

1 February 2017

Dear practitioner

Consultation on the 2017/18 proposed budget, annual practising certificate fees, disciplinary levies and other fees effective from 1 April 2017

Thank you for your feedback on this consultation. In total we received 88 submissions from oral health practitioners, professional associations, district health boards and education institutions.

The submissions were considered by the Audit and Risk Management Committee at its meeting on 16 January 2017 and by Council at their meeting on 24 January 2017.

Many of the submissions concerned the increase in APC fee for dentists and dental specialists. Submitters focused on an overall increase of around 20% in the fee between 2015 and 2017. At face value, an increase of 20% over two years would not be reasonable. However, when we break down the fee, the key factor that drove the increase was a refund received by dentists and dental specialists in 2015 of \$305. This meant there was a significant overall increase between 2015 and 2016. This year, the APC fee for dentists and dental specialists has increased by 1.95%. The fee is discussed further on page 3.

We appreciate that no one wants increased fees or levies. To put the fee in context, the Council is currently going through a transition period of significant change, development and investment. This programme of work began in 2015 with the adoption of the Council's strategic plan 2015-2020.

Much of the work the Council is doing now, including the update of our IT systems and the recertification review, is aimed at improving our processes and reducing compliance requirements where possible for practitioners over the longer term. For example, our IT project will allow practitioners to apply for APCs online, which will make the process much more efficient.

We are working to ensure the regulatory system we have is efficient and delivers the best possible outcomes to practitioners and the public. This does require investment.

We are doing everything we can to keep compliance costs to a minimum and to ensure the outcomes we produce meet the high standards the public and our practitioners expect. A summary of the main submission themes and the Council's responses is provided on page 3.

Consultation outcome

The Council carefully considered all of the work planned and budgeted over the next 2 year period and has deferred a project related to accreditation and education planned in 2017/18 until 2018/19. This

has resulted in the project's budgeted cost moving from 2017/18 to 2018/19. As a result of this there has been a minor reduction in the APC fee for all professions as shown below.

Profession	APC fee (excl GST)		
	Proposed	Final	Movement
	\$	\$	\$
Dentists and dental specialists	888.16	884.58	(3.58)
Dental hygienists and orthodontic auxiliaries	561.62	557.91	(3.71)
Dental therapists	623.99	620.07	(3.92)
Dental technicians and clinical dental technicians	613.39	609.13	(4.26)

The disciplinary levy will be gazetted at the amounts set out in the consultation document

- Dentists and dental specialists - \$159.90
- Dental hygienists and orthodontic auxiliaries – a refund of \$(4.34)
- Dental therapists - a refund of \$(2.24)
- Dental technicians and clinical dental technicians - a refund of \$(9.40)

All other fees have been uplifted by 2% as set out in the consultation document. Please see Appendix 2 for a full schedule of the confirmed fees. These fees will be published in the NZ Gazette on 2 February 2017.

We are grateful for all feedback on our consultation documents and I would like to thank everyone who took the time to write a submission. Your participation is much appreciated.

Yours sincerely



Marie Warner
Chief Executive

Summary of main submission themes and Council responses

Theme	Number of Mentions
20.5% increase on 2015 dentist and dental specialist APC fee	34

While we appreciate the comparison of APC fees shows a significant overall increase between 2015 and 2017, this can be understood better when we break the fee down into its components.

The APC fee comprises three components:

- a. the actual APC fee which funds operational activities for the upcoming year
- b. the capital replacement APC fee which funds planned capital expenditure over the following two years and
- c. an adjustment to the reserve (by way of a top-up or refund) which returns the operational reserve to a minimum level. This minimum level is considered by chartered accountants Staples Rodway who audit us on behalf of the Office of the Auditor General during the annual audit.

When we look at the breakdown of the APC fee in 2015 compared to the 2017 fee:

- a. there is an overall decrease in the actual APC fee, with operational costs decreasing by \$159.38 per practitioner (or 15.1%), from \$971.98 in 2015 to \$812.60 in 2017
- b. the capital replacement APC fee has increased by \$3.92 per practitioner from \$58.79 in 2015 to \$62.71 in 2017 per practitioner
- c. the adjustment to the reserve was a refund equivalent to \$305.50 per dentist or dental specialist practitioner in 2015, whereas this year, the minimum operational reserve level requires a top-up of \$12.85 per practitioner.

It is clear the refund given in 2015 is the main factor in the overall fee increase we see over the two years.

