



V E T E R I N A R Y C O U N C I L
O F N E W Z E A L A N D

Te Kaunihera Rata Kararehe o Aotearoa

ANNUAL REPORT 2002

for the year ended

31 DECEMBER 2002

COUNCIL MEMBERSHIP

The Council is constituted according to section 45 of the Veterinarians Act 1994. There are seven Councillors, three of whom are elected by registered veterinarians. Three members of the Council are appointed by the Minister of Agriculture, two of whom are lay members. The Council cannot meet without one of the lay members being present. In accordance with s.45(d) of the Act, the Programme Director of Veterinary Science of the College of Sciences at Massey University sits on the Council.

| | |
|--------------------|---|
| Chairperson | Dr Ron Gibson , CEO, Animal Health Centre, Morrinsville. Elected member |
| Deputy Chairperson | John Hellström , Consultant Deputy Chairperson and Ministerial veterinary appointee until November 2002 Professor Norm Williamson , Professor of Veterinary Medicine, Massey University Deputy Chairperson from February 2003 |
| Members | Peg Loague Lay Ministerial appointee Gordon McIvor , Farmer Lay Ministerial appointee Julie Wagner , Veterinary Services Manager Elected member Nigel Coddington , Clinician Elected member From February 2003 the Ministerial veterinary appointee will be Jim Edwards , Consultant |
| Secretary and CEO | Julie Haggie Niki Francis acted as Interim Secretary/CEO from November 2002 until March 2003 |

COUNCIL CHAIRPERSON'S REPORT

The shortage of veterinarians has made recent years busy ones for the Council and 2002 was no exception. Whilst the demand for veterinarians to serve both production and companion animal markets is still not being met by the available supply, it is attracting overseas veterinarians in considerable numbers. This places demands on the Council to ensure that overseas graduates have a minimum standard of knowledge and skills, that is equivalent to the minimum required to pass a BVSc at Massey University. VCNZ does not have the resources to individually assess every degree worldwide, and therefore relies on reports from international veterinary school accreditation bodies operating from Australasia, the United Kingdom and The United States of America. New Zealand and Australia are currently considering the European accreditation system. If it can be shown that this system has integrity in evaluating veterinary schools of a similar standard, then Australasia may again be able to accept graduates for registration without examination from some European schools.

There are moves, internationally, towards reciprocal arrangements, and towards acceptance of accreditation and examination systems. In August 2002 I attended a meeting in Chicago on global accreditation. This meeting was hosted by the American Veterinary Medical Association, and attended by representatives of accrediting bodies from the USA, Australasia, and the United Kingdom. The meeting agreed to work towards a goal of mutual acceptance of accreditation systems including evaluating and understanding the European Union process.

There was some progress on the Veterinarians Act Amendments Bill during 2002, and the Council is hopeful that the agreed changes may pass into legislation by late 2003 or 2004.

The Council committees were very busy during 2002. Considerable work was undertaken by the Professional Standards Committee, in particular around what constitutes a 'consultation' by a veterinarian. Clarity is essential in order to guide veterinarians on how they should act in situations where an examination is not undertaken by them or where the animals are under the immediate care of another veterinarian. Discussions on this matter will also continue with the Agricultural Compounds and Veterinary Medicines Group (now part of the New Zealand Food Safety Authority).

The Complaints Assessment Committee had its busiest year for some time, with 42 complaints being received. There is no apparent reason for this high number, and complaint numbers vary considerably from year to year (28 in 2001, 35 in 2000 and in 1999, and 52 in 1998). I wish to acknowledge the huge contribution that Nigel Coddington has made in his first year as Chairperson of this Committee, and to thank Nick Twyford and Mary Mountier for their excellent continued involvement.

Two complaints, one received during 2001 and the other during 2002 have proceeded to Judicial hearings, both through the Judicial diversion process. In this process a veterinarian must admit misconduct and fulfil a number of terms that may include retraining, audit or accepting restrictions on their practice. The benefit for the veterinarian is that if the terms are completed successfully, the veterinarian can avoid having a 'record' of professional misconduct against his/her name. The decision to use

the diversion option is made on a case by case basis and misconduct of a serious nature would not proceed through the diversion process.

