

# Consultation Document

for

1. 2014/15 budget;
2. Annual practising certificate fees for dental therapists, dental hygienists, orthodontic auxiliaries, clinical dental technicians and dental technicians;
3. Disciplinary levies for dental therapists, dental hygienists, orthodontic auxiliaries, clinical dental technicians and dental technicians; and,
4. Retention and examination fees

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## Introduction

The purpose of this consultation document is to advise stakeholders that the Dental Council (“Council”) is seeking to finalise its budget for the year ending 31 March 2015 and is proposing to gazette revised fees and levies.<sup>1</sup> It is now consulting stakeholders on:

1. its 2014/15 budgets;
2. annual practising certificate (“APC”) fees for dental therapists, dental hygienists, orthodontic auxiliaries, clinical dental technicians and dental technicians;
3. disciplinary levies for dental therapists, dental hygienists, orthodontic auxiliaries, clinical dental technicians and dental technicians;<sup>2</sup> and
4. an increase in the fee payable for retaining non-practising registrants on the register and, an increase in examination fees.

Council is seeking stakeholder feedback on its proposals by 28 January 2014.

## Background

Council abides by the good practice guidelines established by both the Office of the Auditor-General and by Treasury. In so doing, it must ensure it takes into account the principles of authority, efficiency and accountability when setting fees; as well as equity issues and likely costs.

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

<sup>2</sup> For the purposes of APC fee and disciplinary levy setting and the maintenance of reserves by profession, orthodontic auxiliaries are grouped with dental hygienists, and dental technicians and clinical dental technicians are grouped together.

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. Upon this basis, Council's budget, and its fees and levies are calculated on a full cost recovery basis.

Council is committed to 'user pays' and full cost recovery principles to ensure no subsidisation or cross-subsidisation occurs. This extends to ensuring full recovery for 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; the examination of candidates to enable them to obtain a New Zealand prescribed qualification that leads to registration; and, for the costs of maintaining non-practising registrants on the register.

## 2014/15 Budget

The following 2014/15 draft budget (by Summary and Activity) was approved by Council on 8 November 2013, for stakeholder consultation. In 2014/15 the budgets include income of \$3,332,347 less expenditure of \$3,440,963 resulting in a planned deficit of \$108,616.

<b>Dental Council Draft Budget 2014/15 - Summary</b>		<b>\$</b>
APC fees		2,249,091
Disciplinary levies		314,117
Other income		769,139
<b>Total Income</b>		<b><u>3,332,347</u></b>
Less Expenditure		<u>3,440,963</u>
<b>Net Deficit</b>		<b><u><u>(108,616)</u></u></b>
<b>Dental Council Draft Budget 2014/15 - Net Surplus (Deficit) by Activity</b>		
Council activity - net deficit		(51,919)
Profession activity - net deficit		<u>(56,697)</u>
<b>Net Deficit</b>		<b><u><u>(108,616)</u></u></b>
<b>Capital Expenditure</b>		<u><u>215,000</u></u>

In 2014/15 the planned deficit of \$108,616 includes annual depreciation of \$69,200, a reduction in overall profession operational reserves \$159,333 (through a reduction in APC fees) offset by the replenishment of disciplinary reserves \$119,917 (through an increase in disciplinary levies). The level of increase or decrease in APC fee or disciplinary levy for each profession varies according to the profession's reserves position.

Profession operational and disciplinary minimum reserve positions are revised as necessary by Council in accordance with its Level of Reserves Policy as part of the annual budget process. Council is budgeting to achieve a minimum reserves position of \$1,068,977 by 31 March 2016.<sup>3</sup> This consists of operational reserves of \$545,445, disciplinary reserves of \$200,000 and Capital Asset/Replacement reserves of \$323,532.<sup>4</sup>

<sup>3</sup> The minimum reserve position is projected out to 31 March 2016 as the annual budgets are prepared on a two year plan cycle.

<sup>4</sup> The Capital Asset/Replacement reserve consists of the book value of assets purchased (Capital Assets), together with funds set aside to finance budgeted capital expenditure (Capital Replacement).

The total profession minimum operational reserve projection of \$545,445 consists of:

- 1/12<sup>th</sup> of budgeted operational income (excluding APC fee and disciplinary levy income) and 1/12<sup>th</sup> of budgeted expenditure (excluding depreciation), total for all professional groups \$328,892. This reserve is held as a buffer against unexpected operational expenditure or a shortfall in income;
- \$65,000 held by dentists as a buffer against additional third party costs of competence review committees; and
- a buffer of \$151,553 across all professions to fund judicial reviews and competence appeal cases that may occur.

The total profession minimum disciplinary reserve projection of \$200,000, consists of \$125,000 for dentists and dental specialists, and \$25,000 for each of the other three professional groups.<sup>5</sup> These reserves are based on historical disciplinary costs.

Council's reserve for capital asset replacement is based on budgeted capital expenditure requirements over a two year plan cycle with an allowance for a 10% contingency. The capital replacement reserve (projected balance 1 April 2014 \$278,938) is held at Council level to pre-fund capital expenditure. The capital expenditure budget of \$215,000 in 2014/15 (projected \$70,000 2015/16) represents the budgeted amount to be drawn from the capital replacement reserve in 2014/15 and includes \$150,000 for systems software development.