Refunds provided in previous years often related to projects that had been budgeted for but not delivered within the planned timeframe. Specifically, in 2014/15, some of the secretariat's planned work relating to standards, education and accreditation was not completed as resources were reprioritised to support the Minister of Health's joint responsible authorities project (which explored the possibility of a shared secretariat for health regulatory providers). This resulted in an increased closing operational reserve balance. In accordance with Council policy, the balance that exceeded the minimum operational reserve level was returned to the professions.

Since then, the number of Council staff has been increased to ensure projects are delivered and costs incurred as per the strategic plan. Therefore no refunds have occurred since the last refund in 2015/16 nor are significant refunds anticipated in the future.

Dentist/Dental specialists

APC fee and disciplinary levy (as proposed in consultation documents)	2015	2017	% Mvmt
	Actual	Proposed	
APC fee	971.98	812.60	(16.4)%
Capital replacement reserve APC fee	58.79	62.71	6.7%
Total APC fee prior to reserve adjustment	1,030.77	875.31	(15.1)%
Minimum reserve top-up / (refund)	(305.50)	12.85	(104.2)%
Total APC fee	725.27	888.16	22.5%

Disciplinary levy	144.52	172.69	19.5%
Minimum reserve top-up / (refund)	0.00	(12.79)	
Total disciplinary levy	144.52	159.90	10.6%
Total proposed APC fee and disciplinary levy excl GST	869.79	1,048.06	20.5%
GST	130.47	157.21	20.5%
Total proposed APC fee and disciplinary levy incl GST	1,000.26	1,205.27	20.5%

Theme	Number of Mentions
Duplication of standards creation with NZDA	31

Setting standards for the oral health sector is one of the Council's core statutory responsibilities under s118 of the Health Practitioners Competence Assurance Act 2003 (the Act). While historically we relied on the NZDA to develop these, the decision was made, in 2011, that it was more appropriate for the Council to take responsibility for developing threshold or minimum standards that aim to ensure public safety.

This was based on a number of reasons including legal advice provided to the Council which made it clear developing and setting standards was simply not a function the Council should delegate externally.

The Council was also aware that while the arrangement with the NZDA meant the views and interests of dentists were well represented, some of the other professions did not feel adequately represented or included by this arrangement.

We recognise that professional associations (and other organisations) may develop codes of practice or guidelines that are focused on achieving excellence in practice and these play an important role in all professions. This does not have to conflict with the regulator's responsibility for setting a core of minimum threshold standards.

The Council published an article about its role in setting standards for the professions in its latest newsletter. You can read the article here <http://www.dcnz.org.nz/resources-and-publications/publications/newsletters/view/23?article=6>.

Theme	Number of Mentions
Fee greater than other similar professions	12

A number of submitters compared the proposed APC fee for dentists with fees gazetted for other health professions in New Zealand and noted that the Dental Council fees were higher, and in some cases, significantly higher.

Comparing fees across the different health professions is problematic as there are a number of factors at play which are not necessarily evident when taken at face value. For example:

- The number of practitioners holding current APCs varies enormously between the health professions, making it difficult to compare directly. Numbers are fundamental in setting any budget, as the greater the number of practitioners, the more widely the regulatory costs can be spread.
- We consider the regulatory burden to be similar between dentists and doctors, taking into account the responsibility they carry and the standards they must adhere to, to ensure patient safety. However, the latest annual reports from the Dentist Council and the Medical Council show 2,236 practising dentists compared with 14,677 practising doctors. This represents a significantly larger pool of practitioners sharing the regulatory costs.
- As a further comparison, our latest figures record 727 practising dental hygienists and 867 practising dental therapists—this compares with 53,922 practising nurses and 3,100 practising midwives.
- Different responsible authorities have differing work schedules and their current APC fee only reflects work programmes budgeted for in the current financial year. For example, the Dental Council currently has several major projects underway, including a comprehensive review of its IT systems, which will bring recertification online. Other authorities have already undertaken this type of IT review and recouped the associated costs—others have yet to start.

A table summarising the other main themes coming through the submissions is attached as Appendix 1.

Appendix 1: Submission themes and responses

Some of the remaining queries (and Council's responses) from the submissions to the consultation document on the 2017/18 proposed budget, annual practising certificate fees, disciplinary levies and other fees effective from 1 April 2017.

