

11 February 2019

Dear practitioner

Outcome from 2019/20 proposed budget and fee consultation

Thank you for your feedback on the 2019/20 proposed budget and fee consultation.

We received 94 submissions from a total of 4,869 practitioners and stakeholders. The submissions were considered by the Audit and Risk Management Committee on 14 January 2019 and by Council on 30 January 2019.

Budget and fees approved by Council take effect on 1 April 2019

After considering the work we have planned and budgeted over the next two years and feedback from submissions received, Council approved the APC fee and disciplinary levies for the 2019/20 year as set out below.

All other fees have increased by 2% as set out in Appendix 2.

The 2019/20 fees were published in the New Zealand Gazette on 11 February 2019 (<https://gazette.govt.nz/notice/id/2019-gs588>) and take effect from 1 April 2019.

APC fee by profession for 2019/20

Profession	In-year APC fee \$	Top-up/refund from previous year \$	Net APC fee payable \$
Dentists and dental specialists	939.25	(64.82)	874.43
Dental hygienists and orthodontic auxiliaries	503.12	233.65	736.77
Dental therapists	608.88	233.56	842.44
Dental technicians and clinical dental technicians	690.40	(35.42)	654.98
Oral health therapists	794.74	(42.65)	752.09

Disciplinary levy by profession 2019/20

Profession	In-year disciplinary levy \$	Top-up/refund from previous year \$	Net disciplinary levy payable \$
Dentists and dental specialists	190.55	(43.82)	146.73
Dental hygienists and orthodontic auxiliaries	15.72	(14.61)	1.11
Dental therapists	12.88	(59.34)	(46.46)
Dental technicians and clinical dental technicians	20.10	53.85	73.95
Oral health therapists	12.76	(114.02)	(101.26)

APC fees for dental hygienists and orthodontic auxiliaries

A key theme in the submissions received from dental hygienists and orthodontic auxiliaries was that they considered the APC fee to be high. Several of these submitters noted the in-year reduction to the APC for dental hygienists but questioned why the minimum operating reserve top-up had increased.

The increase for dental hygienists and orthodontic auxiliaries is shown in the table below (and was included in Table 8 of the consultation document).

Proposed APC fee and disciplinary levy for dental hygienists and orthodontic auxiliaries	2017/18	2018/19	2019/20	Change 2019/20 from 2018/19
	Actual	Actual	Proposed/now confirmed	
APC fee	498.63	488.28	419.03	(69.25)
Capital replacement reserve	62.71	84.71	84.10	(0.61)
Minimum reserve top-up / (refund)	(3.43)	37.95	233.65	195.70
Total APC fee	557.91	610.94	736.77	125.84
Disciplinary levy	14.39	14.44	15.72	1.28
Minimum reserve top-up / (refund)	(18.72)	110.73	(14.61)	(125.34)
Total disciplinary levy	(4.33)	125.17	1.11	(124.06)
Total proposed APC fee and disciplinary levy excl GST	553.58	736.11	737.88	1.77
GST	83.04	110.42	110.68	0.26
Total proposed APC fee and disciplinary levy incl GST	636.62	846.53	848.56	2.03

Council has set the 2019/20 APC fee dental hygienists and orthodontic auxiliaries at \$736.77 plus GST. The increase per practitioner of \$125.84 in 2019/20 is primarily due to:

- a decrease of \$69.86 resulting from a reduced proportion of time spent servicing the profession (a movement from 11.8% to 7.2%).
- an increase of \$195.70 to maintain the operational reserve at the prescribed level. The operating reserve fell below the prescribed level as a result of an under-recovery of 2017/18 operating costs. This was due to a lower than forecasted volume of practitioners registered as dental hygienists and orthodontic auxiliaries after 1 November 2017 when the oral health profession was created.

We have estimated the 2018/19 operating reserve closing balance will have a shortfall of \$89,722 which is equivalent to \$233.65 per practitioner. We are spreading the required recovery over two years to reduce the impact on practitioners hence an overall increase in the APC fee for 2019/20 of \$125.84. As the balance is mostly recovered during the 2019/20 year, a smaller recovery is anticipated in the 2020/21 year.