A capital replacement APC fee is part of each profession's total APC fee, and is standard across all professions, proposed at \$4.81 per practitioner in 2014/15 to bring the capital replacement reserve to its budgeted level.

Council's 2014/15 budgets are further analysed below by Council and Profession Activity. The tables show the income (before APC fees and disciplinary levies) and expenditure specific to Council activities, and income and expenditure directly attributable to professions. Each profession contributes APC fee revenue towards Council costs on a workflow activity basis with the balance of APC revenue being attributed to the profession to which it relates. Disciplinary levy revenue is attributed wholly to the profession upon which the levy is imposed.

<b>Dental Council Draft Budget 2014/15 - Council Activity</b>		<b>\$</b>
<b>Income</b>		
<b>Council Income (excluding APC fees)</b>		<b>163,639</b>
<b>Income from APC Fees</b>		
APC Fees (to fund net Council expenditure less depreciation)	2,221,224	
APC Fees (to fund the capital replacement reserve)	17,281	
<b>Total APC Fees Income</b>	<b>2,238,505</b>	
<b>Total Income</b>		<b>2,402,144</b>
<b>Expenditure</b>		
General Administration Expenditure (Secretariat)	1,598,263	
Depreciation Administration Expense	69,200	
Council Project Expenditure (refer analysis below)	786,600	
<b>Total Expenditure</b>		<b>2,454,063</b>
<b>Net Deficit from Council activity</b>		<b>(51,919)</b>
The deficit of \$51,919 relates to APC Fees - Capital Replacement APC revenue \$17,281 less \$69,200 for depreciation.		

<sup>5</sup> Dental therapists, dental hygienists & orthodontic auxiliaries, and dental technicians & clinical dental technicians.

<b>Council Project Expenditure</b>		<b>\$</b>
Finance and management		36,800
Data collection		11,200
Education and accreditation		42,500
Recertification		171,000
Registration		26,000
Strategic and operational Planning		103,800
Communications		41,200
Liaison		93,300
Council		250,800
Contingency		10,000
<b>Total Council Project Expenditure</b>		<b><u>786,600</u></b>

#### **Dental Council Draft Budget 2014/15 - Profession Activity**

<b>Income</b>		
<b>Registration and Examination fees and recoveries of costs</b>		<b><u>605,500</u></b>
<b>Income from APC Fees &amp; Disciplinary Levies</b>		
APC fees (to fund net profession operational (excluding disciplinary) expenditure \$187,200 offset by a reduction in operational reserves \$176,614)		10,586
Disciplinary levies (to fund disciplinary expenditure \$194,200 and reserves \$119,917)		314,117
<b>Total APC Fees and Disciplinary Levies</b>		<b><u>324,703</u></b>
<b>Total Income</b>		<b><u>930,203</u></b>
<b>Expenditure</b>		
<b>Project</b>		
Health and competence		233,600
Examinations and education		193,300
Recertification and registration		352,400
Liaison		13,400
<b>Total Operational Expenditure</b>		<b><u>792,700</u></b>
Disciplinary Expenditure (net of recoveries and fines)		194,200
<b>Total Profession Operational and Disciplinary Expenditure</b>		<b><u>986,900</u></b>
<b>Net Deficit from Profession Activity</b>		<b><u>(56,697)</u></b>

The APC fees for each profession fund the profession's share of Council's net expenditure (expenditure less other income), direct profession expenditure and any adjustments required to profession operational reserves.

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 Standards Review Committee, 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.

Disciplinary levies are based on budgeted disciplinary expenditure and any adjustments required to disciplinary reserves.

The disciplinary reserves are set at levels to provide funding for an estimated number of disciplinary cases. Notwithstanding, the number of discipline cases and the amount of disciplinary expenditure in any one year can vary significantly.

### Proposed 2014/15 APC Fees and Disciplinary Levies (GST exclusive)

Section 130 of the Health Practitioners Competence Assurance Act 2003 (the “Act”) provides that Council:

- (1) ...may prescribe the fees payable in respect of the following matters:
  - (a) ...
  - (b) ...
  - (c) the issue of a practising certificate;

Section 131 of the Act provides that Council:

- (1) ...may from time to time, by notice in the *Gazette*, impose on every health practitioner registered with ...[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.

The following table sets out the proposed 2014/15 APC fees and disciplinary levies (GST exclusive), compared to the current 2013/14 fees and levies:

Profession	2014/15			2013/14		
	APC Fee	Disc Levy	Total Payable	APC Fee	Disc Levy	Total Payable
Dental therapists	\$565.07	\$94.26	\$659.33	\$623.58	\$45.82	\$669.40
Dental hygienists	\$517.26	\$64.54	\$581.80	\$445.86	\$140.66	\$586.52
Orthodontic auxiliaries	\$517.26	\$64.54	\$581.80	\$445.86	\$140.66	\$586.52
Dental technicians	\$524.81	\$166.08	\$690.89	\$537.63	\$75.08	\$612.71
Clinical dental technicians	\$524.81	\$166.08	\$690.89	\$537.63	\$75.08	\$612.71

The APC fees and disciplinary levies vary across the professions. The level of APC fees and levies per practitioner depend on; the budgeted number of practitioners, each profession’s share of budgeted Council costs, direct profession income and expenditure budgets and reserve levels set for each profession under Council’s Level of Reserves policy.