I wish to acknowledge the excellent work undertaken by the Judicial Committees appointed by the Council during 2002. In particular I thank Roger Marchant and Tony Charleston for chairing these hearings.

I would also like to acknowledge the continuing valuable work undertaken by the Registration Committee, the members of which are highly respected and experienced veterinarians. Under its able chair Allen Bryce, the Committee has given sage advice to the Council on matters such as appeals on registration, as well as on wider general registration policy issues.

The staff of the Secretariat continue good work. Thanks also to Niki Francis who acted as interim Secretary from November when Julie Haggie took maternity leave. I would also like to thank the Council members for their valuable contribution, not only as Council members, but also as members of various sub-Committees.

In particular I wish to acknowledge the work of John Hellström who was the Ministerial veterinary appointment to the Council from 1995 to 2001. John served as Deputy Chairperson for three years and Chairperson for five years (and headed a number of sub-Committees). He assisted in the establishment of the Council during the years of transition from the old legislation to the new. He played an integral role in the harmonization process during the incorporation phase of the Australasian Veterinary Boards Council where his quiet, reasonable manner helped to cement the relationship between the VCNZ and the Australian registration authorities. This co-operation on both sides of the Tasman has placed the veterinary profession in a comfortable workable position in the TTMR framework. The Council's stakeholders are indeed fortunate to have been served by a person of such incisive thought, robust analysis, prodigious energy, wisdom and humour.

It is appropriate for me also to acknowledge the work and recent death of Professor Bill Manktelow. Professor Manktelow served as a member of the Veterinary Surgeons Board for twenty years, the last ten as Chairman. He then continued to serve on the Registration Committee until 1997. Bill's wisdom and knowledge of the law were appreciated both inside and outside the profession. He played a major role in formulating legislation leading to the passing of the Veterinarians Act 1994, which created the Veterinary Council of New Zealand.

Ron Gibson
CHAIRPERSON

COMPLAINTS ASSESSMENT COMMITTEE

COMMITTEE:

Dr Nigel Coddington, Chairperson

Mary Mountier, Lay member

Dr Nick Twyford, Veterinarian

The role of the Complaints Assessment Committee is to:

- investigate complaints against veterinarians and determine whether there is enough evidence to support a charge of professional misconduct against a veterinarian following a complaint being laid;
- where appropriate, attempt mediation or conciliation as a way of resolving the disputes between complainant and veterinarian;
- advise the Council on matters relating to professional conduct.

42 complaints were received by the CAC during the 2002 year. Of these, 39 have been completed, and three are still proceeding. Eight complaints did not reach the criteria for investigation, three were withdrawn by the complainants, and one case was closed due to lack of information. For 23 complaints, the committee investigated the complaint and found that there was insufficient evidence, or no evidence to support a charge of professional misconduct being laid. In over half of these cases advice was given to the veterinarian to improve some aspect of his/her clinical management, or to improve his/her communications with clients. In five cases, mediation has been attempted, either by the CAC or in one instance by the appointment of a professional mediator.

One of the complaints investigated has resulted in a charge of professional misconduct being laid against a veterinarian under the Act, relating to PAR usage and sale. The CAC recommended to the VCNZ judicial committee that diversion was appropriate in this case – this was offered to and accepted by the veterinarian. This diversion is currently in place, and will not be finalised for at least 12 months. Diversion was also recommended to the Council for a complaint received during 2001 and completed during 2002. Further information on these cases is provided in the Judicial Committee report.

Nine of the completed complaints resulted in further contact from complainants or veterinarians complained against. All have been followed up and satisfactory explanations given. From these follow-up cases, the CAC has modified and further developed its methods of communicating with both complainants and veterinarians complained against with the aim of achieving resolution as an outcome of the initial communication.

There is a collection of complaints against one veterinarian, from various complainants (including other veterinarians), none of which have reached the criteria for investigation. Many have related to the level of fees charged by the veterinarian or the manner in which they were charged. Mediation and conciliation has been offered using a neutral professional person, but this has been declined by the complainant veterinarians involved. The Complaints Assessment Committee has found that it needs to stand at a distance from attempts to mediate in wider community issues, as this may compromise its role as an investigative committee.

