

Consultation Document

2012/13 Budgets and Annual Practising Certificate Fees and Disciplinary Levies for Dental Therapists, Dental Hygienists, Orthodontic Auxiliaries, Dental Technicians and Clinical Dental Technicians

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Executive Summary

The purpose of this consultation document is for the Dental Council ('the Council') to advise key stakeholders that it is considering gazetting changes to certain fees and to obtain feedback on these proposals.

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. The 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.

The 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. The Council is also committed to ensuring that the costs incurred by Council, 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, or the examination of an oral health practitioner candidate to enable them to obtain a New Zealand prescribed qualification that leads to registration.

Prescribing Fees

Under section 130 of the Health Practitioners Competence Assurance Act 2003 ('HPCA Act') the Dental Council may prescribe fees for 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;
- (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.

2012/13 Budgets

The 2012/13 draft budgets were approved by Council at its meeting on 5 December 2011 to be issued for stakeholder consultation. The Council's proposal to increase fees has not been taken lightly, but it is deemed necessary to ensure cost recovery and its ongoing viability.

In 2012/13 a surplus of \$286k is being budgeted to provide for the replenishment of the dentist competence and disciplinary reserves and operational reserves for all professions. The minimum dentist competence and disciplinary reserves are set at \$105k and \$175k respectively and are held to provide funding primarily for third party costs associated with Competence Review Committees, Professional Conduct Committees and the proceedings of the Health Practitioners Disciplinary Tribunal. With respect to operational reserves for all professions, these are maintained at 1/12 of budgeted gross non Annual Practising Certificate (APC) revenue and expenditure to provide a buffer against any unexpected operational costs.

Minimum disciplinary reserves for therapy, hygiene and technology are set at zero under Council's policy, as Council has the ability under the HPCA Act to levy practitioners for discipline costs at any time. In 2011/12 the first discipline cases for many years arose in the professions of hygiene and technology. These costs are being met from existing discipline reserves held by these professions.

Where appropriate the Dental Council will refund surplus operational and disciplinary reserves held above minimum levels. Significant refunds have been made particularly to the non dentist professions over the last two years by way of a reduction in the overall APC fees and disciplinary levies. This ensures that the Dental Council remains compliant with the full cost recovery model and does not accumulate excess reserves above what is needed to meet its statutory obligations.

The following 2012/13 draft budget is proposed by Council:

Summary – Draft Budget 2012/13

\$

Income	3,017,283
Expenditure	2,731,700

Net Surplus 285,583

Council activity**Income**

From Recertification (APC Fees)	2,100,860
From Other Activities	168,601
	<u>2,269,461</u>

Expenditure

General Administration Expenditure (Secretariat)¹ 1,771,100

Council Project Expenditure

Finance and management	39,000
Data collection	10,800
Education	11,400
Recertification and registration	109,300
Communications	23,400
Council liaison and meeting costs	319,000
Contingency	10,000
	<u>522,900</u>

Net deficit from Council Activities* -24,539

* The deficit of \$25k relates to depreciation of \$49k less \$24k for Capital Replacement APC Fees

Profession Activity**Income**

From Recertification (APC Fees & Disciplinary Levies)	228,622
From Registration and Examination fees	519,200
	<u>747,822</u>

Expenditure**Project**

Health and competence	154,300
Examinations	148,900
Recertification and registration	123,700
Liaison	10,800
	<u>437,700</u>

Net surplus from Profession Activities 310,122

Total surplus from Council and Profession Activities 285,583

¹ The 2012/13 budgets include provision for the costs of the Shared Administrative Secretariat consolidation business case whereby the Dental Council secretariat may be combined with the secretariats of other participating health regulatory authorities. This budget provision has an impact of around \$10 to \$20 per practitioner, depending on professional group.

Council activities relate to those activities that are generally non profession specific and include the administrative costs of the Secretariat, Council member fees and meeting costs, committee costs including the Audit & Risk Management Committee, Continuing Professional Development Committee and other Council committees. Other Council activities include consultations, publications such as the newsletter and liaison with local and overseas (mainly Australia) professional bodies and regulatory authorities.

Profession activity represents APC fee revenue (after meeting net Council costs) and disciplinary levy revenue together with specific profession revenue and expenditure. All operational and disciplinary reserves are held at profession level, with the exception of Capital Replacement fees, which are credited to a capital replacement reserve at Council level to meet capital expenditure.