Theme	Council response
Increase greater than inflation (3%)	<p>The budget for total Council expenditure for 2017/18 excluding depreciation is \$2,998,034. This is a 1% increase on the 2016/17 budgeted Council expenditure which is \$2,967,600 and less than forecasted CPI of 2.0%.</p> <p>The APC fee for dentists and dental specialists has increased by 1.95% on last year's fee.</p>
Significant increase in personnel costs	<p>The secretariat resourcing was consulted on within the 2016/17 budget and was implemented following Council consideration of stakeholder submissions in the 2016/17 year.</p> <p>The increase in personnel is resulting in the progression of the Council's strategic projects which are now being delivered by the secretariat. The proposed budget for 2017/18 for personnel related costs has reduced by 2.1% when compared to the 2016/17 budget</p>
Request to understand variation in governance and planning costs	<p>Some costs previously budgeted as part of governance and planning are now included within personnel as a result of the increase in secretariat resourcing as planned for under our strategic priority "a capable organisation".</p> <p>Previously, the Council has used consultants to deliver aspects of its work which are now being done in-house.</p>
Part-time work not reflected in the APC fee	<p>The volume of activity required to grant an APC is similar applicant to applicant, regardless of whether the applicant is practising on a full-time or part-time basis. Activities required to fulfil our statutory responsibilities such as accreditation, the setting of standards or scopes of practice are on a per registered person basis rather than on the number of hours each person is employed within the profession.</p>
Disproportionate impact on graduates who are covering other costs	<p>The Council is sympathetic to the financial challenges graduates face when beginning their oral health careers.</p> <p>However, our approach to recovering costs is to require each practitioner to pay a proportionate fee based on the costs incurred by their profession.</p> <p>This means that the Council identifies how much it costs to serve each profession, and divides that cost among the total number of practitioners.</p> <p>Reducing the fee for graduates would require other practitioners within the same profession to subsidise them,</p>

	<p>which the Council does not consider a fair or equitable approach.</p> <p>The Council does offer a pro-rata fee for dental hygienists, dental therapists and dental technicians in recognition of the fact they graduate within a few months before the end of the APC cycle for those practitioners.</p>
<p>Capex not warranted or explained. Capex not linked to future savings</p>	<p>The Council is updating its IT system, as consulted upon in the 2016/17 budget and further discussed in the 2016 Annual Report. This represents a major project that aligns with our strategic priority of a capable organisation.</p> <p>Our expectation is that this will result in reduced compliance requirements for practitioners over the longer term.</p>
<p>Lack of information to support costs associated with project delivering SP1 - SP5</p>	<p>Council is not required to consult on costs associated with the delivery of its strategic plan, but basic costs associated with its strategic priorities were included in both the 2015/16 and 2016/17 budgets.</p> <p>Further detail on the work being done to achieve these priorities is provided in our Annual Report.</p>
<p>Large number of Council members</p>	<p>The number of Council members appointed by the Ministry of Health is determined by the Act section 120(1)(a). The Minister may by notice in the Gazette appoint up to 14 members to each authority—for a number of years the Minister has appointed 10 members to the Dental Council.</p>
<p>Liaison with other organisations that are not relevant</p>	<p>The Council engages in liaison with a wide range of organisations, both nationally and internationally. These liaison activities are aimed at ensuring we have a broad understanding of best regulatory practice, emerging issues, current research and developments in education and training.</p> <p>In addition Council works with international accreditation bodies (from the USA, Canada and the UK) as we recognise international qualifications as prescribed qualifications in some of our scopes of practice. This is a vital aspect of our work.</p>
<p>Savings in relation to the shared premises appear to have not eventuated</p>	<p>The proposal for a single secretariat across all responsible authorities (RAs) did not materialise. The Dental Council is one of five RAs that share premises at 80 The Terrace but continue to operate independently. Shared occupancy of the building allows the RAs to use shared meeting rooms and facilities.</p> <p>The Council continues to pursue savings from shared premises where we can. In late 2016 video conferencing facilities were procured and this system is currently being implemented. This investment was shared equally amongst</p>

	<p>four RAs rather than Council needing to invest in this technology in its entirety. It is anticipated that this will allow Council to reduce the costs associated with meetings from 2018/19.</p>
<p>Increase in liaison costs by 18%</p>	<p>As noted above, the Council works with accreditation bodies across the world to accredit international qualifications as prescribed qualifications here in New Zealand. As part of this work, we must monitor courses between accreditation rounds to ensure they continue to meet the standards we have agreed upon. This work is essential to enabling the Council to appropriately consider a significant number of applications for registration from international graduates every year.</p> <p>While some years this will result in a cost budgeted under accreditation and exams, in years where our emphasis is on monitoring and liaison, the cost will fall under liaison.</p> <p>Other international liaison activities are often biannual and will result in a fluctuation of cost across years.</p>
<p>Council has removed previous consultation documents from the website making it difficult to compare year-on-year</p>	<p>All previous consultation documents remain on our website in the “closed consultation” section. If you have any queries about the consultation material on the website, please email comms@dcnz.org.nz.</p>
<p>Submissions from professional associations should be treated as a collective submission, not an individual</p>	<p>It is Council policy to treat each submission on its own merit.</p> <p>We encourage all practitioners and stakeholders to participate in our consultation processes and welcome all submissions and feedback.</p>

