 candidates sitting the same examination)	2,569.00	3,018.58
New Zealand Dental Therapy Registration Examination (NZDTREX) - written examination (per candidate fee where there is a total of 5 or more candidates sitting the same examination)	2,108.50	2,477.49
New Zealand Dental Hygiene Registration Examination (NZDHREX) - clinical examination (per candidate fee where there is less than a total of 5 candidates sitting the same examination)	3,976.30	4,672.15
New Zealand Dental Hygiene Registration Examination (NZDHREX) - clinical examination (per candidate fee where there is a total of 5 or more candidates sitting the same examination)	3,552.70	4,174.42
New Zealand Dental Hygiene Registration Examination (NZDHREX) - written examination (per candidate fee where there is less than a total of 5 candidates sitting the same examination)	2,569.00	3,018.58
New Zealand Dental Hygiene Registration Examination (NZDHREX) - written examination (per candidate fee where there is a total of 5 or more candidates sitting the same examination)	2,108.50	2,477.49
New Zealand Dental Technology Registration Examination (NZDTechREX) - combined examination (per candidate fee where there is less than a total of 5 candidates sitting the same examination)	3,176.30	3,732.15
New Zealand Dental Technology Registration Examination (NZDTechREX) - combined examination (per candidate fee where there is a total of 5 or more candidates sitting the same examination)	2,677.10	3,145.59

The following table sets out the proposed changes in the registration fees (GST exclusive):

Registration Fees	Current Fee \$	Proposed Fee \$
New Graduates (NZ qualified or NZDREX Qualified) - application for registration	384.57	456.48
Trans Tasman Mutual Recognition (TTMR) - application for registration	384.57	456.48
Overseas Applicant with Prescribed Qualification – application for assessment of eligibility to be registered	576.86	684.73
Overseas Applicant with Prescribed Qualification - application for registration	384.57	456.48
Applicant with Non-Prescribed Qualification - assessment of eligibility to be registered under section 15(2) of the Act	2,517.42	2,988.18
Applicant with Non-Prescribed Qualification - application for registration	384.57	456.48
Applicant with Non-Prescribed Qualification - resubmission of application for assessment of eligibility to be registered under section 15(2) of the Act	2,258.85	2,681.25
Applicant with Non-Prescribed Specialist Qualification - assessment of eligibility to be registered under section 15(2) of the Act	3,315.42	3,935.40
Applicant with Non-Prescribed Specialist Qualification - application for registration	384.57	456.48
Applicant with Non-Prescribed Specialist Qualification - resubmission of application for assessment of eligibility to be registered under section 15(2) of the Act	2,258.85	2,681.25
Application for removal of an exclusion(s) on the scope of practice after completion of a Dental Council approved course	211.51	251.06
Application for removal of an exclusion(s) on the scope of practice after completion of a course not approved by the Dental Council	384.57	456.48
Application for registration with a prescribed qualification in an additional scope of practice	384.57	456.48
Application for registration with a non prescribed qualification in an additional scope of practice	594.57	705.75
Application for additional registration advice	384.57	456.48
Application for restoration to the Dental Register	384.57	456.48
Application to transfer from retention to practising where applicant subject to recency of practice policy	230.74	273.89
Application to undertake supervised orthodontic auxiliary practice while undertaking a prescribed training course	76.91	91.29
Supply of certificate of good standing	115.37	136.94
Supply of replacement registration certificate or any other certificate	76.91	91.29

Proposed fees for competence, recertification and health monitoring programmes

Section 130(1)(i) of the Act permits Council to prescribe fees for any matter that relates to anything it is required to do to carry out its functions.

Council is proposing to prescribe indicative fees for competence, recertification and health monitoring programmes. The objective is to quantify Council and third party costs and expenses that can arise from the establishment and monitoring of competence and recertification programmes and the costs of ongoing screening under health monitoring programmes.

Under Parts 2 and 3 of the Act, Council has the ability to make orders relating to supervision, oversight, competence and recertification including the setting of competence and recertification programmes.

Practitioners may also be the subject of ongoing health programmes which require them to participate in random drug or alcohol screening programmes over a protracted period.

Typically the costs of these programmes are first paid by Council and then subsequently reimbursed by the practitioner. Council has seen a rise in the number of practitioners not being able to reimburse costs as they are incurred. This represents a risk to Council which may result in the need for an extension of credit or the establishment of a repayment schedule to recover costs.