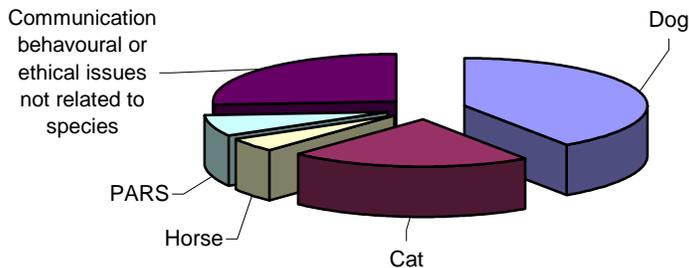
One significant and ongoing problem when dealing with complaints is the rigidity of the current Veterinarians Act. There is only one charge that can be recommended to the VCNZ and there is no degree of this charge. In many cases, while the complaint does not satisfy the criteria needed to justify recommending a charge of professional misconduct, nevertheless, there is clearly some basis for complaint.

The Complaints Assessment Committee welcomes changes that are proposed in the Veterinarians Act Amendments Bill that will allow the Council to undertake an independent competency assessment of a veterinarian if there are sufficient concerns about a veterinarian or his/her practice. In the meantime the CAC recommends revision of clinical or operational procedures and offers advice to veterinarians depending upon what is appropriate to the complaint, with the knowledge that there is no legal requirement for its advice or recommendations to be followed. Having said this, the CAC would view very seriously any further complaint where advice given on a previous complaint against that veterinarian had not been followed.

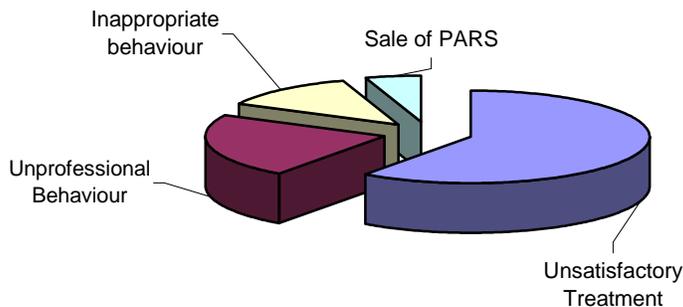
My sincere thanks go to the Secretariat and Committee members for their tremendous support and time given in my first year as Chair of this Committee.

Nigel Coddington
CHAIRPERSON

Complaints by Species/Origin



Complaints by Type



JUDICIAL COMMITTEE

The Judicial Committee is the arm of the Council responsible for hearing complaints referred to it by the CAC and determining whether a veterinarian has been guilty of professional misconduct. It is constituted under the Act (section 29(1)(b)).

During 2002 two complaints were referred by the Complaints Assessment Committee to the Council for judicial consideration, one arising from a complaint laid in 2001. In both cases diversion was recommended and adopted by the Judicial Committee.

Standard of Care

A veterinarian performed surgery on a dog with a ruptured cruciate of the hind leg, without contacting another veterinarian who had been treating the animal for a skin condition. The veterinarian discharged the dog, with the post-operative medicine being dispensed in an unlabelled plastic container. The dog developed an infection, which was not diagnosed by the veterinarian on more than one occasion. The dog was subsequently operated upon by its former veterinarian and the leg was found to be severely infected with the patella luxated

In July 2001 the owners laid a complaint against the veterinarian with the Veterinary Council and the Complaints Assessment Committee investigated the complaint. After investigation the committee considered that charges of professional misconduct were appropriate and a Notice of Charge was formulated in January 2002 to the effect that the veterinarian had:

- operated on an animal without ensuring proper sterility standards when draping and operating;
- supplied a post-operative medication in a disposable plastic container without labelling the container so as to identify the medication and the manner it was to be administered;
- not recognised and responded appropriately to post-operative infection; and
- not informed a veterinarian previously treating the animal of supersession in the management of the animal.

This case was considered by the Judicial Committee in March 2002. In light of the particulars of this case the Committee agreed with the Complaints Assessment Committee that diversion would be an appropriate option. Diversion requires the veterinarian to admit the allegations and to fulfil agreed remedial and other conditions, and these being met, the charges can be withdrawn. In this case, the veterinarian accepted the allegations of professional misconduct, agreed to restrict surgery to emergencies and de-sexing only whilst continuing in practice, agreed to improve sterile techniques, to pay compensation to the owner, and to pay half the costs of the investigation. The veterinarian also acknowledged that the Council could publish the details of the case without identifying the veterinarian or the locality. The conditions of the diversion agreement have now been met and the charges have been withdrawn.