#### *Dental therapists*

The proposed decrease of \$58.51 in the 2014/15 APC fee for dental therapists mainly reflects the refund of surplus operational reserves (\$38,383) when comparing operational reserves projected to 31 March 2014, with revised minimums set for this profession per the Council’s Level of Reserves policy.

The proposed 2014/15 disciplinary levy of \$94.26, is set to cover a projected deficit in the disciplinary reserve of \$5,534 at 31 March 2014, to restore the disciplinary reserve of \$25,000 and to meet the budgeted disciplinary expenditure of \$31,300, a total of \$61,834.

### ***Dental hygienists and orthodontic auxiliaries***

The proposal to increase APC fees for dental hygienists and orthodontic auxiliaries by \$71.40 reflects a significant refund of surplus operational reserves in the 2013/14 APC fee (\$115.60 per practitioner), not repeated in 2014/15.

The proposed 2014/15 disciplinary levy of \$64.54, is primarily to fund the budgeted disciplinary expenditure of \$31,300 and to maintain the disciplinary reserve at \$25,000, a total of \$56,300.

### ***Clinical dental technicians and dental technicians***

The proposed decrease of \$12.82 in the 2014/15 APC fee for technicians mainly reflects the refund of surplus operational reserves (\$4,343) when comparing operational reserves projected to 31 March 2014, with revised minimums set for this profession per the Council's Level of Reserves policy.

The proposed 2014/15 disciplinary levy of \$166.08 reflects the restoration of a minimum disciplinary reserve of \$25,000 and budgeted disciplinary expenditure of \$31,300, a total of \$56,300.

This levy is separate from the special disciplinary levy of \$237.11 being imposed on technicians in December 2013. The special levy is being charged to clear a substantial deficit in the technician's disciplinary reserve projected to 31 March 2014. The deficit is as a result of significant discipline costs incurred in 2012/13 and 2013/14.

## **Retention on the register and examination fees**

Section 130 of the Act 2003 provides that 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;
  - (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.

### ***Retention on the register fees***

Fees for retaining a practitioner on the register are set to recover the cost of maintaining registrants on the register while they are not practising. These fees were increased on 1 April 2013 by 7%, and an increase of 2.9% from 1 April 2014 is proposed. The proposed increase in the fee from \$103.00 to \$106.00 is based on the movement in Council's administration costs over a twelve month period.

### ***Examination and registration fees***

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

Examination and registration fees were increased by 17.5% and 18.7% respectively with effect from 1 April 2013. Council is proposing a small increase of 1.7% in examination fees effective 1 April 2014 and no increase in registration fees. The proposed fees reflect the achievement of full or near to full cost recovery in these Council activities. In this way Council ensures there is no cross subsidisation 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) to be effective 1 April 2014:

<b>Examination Fees</b>	<b>Current Fee \$</b>	<b>Proposed Fee \$</b>
Application for assessment of eligibility to enter the New Zealand Dental Registration Examination (NZDREX) - written examination	712.92	725.04
Subsequent application for assessment of eligibility to enter the New Zealand Dental Registration Examination (NZDREX) - written examination	712.92	725.04
New Zealand Dentist Registration Examination (NZDREX) - clinical examination	6,361.59	6,469.74
New Zealand Dental Specialist Registration Examination (NZDSREX)	17,619.23	17,918.76
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)	4,672.15	4,751.58
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)	4,174.42	4,245.39
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)	3,018.58	3,069.90
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)	2,477.49	2,519.61
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)	4,672.15	4,751.58
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)	4,174.42	4,245.39
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)	3,018.58	3,069.90
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)	2,477.49	2,519.61
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)	3,732.15	3,795.60
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)	3,145.59	3,199.07

### ***Professional Standards and Health Programme fees***

These fees were gazetted for the first time in 2013/14 effective 1 April 2013. No changes in these fees are proposed in 2014/15, as they have not yet been in effect for a full year. Any amendments will only be made when actual cost recovery information for a reasonable period of time is available.

### **Proposals**

Council is consulting on the following:

1. its 2014/15 budgets;
2. annual practising certificate (“APC”) fees for dental therapists, dental hygienists, orthodontic auxiliaries, clinical dental technicians and dental technicians;
3. disciplinary levies for dental therapists, dental hygienists, orthodontic auxiliaries, clinical dental technicians and dental technicians; and
4. an increase in the fee payable for retaining non-practising registrants on the register and, an increase in examination fees.

### **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 **28 January 2014** after which Council will consider all submissions at its next Council meeting following that date.

Responses should be sent to:

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Yours sincerely



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