The prescribing of fees relating to the costs of supervision and oversight, and to competence, recertification and health monitoring programmes, ensures that practitioners can be made aware as early as possible of the potential cost they face when ordered by the Council to undertake a particular programme. Council's position is also strengthened in terms of the recoverability of these fees and costs, by having prescribed and gazetted them in accordance with the Act.

Council is committed to ensuring that individual programme costs are not subsidised by other practitioners. It is proposed that these costs are fully recovered from the individual practitioner, under the "user pays" principle.

The following indicative fees are proposed (it is also proposed that notes ^{1 2} will be included with the fees notice when gazetted):

Professional Standards Programme Fees ^{1 2}	Total Fee (GST exclusive)	Total Fee (GST inclusive)
<i>Supervision ^{1 2} (12 month programme)</i>	\$5,878.70	\$6,760.51
<i>Oversight ^{1 2} (12 month programme)</i>	\$3,814.70	\$4,386.91
<i>Competence/Recertification Programme ^{1 2}</i>		
Distance learning - per module	\$2,954.70	\$3,397.91
Clinical Training - per practice area of training	\$5,056.70	\$5,815.21

Health Programme Fees ^{1 2}	Total Fee (GST exclusive)	Total Fee (GST inclusive)
<i>Drug and Alcohol Screening Programme – set up and administration ^{1 2}</i>		
Set up and administration first 12 months	\$835.52	\$960.85
Administration each 12 months thereafter	\$417.76	\$480.42
Third party testing ¹	\$120.00 per test	\$138.00 per test

¹ Fee will be adjusted for any specific requirements of the individual programme and 3rd party costings at the time the programme is established.

² Direct professional fees and travel expenses for Supervisors, those providing oversight, Tutor/Course Administrators etc are to be reimbursed by the practitioner on the individual programme. Expenses claimed are on an actual and reasonable basis in accordance with the Council's Fees and Expenditure policies. Course materials, venue costs and administration expenses such as postage, and photocopying will be charged based on actual costs.

The proposed fees include some recovery of Secretariat salaries and overheads, but only from the point in time the Council order to the practitioner is made.

Individual competence and recertification programmes can vary considerably from practitioner to practitioner. The proposed fees are the indicative cost of the various elements that can be part of a practitioner's competence or recertification programme. Supervision and oversight the costs are based on a 12 month programme.

The costs of initial inquiries and of competence review committees which are incurred prior to a competence programme being ordered are shared by all practitioners as these are operational costs funded from APC fees.

A large part of the fee structure relates to the hourly fees paid to supervisors, those undertaking oversight, and tutors & course administrators if retraining is required. Some venue hire costs may be incurred if onsite clinical training is required.

In determining the fee to be invoiced to the practitioner, the gazetted fee will be the starting point before any adjustments are made based on specific requirements, as specified in the practitioner's programme ordered by Council. Adjustments may include a longer or shorter period of supervision or oversight, or a greater or lesser number of distance learning modules or areas of training. Any adjusted fee will be subject to the authorisation of the Chief Executive of the Dental Council.

Debt Recovery

Sections 132 (5) and (6) of the Act states;

- (5) Every fee set by an authority under section 130, and every levy imposed by an authority under section 131, is payable and recoverable as a debt due to the authority.
- (6) If any fee is payable to an authority under this Act, the Registrar of the authority may decline to do any act, or permit any act to be done, or to receive any document in respect of which that fee is payable, until the fee is paid.

Council therefore has the requisite powers to ensure full debt recovery of monies due for APC fees, disciplinary levies and other fees set.

Proposals

Council is consulting on the following:

- 2013/14 Budget;
- 2013/14 APC Fees and disciplinary levies;
- Amended retention on the register, examination and registration fees; and
- New fees for competence, recertification and health monitoring programmes.

Conclusion

The objective of the consultation is to gather views from stakeholders to enable Council to make a final decision on the proposals.

Council is consulting on the above proposals with all oral health practitioners, relevant associations and societies, the Ministry of Health, District Health Boards and other organisations with an interest. The proposals will also be published on the Council's website, with a similar invitation to comment.

Council invites comments on the proposals by **21 January 2013** after which Council will consider all submissions at its next Council meeting.

Responses should be sent to:

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Email: consultations@dcnz.org.nz

Yours sincerely

A handwritten signature in black ink that reads "Marie Warner". The signature is written in a cursive style with a small dot at the end.

Marie Warner
Chief Executive