

19 December 2022

Dear practitioner/stakeholder,

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Outcome from 2023/24 proposed budget and fees consultation

The outcome from the 2023/24 proposed [budget and fees consultation](#) is set out below.

We received [five submissions](#) from a total of 5,161 practitioners and stakeholders. The submissions were considered by the Audit and Risk Management (ARM) committee on 23 November 2022 and by Council on 5 December 2022. Thank you to those who provided feedback.

Budget and fees approved by Council take effect on 1 April 2023

After considering the workplan and budget for the next two years and feedback from submissions received, Council approved the following fees –

- registration, examination, competence programme, fitness to practice and other miscellaneous fees
- the APC fee and disciplinary levies for 2023/24 as set out below.

Table 1 shows approved fees and levies payable for the 2023/24 year (excluding GST).

Profession	Calculated APC Fee after Reserve Adjustments	Disciplinary Levy Adjustment	Net fee
Dentists and dental specialists	\$1,072.19	-\$61.83	\$1,010.36
Oral health therapists	\$767.03	-\$5.34	\$761.70
Dental hygienists and orthodontic auxiliaries	\$793.88	-\$4.93	\$788.95
Dental therapists	\$1063.17	-\$85.85	\$978.32
Dental technicians and clinical dental technicians	\$764.99	-\$22.81	\$742.18

The 2023/24 fees and levies will be published in the [New Zealand Gazette](#) in January 2023 and take effect from 1 April 2023.

Summary of feedback and Council's responses

The themes raised from the submissions and Council's consideration were as follows:

1. *Submissions sought further details about current rent, and the history of the onerous lease*

Current Rent

- The cost of rent for buildings with high earthquake resilience has increased markedly.
- The increase in 2023/24 follows the fitout of the new premises in Wellington which has seismic rating of 100% to the new building code.

Old lease at 80 The Terrace

- The November 2016 Kaikoura earthquake resulted in damage to 80 The Terrace.
- Council obtained an engineer's report that determined the failure mechanism for the alpha slabs in the building posed a life safety risk. Given Council's obligations under the Health & Safety at Work Act, Council could not allow staff to remain in the building.
- The Council continues to meet the financial lease commitment for 80 The Terrace but is unable to occupy the premises, therefore the lease commitment is considered to be onerous.
- Council recognised the cost of the onerous lease in its 2019 annual report, and the updated provision amounting to \$670,000 was detailed in the 2020 Annual Report.
- Discussions continue with the new owners of 80 The Terrace with a view to early termination of the lease due to end in October 2023.

2. *Increased level of IT expenditure*

The budgeted IT expenditure is greater than the general 7% inflation assumption, due to investments in system resilience and security, including upgrades to cloud-based office systems and to the Council's web-based registry and web portal.

3. *Impact of the new Te Hā Committee on the level of fees.*

The overall increase in costs was due to a range of initiatives from Council's [strategic plan](#), which include Te Hā. There is also a general inflation assumption of 7% in the budget.

4. *Allocation of expenses by profession*

Council maintains a reserve level appropriate to each profession and operates within the overriding requirement stated by the Auditor General that there should not be any cross-subsidisation between professions.

Where excess reserves have accumulated (e.g for Dentists) this excess is applied to reduce their share of budgeted costs.

Operating costs are allocated to each profession based on the percentage of practitioners the register for a given profession. Any project expenses are borne directly by a profession if appropriate, or shared by all professions where there is mutual benefit.

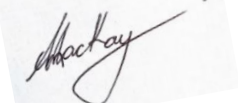
5. *Budget deficits for the second year in a row.*

- Council's budgets are prepared with a view to covering costs within a one to two year period, while maintaining minimum reserve levels which provide a buffer against an unknown (as yet) number of future cases.
- The minimum reserve level set by Council policy is what ensures there is long term sustainability for Council within the parameters of OAG regarding the level of reserves held.
- When Council determines the reserve levels are higher than the minimum reserve level required, Council plans for a deficit budget. This returns reserves to practitioners.
- In the last two years disciplinary reserves are above required levels and should be returned to practitioners hence the expenditure for the year will be in excess of income as the reserves is being refunded.
- Operating reserves are above required levels for some profession and will be returned to practitioners which increases the deficit position.

6. *The relationship of APC's to practitioner income*

Council acknowledges that other organisations – including membership organisations – may have the ability to set differentiated fees, including career break or low income discounts. However, as a Responsible Authority under the HPCA Act, Council sets its fees in accordance with Auditor General guidance. In particular, Council cannot cross subsidise between professions, and has no specific legislative provision to permit it to introduce income related pricing.

Yours sincerely



Marie MacKay
Chief Executive