In 2012/13 operational and disciplinary reserves will be maintained for three groups, which will be dentists; therapists, hygienists and orthodontic auxiliaries; dental technicians and clinical dental technicians. For therapists and hygienists this change is due to the increasing number of dual trained graduates in both therapy and hygiene, which makes gazetting and managing the separate APC fees and maintaining separate reserves for each profession, impracticable. The decision to combine the reserves for therapy and hygiene was approved by Council at its meeting of 6 December 2010.

To achieve this, the Council has been progressively, over the last two years, been refunding the surplus operational and disciplinary reserves for the therapy and hygiene professional groups. This was necessary to recognise the separate APC fee and disciplinary levy contributions members of the therapy and hygiene professional groups have been making since their separate reserves were first established in 2004. At the conclusion of the 2011/12 financial year the separate reserve balances for the professional groups of therapists and hygienists (including orthodontic auxiliaries) will be combined.

Proposed 2012/13 APC Fees and disciplinary levies (GST exclusive)

The following table sets out the current 2011/12 APC fees and disciplinary levies and the proposed 2012/13 APC fees and disciplinary levies (GST exclusive), approved by Council to go out for consultation to obtain stakeholder feedback.

Professional Group	2011/12	2011/12	2011/12	2012/13	2012/13	2012/13
	APC Fee	Disc Levy	Total Fee	APC Fee	Disc Levy	Total Fee
Dental therapists	\$415.14	(\$30.12)	\$385.02	\$412.11	(\$0.38)	\$411.73
Dental hygienists	\$317.97	(\$40.89)	\$277.08	\$412.11	(\$0.38)	\$411.73
Orthodontic auxiliaries	\$315.06	(\$41.09)	\$273.97	\$412.11	(\$0.38)	\$411.73
Dental technicians	\$459.73	(\$53.66)	\$406.07	\$610.83	(\$20.94)	\$589.89
Clinical dental technicians	\$459.73	(\$53.66)	\$406.07	\$610.83	(\$20.94)	\$589.89

With respect to the first three professional groups the APC fee on its own ranges from a small decrease for therapists to an increase of around \$100 for hygienists and orthodontic auxiliaries. The proposed increase for technicians is around \$130 per annum. The negative numbers for disciplinary levies reflect the refund of disciplinary levies over the two years.

To gain a clearer picture of the movement in APC fees (excluding disciplinary levies) from 2011/12 to 2012/13, account needs to be taken of the significant refunds of surplus operational reserves included in the calculation of APC fees in 2011/12. The other factor to be considered when comparing the APC fees for 2011/12 to 2012/13 is the drop in the capital replacement fee. This fee was set at \$76.48 per practitioner for 2011/12 and drops to \$6.85 in 2012/13. The capital replacement fee is at the same rate for all practitioners regardless of profession and is used to fund Council capital expenditure.

This table reflects the analysis of movement in APC fees only:

Professional Group	APC Fee	Add back one off operational reserve APC fee credit	Reduction in Capital Replacement APC fee	Other Adjustments	APC Fee
	2011/12	2011/12	2012/13	2012/13	2012/13
Dental therapists	\$415.14	\$87.41	(\$69.63)	(\$20.81)	\$412.11
Dental hygienists	\$317.97	\$184.58	(\$69.63)	(\$20.81)	\$412.11
Orthodontic auxiliaries	\$315.06	\$187.49	(\$69.63)	(\$20.81)	\$412.11
Dental technicians	\$459.73	\$86.64	(\$69.63)	\$134.09	\$610.83
Clinical dental technicians	\$459.73	\$87.10	(\$69.63)	\$133.63	\$610.83

The true increase in dental technician and clinical dental technician APC fees in 2012/13 compared to 2011/12 of \$64 per practitioner reflects in part the projected shortfall in the technicians operational reserve balance as at 31 March 2012 of \$26k. This shortfall has arisen mainly due to increased costs in 2011/12 relating to scopes and codes of practice consultations. In line with Council's policy, reserve deficits are replenished in the next recertification cycle. The other main factor in the increase in technicians' APC fees relates to a 2012/13 budget drop in the number of registered technician practitioners to 331 compared to budget 2011/12 of 351.