Other themes from submissions

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

Yours sincerely



Marie Warner
Chief Executive

Appendix 1: Submission themes and responses

Feedback (and Council's responses) from the submissions to consultation on 2019/20 proposed budget and fees

Theme	Council response
Decreasing number of registered dental hygienists	<p>Council is mindful of the decrease in the number of practising dental hygienists and orthodontic auxiliaries.</p> <p>In determining the APC fee for the 2019/20 year, there was a decrease to the in-year APC fee for dental hygienists as a result of a reduction of proportionate time spent servicing the profession following the creation of the oral health therapist profession on 1 November 2017.</p> <p>In future years, the APC fee may increase or decrease depending on practitioner numbers and the time spent by Council staff servicing those remaining practitioners.</p>
APC fees should be based on affordability. Additionally, APC fees for dental therapy and oral health therapy professions are unfair and potentially discriminatory	<p>To assess a fee based on affordability this would require Council to cross subsidise one profession with another.</p> <p>This option is not intended by the Health Practitioners Competence Assurance Act 2003 (the Act) and the Office of the Auditor General has determined that cross subsidisation is not permitted therefore a fee based on affordability would not be possible.</p>
Why is the operating reserve level being maintained for a declining population?	<p>The operating reserve level is a changing number that is dependent on the total cash cover requirement of one month based on the combined total of operational profession revenue, profession expenditure, and the profession share of both Council revenue (exclusive of APC revenue) and Council expenditure (exclusive of depreciation).</p> <p>The minimum operational reserve for dental hygienists from the 2018/19 budget was \$41,315 which has reduced for the 2019/20 budget to \$26,083. The overall level has decreased. However the top-up requirement makes the level appear as though it is still at approximately the same value.</p>
Why should a dental hygienist be liable where a Dentist has subcontracted other dental hygienists?	<p>The Act requires each profession as a group funds any disciplinary actions and the associated cost. Additionally, a dentist cannot be held accountable or responsible for another profession's competence.</p>
What is the intended economic life of the integrated IT system?	<p>Prior to implementing the integrated IT system, statutory functions were housed in several separate systems and outcomes relied on manual processing by Council staff. The new system fully integrates the registry and financial platforms with automated processing where appropriate. Because of this, we anticipate the life of the system to be 10 years.</p> <p>The cost of capital replacement is recovered over three years and is included in the annual practicing fee (APC fee). This ensures that the practitioners who are practicing at the time the asset is purchased</p>

	<p>contribute to that asset. As depreciation is non-cash expenditure, this is excluded from the APC fee.</p> <p>The Kaikoura earthquake demonstrated why it was important to have a system which allowed Council to continue to provide statutory functions regardless of location. Although not yet quantified, we have observed increased resilience in business continuity and automation, where appropriate, of statutory functions.</p>
<p>How is the disciplinary levy calculated?</p>	<p>The disciplinary reserve funds cases brought before a Personal Conduct Committee (PCC) and the Health Practitioners Disciplinary Tribunal (HPDT). The HPDT website will not show cases currently before a PCC as the outcome of that PCC is unknown. The number of anticipated cases is based on Council's assessment of the PCC and HPDT case trend over the last 3 years. As such, Council budgets for cases that are not yet before the HPDT.</p>
<p>What risks with respect to unanticipated loss of revenue or what increase in expense exist?</p>	<p>The following risks were specifically reviewed:</p> <ul style="list-style-type: none"> • Uncertainty about Council's occupation of 80 The Terrace, Wellington • Increase in lease costs in Wellington and current lease end date of February 2019 • Unanticipated reduction of practicing practitioners as this results in an under-recovery by profession • Unanticipated increase in volume or complexity of disciplinary cases (PCC or HPDT) • Uncertainty in relation to volume or complexity of competence review committee (CRC) cases as these are funded from the operating reserve • Material damage and business interruption insurance <ul style="list-style-type: none"> ○ Funding cash flow throughout the period of disruption and during the time required to finalise a claim (a claim can take 2 to 3 years to finalise) ○ Market rate adjustment to premiums and to duration of insurance offered (despite Council request to extend insurance cover for a longer period, insurance providers declined based on their assessment of their portfolio risk in the Wellington area)
<p>Ability to pay fees to Council and then seek refund from DHB's</p>	<p>The new IT system enables practitioners to apply for their APC online, and once their applications are complete and paid for, to download their new practising certificates. This streamlines the APC process significantly.</p> <p>The new online system requires practitioners to process their online APC application form and payment themselves and for this reason is unable to receive bulk payments from employers such as a DHB. This change was communicated to all DHBs in August 2017.</p> <p>Under section 26(1) and (2) of the Health Practitioners Competence Assurance Act 2003 practitioners are responsible for payment of the fee:</p>

26 Applications for annual practising certificate

- (1) *Every health practitioner who wishes to obtain an annual practising certificate must apply to the Registrar of the responsible authority in accordance with this section.*
- (2) *Every application for an annual practising certificate must—*
- (a) be in the form, and include the information, that is determined by the authority, including a statement specifying whether or not the applicant is, at the date of the application, practising the profession in respect of which the authority is appointed; and*
 - (b) be accompanied by the fee (if any) set by the authority.*