Prescribing without a veterinary consultation or immediate care

In May 2002 the Council received a complaint from a number of veterinarians in Southland about the activities of a veterinarian based in Waikato, who had been prescribing lignocaine (a PAR 1 animal remedy) for use, by lay persons, as a local anaesthetic for the disbudding of calves in the South Island.

The veterinarian had initially trained technicians, employed by a company for which he himself worked, to administer lignocaine to calves directly under his care (his clients' animals). This activity in itself is entirely proper. The breach of Section 4.4 of the Code of Professional Conduct occurred when the veterinarian sold, or allowed to be sold under his authority, lignocaine for disbudding on properties where he had not carried out a veterinary consultation and in relation to animals that were not within his immediate care.

The CAC determined that the matters complained of were of sufficient severity to justify a recommendation to the Council that the veterinarian be charged with professional misconduct. However, the Committee also considered that the breach could be more productively handled by way of 'diversion' rather than a full judicial hearing.

The case was considered by the Judicial Committee of the Council in October 2002. The Committee agreed that diversion was appropriate. A number of terms were agreed upon between the Committee and the veterinarian, including an acknowledgement by him of the breach, an agreement not to repeat the offence, and measures to ensure that he can satisfy that his future prescribing activities comply with the Code. This will include a compliance audit in 12 months time. The publicising of this case is another requirement, as is a contribution by the veterinarian to the costs of the CAC investigation. Subject to the conditions of the agreement being met to the satisfaction of the Judicial Committee, the Notice of Charge will be withdrawn.

Ron Gibson
CHAIRPERSON

PROFESSIONAL STANDARDS COMMITTEE

COMMITTEE:

Dr Ron Gibson (Chairperson from May 2002)
(Dr John Hellström acted as Interim Chair until May 2002)
Dr Murray Gibb, (CEO, NZVA)
Gordon McIvor, Lay member
Derek Robinson/Tony Zohrab (MAF Nominee)
Julie Wagner, Member

The role of the Professional Standards Committee is:

1. To establish a system by which the Committee stays abreast with concerns about matters of standards of professional conduct.
2. To advise the Council on matters of policy, changes in legislation or codes of practice, or other matters relating to professional standards.
3. From time to time to recommend any amendments to the Code of Professional Conduct.
4. To annually carry out a review of the Code of Professional Conduct.

The Professional Standards Committee (PSC) had a busy year, considering changes and additions to the Code as well as some weighty and wide-ranging political issues surrounding the definition of consultation. The PSC also reviewed the Continuing Professional Development scheme.

Changes to the Code of Professional Conduct

1. Changes to Section 2 relating to Certification – this was a small but important change arising from the need for the Code to clarify official assurances.
2. An amendment to Section 3.1 of the Code in relation to notifiable diseases, to require veterinarians to respond appropriately when exotic notifiable diseases are suspected.
3. An amendment to Section 5.4 of the Code of Professional Conduct to require veterinarians to act *accurately* as well as fairly and responsibly when promoting their services. This related to concerns about the way people use the terms specialist or other titles.
4. An amendment to the Code of Practice for the Discretionary Use of Human and Veterinary Medicines by Registered Veterinarians – there was a minor amendment to this Code of Practice to deal with the issue of compounding.
5. Code of Practice for registered veterinarians writing prescriptions for prescription medicines and prescription animal remedies. This standard, developed by NZVA was accepted in principle as a standard to be added to the Code of Conduct.

The Committee made a recommendation (accepted by the Council) for an alteration to the Fitness to Practice Declaration on all new registration applications to require new applicants to acknowledge that they have read the Code of Professional Conduct and agree to uphold it.

Discussions on Section 4.4 – the Definition of Consultation

A great deal of discussion (at times vigorous) took place during the second half of 2002 which essentially related to the authority of the Council's definition of 'consultation' and the specific meaning of that definition when applied to actual situations. The full

implementation of the Agricultural Compounds and Veterinary Medicines Act during this year has meant that the definition of consultation will no longer be included in that legislation. Furthermore new technologies, and new ways of managing veterinary practice have resulted in the definition of consultation being extended (e.g. where a veterinarian does not see the animal s/he is prescribing for and relies on information about the animal to make a diagnosis and prescription).

