



**New Zealand
Dental Assoc.**

NZDA House, 195 Main Highway
Ellerslie, Auckland 1051

PO Box 28084
Remuera, Auckland 1541
New Zealand

tel. +64 9 579 8001
fax. +64 9 580 0010

Marie Warner
Chief Executive Officer
Dental Council of New Zealand
PO Box 10-448
Wellington 6143

14 December 2018

Dear Marie

Annual Practising Fee – Draft 2019/20 Budget

Thank you for the opportunity to place a submission.

The Association requests answers to the following questions and makes the following comments with respect to the consultation document Dental Council has provided.

IT costs

Clearly the Dental Council has seen the need to invest heavily in new IT and our concern is the costs are being levied immediately rather than across the lifespan of the technology.

1. What has been the total spend on the new IT infrastructure project/electronic data management system and digitisation of practitioner files, and what expenditure (budgeted) remains?
2. What is the anticipated lifespan of this new system, and are practitioners being levied over that time, or is the entire sum being levied only to current practitioners at this time?
3. What is the anticipated cost savings annually when the system is fully operational?

Practice Standards

4. Cultural Competence. To date, over the past three years, practitioners have been levied somewhere in the vicinity of \$190,000 (\$42,743, \$48,897 and \$99,069) for the development of this Practice Standard. The current budget has no expenditure against that item.
 - a. Is the money already collected for this being retained for that project or has it been spent elsewhere?
 - b. Is the project still to progress?

- c. If the project is still to be progressed will practitioners be levied a second time for a similar large sum?

Reserves – Disciplinary

At 31 March 2018 Dental Council was holding a total of \$1,892,804 (\$1,297,682 operating and \$595,122 disciplinary) of dentist profession reserves. As such, we seek the following information:

5. The setting of the disciplinary levy continues to be confusing with a new reserve balance established each year and consistently the expenditure is very much unaligned with the eventual actual expenditure.

e.g. In the 2017-18 Budget Consultation document the 2017/18 budgeted disciplinary reserve closing balance was forecasted to be \$262,701 and next year in the 2018-19 Budget Consultation document the 2017/18 budgeted disciplinary reserve closing balance was forecasted to be \$492,613. The actual disciplinary reserve in the annual report for this period was \$595,122.

6. We note that in the 2019-20 Budget document (table1) that Council forecasts a total of four cases, one low and 3 high, to the HPDT for the 2018-19 year. According to the HPDT website there has not been a completed case involving a dentist in the year to date and there are two uncompleted cases involving Oral Health Professionals, but it does not disclose if they are dentists or dental specialists.
7. Therefore, on the limited amount of information disclosed across several documents requiring to be individually sourced, we believe there are shortcomings surrounding the setting of the disciplinary levy which results in variability, inaccuracy and the unnecessary retention of dentists and dental specialists' funds.
8. We respectfully ask the Dental Council to disclose the details of its Level of Reserves (Disciplinary) policy and submit that the reserve balance, which reflects the expected expenditure in the 2019-20 year, and the disciplinary levy, should be reviewed and reduced.

Reserves – Operating

9. In 2017 Dental Council estimated \$200,000 was required for business continuity costs and that its 'under' insurance sat at about 20%. What has been the business continuity costs since the Kaikoura Earthquake, and what insurance sums have been recovered to offset those costs?
10. Last year the Council assessed the reserves required for dentists to be \$1,033,705 but only budgeted to reduce reserves to \$1,219,148, stating the additional \$200,000 (approx.) being held was to cover uncertain business continuity costs ('under' insurance and insurance recovery doubts). This year the Council is again proposing to not reduce its reserves to a sum in line with its reserving policy. Remarkably it is reducing the reserve from \$1,392,038 by \$159,785 which creates a reserve, also of \$159,785, above the \$1,072,468 determined by the Council's own Level of reserves policy. Why is Council only reducing exactly 50% of the over reserve and retaining practitioners money (the other 50%)?
11. Clearly the Council has a Level of Reserves Policy. Who established this and when did the Council last consider or review its Level of Reserves policy? If such a review discussion occurred could we please have access to a copy of the minutes of that discussion?

12. It remains difficult for us to understand why Council needs to hold over \$1.2 million dollars of dentists' money in reserve. Is it possible for us to have a specific answer to the question we asked last year – *'what risks with respect to unanticipated loss of revenue (given Council collects a mandatory levy) or what increase in expense (given Council has defined functions) exist?'*

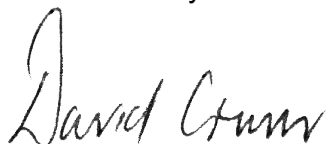
13. Over and above this - is the only area of doubt the relatively small insurance pay out?

Information provided

14. It is certainly not our desire to be antagonistic regarding these matters. It is our view that the way Council presents information in this area is of insufficient detail and very difficult to understand, hence in part, the above questions.

15. We request the Council examine the volume and clarity of submissions received on this budget (and recent past budgets) and consider providing information in a better way.

Yours sincerely

A handwritten signature in black ink that reads "David Crum". The signature is written in a cursive, flowing style.

David Crum
Chief Executive Officer