Appendix 2: Other fees

Fee	Proposed fee \$
Retention fee	114.61
Application fee to transfer from non-practising to practising status, where application is subject to Council's recency of practice policy	290.65
Application for registration fee	484.42
Application for registration for overseas applicant with prescribed qualifications and experience	1,211.07
Application for registration for applicant with 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	3,655.51
Application for registration for applicant with non-prescribed specialist qualifications and experience to be registered under section 15(2) of the Act for dental specialists	4,660.70
Resubmission of application for assessment of non-prescribed qualifications and experience to be registered under section 15(2) of the Act	2,845.37
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	266.42
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	484.42
Application for registration with a prescribed qualification in an additional scope of practice for therapists and clinical dental technicians	484.42
Application for registration with a non-prescribed qualification in an additional scope of practice for therapists and clinical dental technicians	748.95
Application to undertake supervised activities for orthodontic auxiliaries while undertaking an approved training course.	96.87
The New Zealand Dental Hygiene Registration Examination	
NZDHREX - written examination where there is less than a total of 5 candidates sitting the same examination	3,257.81
NZDHREX - written examination where there is a total of 5 or more candidates sitting the same examination	2,673.83
NZDHREX - clinical examination where there is less than a total of 5 candidates sitting the same examination)	5,042.41
NZDHREX - clinical examination where there is a total of 5 or more candidates sitting the same examination	4,505.25

Fee	Proposed fee \$
The New Zealand Dental Therapy Registration Examination	
NZDTREX - written examination where there is less than a total of 5 candidates sitting the same examination	3,257.81
NZDTREX - written examination where there is a total of 5 or more candidates sitting the same examination	2,673.83
NZDTREX - clinical examination where there is less than a total of 5 candidates sitting the same examination	5,042.41
NZDTREX - clinical examination where there is a total of 5 or more candidates sitting the same examination	4,505.25
The New Zealand Oral Health Therapy Registration Examination	
NZDOHTREX - written examination where there is less than a total of 5 candidates sitting the same examination	3,257.81
NZDOHTREX - written examination where there is a total of 5 or more candidates sitting the same examination	2,673.83
NZDOHTREX - clinical examination where there is less than a total of 5 candidates sitting the same examination	5,042.41
NZDOHTREX - clinical examination where there is a total of 5 or more candidates sitting the same examination	4,505.25
The New Zealand Dental Technology Registration Examination	
NZDTechREX - Combined Examination where there is less than a total of 5 candidates sitting the same examination	4,027.92
NZDTechREX - Combined Examination where there is a total of 5 or more candidates sitting the same examination	3,394.88
The New Zealand Dental Specialist Registration Examinations	
New Zealand Dental Specialist Registration Examination	19,015.52
Professional standards programme fees ^{1,2,3}	
Supervision ^{1,2,3} (12-month programme)	6,238.53
Oversight ^{1,2,3} (12-month programme)	4,048.20
Competence/Recertification Programme: ^{1,2,3}	
Distance learning - per module	3,135.56
Clinical training - per practice area of training	5,366.22
Health programme fees ^{1,2,3}	
Drug and alcohol screening programme, set up and administration ^{1,2,3}	
Set-up and administration for the first 12 months	886.66
Administration fee for each 12 month period thereafter	443.32
Third party testing - fee per test	127.35

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

²The practitioner will be charged direct professional fees and travel and accommodation expenses for supervisors, those providing oversight, tutors, course administrators etc. These expenses will be charged on an actual and reasonable basis in accordance with the Dental Council's fees and payments and expenditure decisions and probity policies. Course materials, venue costs and administration expenses such as printing and postage will also be charged based on actual costs.

³The practitioner will be charged for secretariat administrative overheads at \$62.45 an hour.

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	1,843.11
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	3,993.48
Application for approval of courses to equip registered oral health practitioners for registration in an additional scope of practice for course providers who do provide training as part of a primary Dental Council accredited qualification	3,583.60
Application for approval of courses to equip registered oral health practitioners for registration in an additional scope of practice for course providers who do not provide training as part of a primary Dental Council accredited qualification	6,274.76
Other fees	
Administration fee	46.82
Application for additional registration advice	484.42
Application for restoration to the Register	484.42
Supply of certificate of good standing	96.87
Supply of replacement registration certificate or any other certificate	96.87
Supply of electronic copy of Register	212.24