There has also been political concern about the potential market capture by the veterinary profession of the act of dispensing prescription animal remedies. Important discussions took place during 2002 about what the risks would be if non-veterinarians became heavily involved in the dispensing of prescription animal remedies. These discussions will continue: a healthy relationship exists between the various stakeholders.

Continuing Professional Development

The Council sought feedback from the profession early in 2002 as to whether the Continuing Professional Development scheme was effective and whether it should be made compulsory or continued as a voluntary scheme. A limited amount of feedback was received. The Committee advised the Council that in general CPD had been accepted by the profession, proven by the high level of compliance (87% in 2002). The Committee could not see that a compulsory system was justified. The Committee acknowledged that the points recording system is a crude tool, focused on inputs rather than outputs (the learning achieved). The obligation for veterinarians to maintain and update their skills and knowledge remains embedded in the Code of Conduct. The Committee's advice to the Council was to keep an open mind about the CPD system, keeping in mind the Council's role to protect the public by giving them assurance that veterinarians are competent in their area of practice. The Committee did however advise the Council that it thought compulsory CPD for those with specialist registration was more appropriate. The Committee's advice was accepted by the Council.

I wish to thank the members of the Professional Standards Committee who have given much of their time and mental energy to the Committee work, with the result that the advice that the Committee provided to the Council in 2002 was both sensible and judicious.

Finally I would like to acknowledge the contribution that Derek Robinson has made as a member of this Committee since 1998. The Council has been fortunate to have had the benefit of Derek's acuity of thought and depth of experience during his years of service.

Ron Gibson
CHAIRPERSON

REGISTRATION COMMITTEE

COMMITTEE:

Allen Bryce (Chairperson)

Norm Williamson

Dave West

(Dave is also the Council's chief examiner and VCNZ representative on the AVBC Board of Examiners)

Paul Wiseman

Sandra Forsyth

Tony Charleston

(Tony is also the VCNZ representative on the Veterinary Schools Accreditation Advisory Committee)

The guiding principles of the Registration Committee are:

1. To ensure that statutory and legal requirements regarding registration are met;
2. To ensure that registration processes are fair, just, equitable, transparent and timely;
3. To ensure that Secretariat staff involved in the registration process maintain confidentiality where appropriate, and are courteous at all times;
4. To ensure that registration policy is clearly defined in order to facilitate any appeal or investigative process that may be required.

This year was a relatively quiet one for the Registration Committee, with most of the activity and policy discussion occurring in relation to the New Zealand National Veterinary Examinations. This included the development of a database to track and record details of NZNVE graduates, an analysis of the full cost of the NZNVE to the Council (including overhead costs) and consideration of increasing the fees to meet the true cost (this decision was deferred). The Committee made some policy recommendations to the Council (not major ones). These were clarification on policy in relation to the length of time that a candidate can take to sit the NZNVE; clarification of policy in regards to sitting the written part of the examination, and an amendment to require an A or B pass in the Occupational English Test. A review of registration procedures was also commenced.

There were a number of appeals by NZNVE applicants throughout the year, seeking to be allowed to resit parts of the examination, or to have extenuating circumstances taken into account. The Council's policy is that applicants are allowed two attempts at each part of the examination, and if they fail the practical examination twice then they are not entitled to another attempt. They are entitled to appeal this ruling. Applicants whose appeals are declined are understandably disappointed and distressed, but the Committee and the Council must ensure that the applicants are able to meet the minimum standard of veterinary knowledge and skill that is required to protect the public in New Zealand.

Specialist Registration

One veterinarian, Thomas Hill, received specialist registration in New Zealand during 2002, in the area of Small animal surgery.