A comparison of APC fees (includes disciplinary levies) (GST exclusive) over the last three years:

Professional Group	2009/10	2010/11	2011/12	2012/13	2013/14
	<i>Actual</i>	<i>Actual</i>	<i>Actual</i>	<i>Budget</i>	<i>Plan</i>
Dental therapists	\$561.78	\$498.67	\$385.02	\$411.73	\$428.06
Dental hygienists	\$528.89	\$410.67	\$277.08	\$411.73	\$428.06
Orthodontic auxiliaries	\$333.33	\$298.67	\$273.97	\$411.73	\$428.06
Dental technicians	\$533.33	\$654.22	\$406.07	\$589.89	\$528.95
Clinical dental technicians	\$666.66	\$790.22	\$406.07	\$589.89	\$528.95

In 2013/14 the APC fees for technicians should decrease once operational reserves are restored to minimum levels in 2012/13, so long as practitioner numbers remain steady. The orthodontic auxiliary APC fee, as part of the combined therapist/hygienist professional group, is now fully aligned with the APC fees for this group. Previously orthodontic auxiliary APC fees were costed at a nominal percentage of the hygienist's APC fee.

Proposal to increase examination and registration fees

Examination and registration fees are charged to those applicants or candidates not yet on the Council's register and therefore they do not yet hold an annual practising certificate. The Council is proposing to increase its examination and registration fees to take effect from 1 April 2012. Having established the estimated cost of these activities for the 2012/13 year, the fees are based on full cost recovery for services offered to these potential registrants.

As a result the Council is proposing an increase in examination fees by an average of 24% and an increase in registration fees by an average of 18%, with effect from 1 April 2012, subject to feed back on consultation and Council's final approval. Failure to increase these fees by Council would result in cross subsidisation from those practitioners that currently hold an APC to potential new registrants or examination candidates.

The following table sets out the changes in the examination and registration fees schedules (GST exclusive):

Examination Fees	Current Fee \$	Proposed Fee \$
Application for assessment of eligibility to enter the New Zealand Dental Registration Examination (NZDREX) - Overseas Trained Dentist Preliminary (OTDP) written examination	462.22	606.74
Subsequent application for assessment of eligibility to enter the New Zealand Dental Registration Examination (NZDREX) - Overseas Trained Dentist Preliminary (OTDP) written examination	462.22	606.74
New Zealand Dental Registration Examination (NZDREX) - clinical examination	4,124.44	5,414.12
New Zealand Dental Registration Examination (NZDREX) - clinical examination re-sits (only applicable to candidates who entered the clinical examination prior to December 2009)	1,724.44	2,320.24
New Zealand Dental Specialist Registration Examination	13,354.67	14,995.09
New Zealand Dental Therapist Registration Examination (NZDTREX) - clinical examination (per candidate fee where there is less than a total of 5 candidates sitting the same examination)	5,389.33	3,976.30
New Zealand Dental Therapist Registration Examination (NZDTREX) - clinical examination (per candidate fee where there is a total of 5 or more candidates sitting the same examination)	4,759.11	3,552.70
New Zealand Dental Therapist Registration Examination (NZDTREX) - written examination (per candidate fee where there is less than a total of 5 candidates sitting the same examination)	2,368.00	2,569.00
New Zealand Dental Therapist Registration Examination (NZDTREX) - written examination (per candidate fee where there is a total of 5 or more candidates sitting the same examination)	1,783.11	2,108.50
New Zealand Dental Hygienist Registration Examination (NZDHREX) - clinical examination (per candidate fee where there is less than a total of 5 candidates sitting the same examination)	5,389.33	3,976.30
New Zealand Dental Hygienist Registration Examination (NZDHREX) - clinical examination (per candidate fee where there is a total of 5 or more candidates sitting the same examination)	4,759.11	3,552.70
New Zealand Dental Hygienist Registration Examination (NZDHREX) - written examination (per candidate fee where there is less than a total of 5 candidates sitting the same examination)	2,368.00	2,569.00
New Zealand Dental Hygienist Registration Examination (NZDHREX) - written examination (per candidate fee where there is a total of 5 or more candidates sitting the same examination)	1,783.11	2,108.50

