

21 December 2021

Dear practitioner/stakeholder,

### Outcome from 2022/23 proposed budget and fees consultation

The outcome from the 2022/23 proposed budget and fees consultation is set out below.

We received [four submissions](#) from a total of 5,006 practitioners and stakeholders. Thank you to those who provided feedback.

The submissions were considered by the Audit and Risk Management (ARM) committee on 1 December 2021 and by Council on 6 December 2021.

#### **Budget and fees approved by Council take effect on 1 April 2022**

Council approved the APC fees proposed in the [consultation document](#) after considering feedback, revisiting the full year forecast, and considering the work planned and budgeted over the next two years.

Council also approved the proposed registration, examination, competence programme, fitness to practice and other miscellaneous fees effective from 1 April 2022. All other fees have increased by 2%.

**Table 1** follows showing the approved APC fees payable for the 2022/23 year (excluding GST) after adjusting for the operational refund due to the impact of COVID-19. In the case of dental therapists, their refund is offset by increased operating costs.

Profession	Calculated Fee \$	Min operational reserve adj. \$	Net fee \$
Dentists and dental specialists	922.06	-41.59	880.47
Oral health therapists	735.64	-42.63	693.02
Dental hygienists and orthodontic auxiliaries	789.81	-93.13	696.68
Dental therapists	874.36	26.72	901.08
Dental technicians and clinical dental technicians	789.23	-89.65	699.58

**Table 2** follows showing the approved disciplinary levies payable for the 2022/23 year (excluding GST) including the refund of reserves not utilised in the previous year.

Profession	Calculated Fee \$	Min operational reserve adj. \$	Net fee \$
Dentists and dental specialists	112.87	-55.39	57.47
Oral health therapists	8.53	-9.62	-\$1.09
Dental hygienists and orthodontic auxiliaries	7.18	-26.4	-19.22
Dental therapists	36.91	-24.59	12.32
Dental technicians and clinical dental technicians	19.64	-36.29	-16.64

The 2022/23 fees were published in the [New Zealand Gazette](#) on 17 December 2021 and take effect from 1 April 2022.

### Summary of feedback and Council's responses

The following table summarises themes from the submissions and Council's consideration.

<p><b>Concern about the increased rent cost and its impact on practitioner levies</b></p> <p>The Council noted this concern. Rental costs are expected to increase to \$227,300 (budget 2021/22: \$135K) due to the upgrade and fit-out of the new premises.</p>
<p><b>Submissions sought further details about the onerous lease</b></p> <p>In 2019 the Council recognised the onerous lease for the 80 The Terrace premises arising from an identified design issue relating to the alpha slabs, posing a life safety risk which caused Council to vacate the premises.</p> <p>The onerous lease is held on the balance sheet as a liability and will be released once the lease expires in 2023.</p> <p>The onerous lease is included in the APC fee, based on the estimated number of practitioners for each profession.</p> <p>Council has taken all appropriate steps to mitigate future risk around its lease arrangements, however it should be noted this risk cannot be eliminated completely.</p>
<p><b>Should registration growth methodology be based on Consumer Price Index (CPI) increases?</b></p> <p>The growth projection method utilised is preferred over CPI increases as it was considered a more reflective methodology to estimate movements in registrations during 2022/23.</p>
<p><b>Clarification of salary increases</b></p> <p>The increase in salaries for 2022/23 is conservative and reflects an expected CPI uplift in salaries of 2%, as well as an increase in FTEs of 1.4 to allow for a cultural advisor and allow for additional resource to support the increased workload.</p> <p>It should be noted that in 2020 we had some vacancies which have been since filled.</p>

### **Strategic projects**

In 2020 and 2021, work on some strategic projects was delayed because of Covid-19 and these have been rolled over to 2021/22 and to 2022/23.

Included in the Council's Strategic Plan is proposed additional funding for the compliance framework and E Tipu E Rea - the Council's cultural safety project that includes reviewing both practice standards and professional standards.

### **Staff welfare**

Council noted submissions that budget and forecast expenditure for staff welfare, training, ACC and recruitment should be adjusted but determined to hold budget at the consulted level.

### **Can APC fees for dental therapists be based on salary and qualifications?**

The Council's budget, fees and levies are calculated on a full cost recovery basis using practitioner numbers in each profession to calculate the APC fee.

Under the government fee setting guidelines cross subsidisation across the independent professions in the Act is not permitted, therefore basing APC fees on salaries and qualifications for dental therapists is not currently possible.

### **Pandemic costs**

As New Zealand enters an endemic environment, Council considered it prudent to budget an increase in costs for pandemic and other costs to reflect the additional level of inquiries from practitioners, additional legal fees and other unforeseen Councils costs.

### **Disparity in examination fees**

Council noted the submission that examination fees for dental specialists are higher than those for other professions.

The examinations fee has been based on a full cost recovery model by profession that is adjusted by a CPI movement each year.

### **Reserves policy**

Feedback about the reserves policy was provided to ARM and Council for their consideration.

As per the Level of Reserves policy, the Operational and Disciplinary Reserve is a cash reserve established for each profession. The Operational and Disciplinary Reserves are set and consulted on each year with the proposed levy. Council's policies adhere to the Office of the Auditor General fee setting requirements that cross subsidisation across the independent professions in the Act is not permitted.

Each budget year, reserves are based on a forecast position for each profession. The level of reserve is calculated based on the profession's share of Council's annual net budgeted operational expenditure, the annual net budgeted expenditure directly attributable to the profession and a provision for a minimum level to be held for any unexpected decrease in Council and profession revenue or increase in expenditure.

Please note that any prior year surplus in disciplinary reserves may be refunded in the next APC round.

**Can disciplinary levies be based on practitioner numbers in each profession?**

The 2022/23 budget returns a minimum disciplinary reserve of \$27K for each profession.

Disciplinary levies must be based on judicial costs incurred and not on the volume of practitioners.

Any underspend in disciplinary fees each year is refunded in the following APC (refer to Table 2). So, in effect, practitioners are levied a net disciplinary levy each year.

**Annual report**

At the time the Dental Council sent out the proposed 2022/23 budget and fees consultation, the 2020/21 annual report was being prepared for publication. This annual report will be available on our website shortly.

However, the consultation document included detailed relevant financial information, including the 2021 financial results.

Yours sincerely



Marie MacKay  
Chief Executive