Registration numbers for 2002

The following table shows that the steady increase in numbers of veterinarians registered to practise in New Zealand continued during 2002:

| | 1998 | 1999 | 2000 | 2001 | 2002 |
|----------------|-------------|-------------|-------------|-------------|-------------|
| Practising | 1611 | 1634 | 1712 | 1753 | 1833 |
| Non-practising | 258 | 273 | 253 | 330 | 370 |
| Total | 1869 | 1907 | 1965 | 2083 | 2203 |

New Registrations 2002 (by college)

| | | | | | |
|-------------------|---|----------------------|----|-----------------------------|------------|
| Baghdad by NZNVE | 2 | Kansas | 1 | NUI/Dublin by MRCVS & TTMRA | 2 |
| Belgrade by NZNVE | 1 | Liverpool | 6 | Oregon | 2 |
| Bristol | 8 | London | 12 | Pretoria | 13 |
| Brno | 1 | Maharashtra by TTMRA | 1 | Queensland | 5 |
| Cambridge | 5 | Massey | 80 | Saskatchewan | 1 |
| Colorado | 2 | Medunsa by NZNVE | 1 | Sydney | 5 |
| Edinburgh | 8 | Melbourne | 5 | Utrecht | 11 |
| Glasgow | 9 | Michigan | 1 | Washington | 1 |
| Guelph | 2 | Minnesota | 1 | Zimbabwe by MRCVS | 2 |
| Iowa | 2 | Montreal | 1 | | |
| | | | | Total for 2002 | 191 |

New Zealand National Veterinary Examination (NZNVE)

The NZNVE is the means by which a veterinarian who is trained overseas but whose degree is not immediately registerable, is able to obtain registration in New Zealand.

Stewardship of this examination continues within the Registration Committee, and Associate Professor Dave West of Massey University acts as Chief Examiner. Once again the Registration Committee thanks Dave West and other staff at Massey University for the invaluable role they take in ensuring that examination standards are met and that all candidates are treated fairly.

During 2002 14 people sat Part I of the Examination (multiple choice question paper) – this first part of the examination is held twice during the year, in March and September. Four passed, four received conditional passes and six people failed Part I. The second part of the examination – the written and practical clinical examination - is held once a year at Massey University. In November 2002 12 people sat the final clinical examination. Seven passed fully, two have been allowed to sit supplementary examinations in specific areas (in 2003). Three people failed the examination.

Allen Bryce
CHAIRPERSON

FINANCE AND ADMINISTRATION COMMITTEE

COMMITTEE:

Gordon McIvor, Chairperson

Dr John O'Flaherty

Dr Ron Gibson

Julie Haggie (CEO)

2002 was a steady financial year. The continuing demand for veterinarians resulted in an increase in new veterinary registrations by around 80, increasing the income in this area by approximately \$20,000 over the previous year. There was also an increase in the numbers of overseas-trained veterinarians sitting the Council's examinations. A further significant increase in income over the previous year was that received for interest, this resulting from an improved level of reserves held by the Council

It has been pleasing to note that operating expenses have been close to or below budget and significantly below those for the previous year. It must be noted, however, that a portion of the difference from the previous year is due to the way 'doubtful debt' is accounted for, rather than an actual reduction in operating costs.

It is always challenging for the Finance and Administration Committee to budget accurately with regards the expenditure required to run the complaints investigation and disciplinary processes. CAC and judicial expenditure were both below budget in 2002, and while actual CAC expenditure remained at the same level as expended in 2001, judicial costs were well below that incurred in the previous year.

The Council budgeted for a surplus of \$34,000 in the 2002 year. The outcome was a surplus of \$183,201 for the year, due, as stated above, to both operational expenses and Council Committee and meeting costs being significantly lower than budgeted.

In previous reports the Council has signalled that it believes that an appropriate level of reserves for it to maintain is around \$400,000.00. Reserves are building towards this level, and so the Council may consider reducing some aspect of its fee level in the future. This will be easier to implement when the Council gains more control over fee setting via the Veterinarians Amendment Bill.

In closing I would like to acknowledge the staff of the Secretariat for their efforts in keeping operating expenses on or below budget. I also wish to acknowledge the support I have received both from the Secretariat and from Committee members in my first year as Chair of this Committee.