New Zealand Dental Technician Registration Examination (NZDTechREX) - combined examination (per candidate fee where there is less than a total of 5 candidates sitting the same examination)	2,501.33	3,176.30
New Zealand Dental Technician Registration Examination (NZDTechREX) - combined examination (per candidate fee where there is a total of 5 or more candidates sitting the same examination)	2,003.56	2,677.10

Registration Fees	Current Fee \$	Proposed Fee \$
New Graduates (NZ qualified or NZDREX Qualified) - application for registration	311.11	384.57
TTMR - application for registration	311.11	384.57
Overseas Applicants with Prescribed Qualifications - assessment of eligibility to be registered	466.67	576.86
Overseas Applicants with Prescribed Qualifications - application for registration	311.11	384.57
Applicant with Non-Prescribed Qualification - assessment of eligibility to be registered	2,032.00	2,517.42
Applicant with Non-Prescribed Qualification - application for registration	311.11	384.57
Applicant with Non-Prescribed Qualification - resubmission of application for assessment of eligibility to be registered	1,885.33	2,258.85
Applicant with Non-Prescribed Specialist Qualification - assessment of eligibility to be registered	2,856.89	3,315.42
Applicant with Non-Prescribed Specialist Qualification - application for registration	311.11	384.57
Applicant with Non-Prescribed Specialist Qualification - resubmission of application for assessment of eligibility to be registered	1,885.33	2,258.85
Application for the removal of an exclusion(s) on the scope of practice after completion of a Dental Council approved course	171.18	211.51
Application for the removal of an exclusion(s) on the scope of practice after completion of a course not approved by the Dental Council	315.93	384.57
Application for registration with a prescribed qualification in an additional scope of practice	311.11	384.57
Application for registration with a non prescribed qualification in an additional scope of practice	559.11	594.57
Application for additional registration advice	311.11	384.57
Restoration to the Dental Register	311.11	384.57
Application to Transfer From retention to practising where applicant subject to recency of practice policy	176.00	230.74
Application to undertake supervised Orthodontic Auxiliary practice while undertaking a prescribed training course	62.22	76.91
Supply of Certificate of Good Standing	93.33	115.37
Supply of replacement certificate or any other certificate	62.22	76.91

Additional processing APC Fee

It is proposed that an additional processing APC fee for all professions will be introduced for the first time in 2012. All practising oral health practitioners who wish to **renew** their APC for the following year must submit an application and pay the APC fee **before** their existing APC expires. When a registrant applies for an APC after the expiry date of 31 March of his/her APC (30 September for dentists & dental specialists) the processing of the application is more onerous and time consuming than for an ordinary renewal application received before the expiry date.

The additional processing time fee recognises the extra secretariat time spent following up registrants holding annual practising certificates at the close of the previous practising year, but who have failed to declare their intentions or submit an APC application form and payment by the due date for the new practising year. The additional processing time involved is valued at \$39.13 (GST exclusive). Accordingly the Council is proposing to gazette a different APC fee for those registrants applying for an APC after the expiry date of their existing APC.

The following table sets out the proposed 2012/13 APC fees and disciplinary levies (GST exclusive) as follows:

APC Fees Professional Group	2012/13 Payable by 31 March			2012/13 Payable on/after 1 April		
	APC fee	Disciplinary levy	Total fee payable	APC fee	Disciplinary levy	Total fee payable
Dental therapists	\$412.11	(\$0.38)	\$411.73	\$451.24	(\$0.38)	\$450.86
Dental hygienists	\$412.11	(\$0.38)	\$411.73	\$451.24	(\$0.38)	\$450.86
Orthodontic auxiliaries	\$412.11	(\$0.38)	\$411.73	\$451.24	(\$0.38)	\$450.86
Dental technicians	\$610.83	(\$20.94)	\$589.89	\$649.96	(\$20.94)	\$629.02
Clinical dental technicians	\$610.83	(\$20.94)	\$589.89	\$649.96	(\$20.94)	\$629.02

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 **10 February 2012** where after the Council will consider all submissions at its next Council meeting. In accordance with section 14 of the Act copies of this consultation document have been sent to all practitioners, relevant associations and societies, the Ministry of Health, District Health Boards and other organisations with an interest. 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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Yours sincerely



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