Appendix 2: Other fees

Fee	Current fee \$	Fee from 1 April 2017 \$
Retention fee	108.00	110.16
Application fee to transfer from non-practising to practising status, where application is subject to Council's recency of practice policy	273.89	279.36
Application for registration fee	456.48	465.61
Application for assessment of prescribed qualifications and experience to be registered	684.73	698.43
Application for assessment of non-prescribed qualifications and experience to be registered under section 15(2) of the Act for Dentists, hygienists, therapists, clinical dental technicians, dental technicians, orthodontic auxiliaries	2,988.18	3,047.95
Application for assessment of non-prescribed specialist qualifications and experience to be registered under section 15(2) of the Act for dental specialists	3,935.40	4,014.11
Resubmission of application for assessment of non-prescribed qualifications and experience to be registered under section 15(2) of the Act	2,681.25	2,734.88
Application for removal of an exclusion(s) on the scope of practice after completion of a Dental Council approved course for hygienists, therapists and orthodontic auxiliaries	251.06	256.08
Application for removal of an exclusion(s) on the scope of practice after completion of a course not approved by the Dental Council for hygienists, therapists and orthodontic auxiliaries	456.48	465.61
Application for registration with a prescribed qualification in an additional scope of practice for therapists and clinical dental technicians	456.48	465.61
Application for registration with a non-prescribed qualification in an additional scope of practice for therapists and clinical dental technicians	705.75	719.86
Application to undertake supervised activities for orthodontic auxiliaries while undertaking an approved training course.	91.29	93.11
The New Zealand Dental Hygiene Registration Examination		
NZDHREX - written examination where there is less than a total of 5 candidates sitting the same examination	3,069.90	3,131.30
NZDHREX - written examination where there is a total of 5 or more candidates sitting the same examination	2,519.61	2,570.00
NZDHREX - clinical examination where there is less than a total of 5 candidates sitting the same examination)	4,751.58	4,846.61
NZDHREX - clinical examination where there is a total of 5 or more candidates sitting the same examination	4,245.39	4,330.30

Fee	Current fee \$	Fee from 1 April 2017 \$
The New Zealand Dental Therapy Registration Examination		
NZDTREX - written examination where there is less than a total of 5 candidates sitting the same examination	3,069.90	3,131.30
NZDTREX - written examination where there is a total of 5 or more candidates sitting the same examination	2,519.61	2,570.00
NZDTREX - clinical examination where there is less than a total of 5 candidates sitting the same examination	4,751.58	4,846.61
NZDTREX - clinical examination where there is a total of 5 or more candidates sitting the same examination	4,245.39	4,330.30
The New Zealand Dental Technology Registration Examination		
NZDTechREX - Combined Examination where there is less than a total of 5 candidates sitting the same examination	3,795.60	3,871.51
NZDTechREX - Combined Examination where there is a total of 5 or more candidates sitting the same examination	3,199.07	3,263.05
The New Zealand Dental Specialist Registration Examinations		
New Zealand Dental Specialist Registration Examination	17,918.76	18,277.13
Professional standards programme fees ^{1,2}		
Supervision (12-month programme)	5,878.70	5,996.28
Oversight (12-month programme)	3,814.70	3,891.00
Competence/Recertification Programme:		
Distance learning - per module	2,954.70	3,013.80
Clinical training - per practice area of training	5,056.70	5,157.84
Health programme fees ^{1,2}		
Drug and alcohol screening programme, set up and administration		
Set-up and administration for the first 12 months	835.52	852.23
Administration fee for each 12 month period thereafter	417.76	426.11
Third party testing - fee per test	120.00	122.40
¹ Fee will be adjusted for any specific requirements of the individual programme and 3rd party costings at the time the programme is established.		

Fee	Current fee \$	Fee from 1 April 2017 \$
Education fees		
Application for “removal of exclusion” course approval by providers <u>who do provide training</u> as part of a primary Dental Council accredited qualification	1,736.80	1,771.54
Application for “removal of exclusion” course approval by providers <u>who do not provide training</u> as part of a primary Dental Council accredited qualification	3,763.15	3,838.41
Other fees		
Application for additional registration advice	456.48	465.61
Application for restoration to the Register	456.48	465.61
Supply of certificate of good standing	91.29	93.11
Supply of replacement registration certificate or any other certificate	91.29	93.11
Supply of electronic copy of Register	200.00	204.00