Gordon McIvor
CHAIRPERSON

Statement of Financial Performance

for the year ended 31 December 2002

This Statement should be read in conjunction with the notes to the Financial Statements

| | 2002 | 2001 |
|---------------------------------|----------------|----------------|
| INCOME | | |
| Registration Fees | 504,761 | 491,433 |
| Application Fees | 47,520 | 40,480 |
| Letters of Good Standing | 1,570 | 2,624 |
| Examination Fees | 36,045 | 23,347 |
| Interest | 27,173 | 18,715 |
| Judicial | 1,560 | 750 |
| Complaints Assessment Committee | 943 | - |
| Miscellaneous Income | 7,037 | 8,158 |
| TOTAL INCOME | 626,609 | 585,507 |
| EXPENSES | | |
| Employment Expenses | | |
| Salaries | 159,171 | 152,897 |
| ACC Levies | 804 | 1,519 |
| Carpark | 1,000 | - |
| Workplace Insurance | 87 | 375 |
| Staff Appointment Costs | - | 10,400 |
| Sundry Personnel Costs | 250 | - |
| Payroll Costs | 1,103 | 1,187 |
| | 162,415 | 166,378 |
| Operating Expenses | | |
| Accounting Fees | 6,430 | 5,270 |
| Alarm system | 321 | - |
| Audit Fees | 3,522 | 3,714 |
| Bank Fees | 394 | 250 |
| BNZ Merchant Fees | 3,321 | 5,373 |
| Westpac Merchant Fees | 2,584 | - |
| Cleaning | 1,641 | 2,004 |
| Computer Support | 5,281 | 5,253 |
| Consultancy Costs | 1,320 | - |
| Doubtful Debts | (20,576) | 20,576 |
| Equipment Rental | 1,030 | 4,205 |
| Insurance | 929 | 746 |
| Maintenance of Equipment | 886 | 994 |
| Memberships | 712 | - |
| Miscellaneous Costs | 4,256 | 4,935 |
| Photocopying | 612 | 1,281 |
| Postage | 4,487 | 4,764 |
| Property Rental | 21,483 | 24,076 |
| Publications | 1,925 | - |
| Stationery | 6,264 | 6,694 |
| Telephone, Tolls & Internet | 5,813 | 6,239 |
| Website | 2,604 | 1,435 |
| Training | 2,219 | 2,306 |
| Utilities | 1,440 | 1,137 |
| Depreciation | 9,785 | 11,919 |
| Loss on Disposal of Fixed Asset | - | 717 |
| Computer hardware & software | - | 306 |
| Hire Purchase Interest Costs | 625 | 491 |
| | 69,308 | 114,685 |
| Total Operating Expenses | 231,723 | 281,063 |

Statement of Financial Performance

for the year ended 31 December 2002

This Statement should be read in conjunction with the notes to the Financial Statements

| | 2002 | 2001 |
|--|---------------|---------------|
| NZ Veterinary Exams | | |
| Preliminary Exams | 5,546 | 4,350 |
| Final | 38,067 | 11,277 |
| | 43,613 | 15,627 |
| AVBC Inc | 42,174 | 34,986 |
| | 42,174 | 34,986 |
| Council | | |
| Honoraria | 19,512 | 22,434 |
| Travel | 9,812 | 10,653 |
| Accommodation & Meals | 7,248 | 4,030 |
| Telephone & Tolls | 1,234 | 842 |
| Consultancy | 570 | - |
| Administration | 5,607 | 722 |
| Legal Costs | 4,737 | 6,220 |
| | 48,720 | 44,901 |
| Specialist Registration | | |
| ACRVS Fees | 368 | 393 |
| Administration | 41 | 922 |
| | 409 | 1,315 |
| Complaints Assessment Committee | | |
| Honoraria | 16,403 | 15,323 |
| Travel | 6,032 | 7,774 |
| Accommodation & Meals | 342 | 1,160 |
| Telephone & Tolls | 2,966 | 1,152 |
| Administration | - | 144 |
| Legal Costs | 1,166 | 2,000 |
| | 26,909 | 27,553 |
| Judicial Proceedings | | |
| Honoraria | 645 | 787 |
| Travel | 24 | 80 |
| Accommodation & Meals | 339 | 13 |
| Legal Costs | 460 | 42,653 |
| Publicity | - | 600 |
| Consultancy | - | 500 |
| | 1,468 | 44,633 |
| Registration Committee | | |
| Honoraria | 3,879 | 4,249 |
| Travel | 383 | 999 |
| Accommodation & Meals | 312 | 472 |
| Telephone & Tolls | 177 | 300 |
| Administration | 134 | - |
| | 4,885 | 6,020 |

Statement of Financial Performance

for the year ended 31 December 2002

This Statement should be read in conjunction with the notes to the Financial Statements

| | 2002 | 2001 |
|---|----------------|----------------|
| Professional Standards Committee | | |
| Honoraria | 1,562 | 744 |
| Travel | 3,070 | 283 |
| Accommodation & Meals | 240 | 47 |
| Telephone & Tolls | 96 | - |
| Administration | 63 | - |
| | 5,031 | 1,074 |
| Communications | | |
| Annual Report | 1,431 | 6,298 |
| Complaints Brochure | - | 620 |
| Newsbrief | 9,029 | 5,632 |
| Prelude to Practice | 356 | 183 |
| | 10,816 | 12,733 |
| Elections | | |
| Stationery | - | 1,133 |
| Legal | - | 70 |
| Postage | - | 947 |
| Returning Officer | - | 1,137 |
| | - | 3,287 |
| Annual Retention Certificate | | |
| Postage | 1,765 | 1,560 |
| Printing cards | 5,827 | 2,161 |
| ARC Documentation | 3,826 | 10,447 |
| Payment Processing | 864 | - |
| ARC Temporary Staff | 1,861 | - |
| | 14,143 | 14,168 |
| Annual Register | | |
| Annual Register: Postage | 2,549 | 2,250 |
| Annual Register: Production | 9,323 | 8,400 |
| | 11,872 | 10,650 |
| NZVA Conference Attendance | 826 | 1,292 |
| | 826 | 1,292 |
| TOTAL EXPENDITURE | 442,589 | 499,302 |
| SURPLUS / (DEFICIT) | 184,020 | 86,205 |

Statement of Movements in Equity

For the year ended 31 December 2002

This Statement should be read in conjunction with the notes to the Financial Statements

| | 2002 | 2001 |
|--|----------------|----------------|
| ACCUMULATED FUNDS AT BEGINNING OF THE PERIOD | 208,352 | 122,147 |
| (Surplus / (Deficit)) | 184,020 | 86,205 |
| <i>Total Recognised Revenues and Expenses for the Period</i> | 184,020 | 86,205 |
| ACCUMULATED FUNDS AT END OF THE PERIOD | 392,372 | 208,352 |

Statement of Financial Position

For the year ended 31 December 2002

This Statement should be read in conjunction with the notes to the Financial Statements

| | Note | 2002 | 2001 |
|------------------------------------|------|----------------|----------------|
| ACCUMULATED FUNDS | | 208,352 | 122,147 |
| Opening Balance | | 184,020 | 86,205 |
| Surplus/(Deficit) | | | |
| TOTAL ACCUMULATED FUNDS | | 392,372 | 208,352 |
| Represented By: | | | |
| CURRENT ASSETS | | | |
| Bank | | 4,283 | 10,589 |
| Receivables & Prepayments | | 30,547 | 39,430 |
| Less: Provision for Credit notes | 2 | (15,000) | - |
| Less: Provision for Doubtful Debts | | - | (20,576) |
| Deposits – On Call and Term | 3 | 399,967 | 340,378 |
| Interest Receivable | | 11,597 | 4,106 |
| GST Receivable | | 2,681 | 5,408 |
| | | 434,075 | 379,335 |
| Less CURRENT LIABILITIES | | | |
| Accounts Payable & Accruals | | 79,631 | 42,445 |
| Fees Received in Advance | 1 | 135,854 | 149,036 |
| Withholding Tax Clearing Account | | 5,360 | 4,784 |
| HP Loan: Current Portion | 4 | 2,796 | 3,119 |
| | | 223,641 | 199,384 |
| WORKING CAPITAL SURPLUS | | 210,434 | 179,951 |
| Plus NON CURRENT ASSETS | | | |
| Deposits on Call and Term | 3 | 158,092 | - |
| Fixed Assets | 5 | 25,109 | 31,834 |
| | | 183,201 | 31,834 |
| Less TERM LIABILITIES | | | |
| HP Loan: Marac Finance | 4 | 1,263 | 3,433 |
| NET ASSETS | | 392,372 | 208,352 |

Notes to the Financial Statements

NOTE 1

STATEMENT OF ACCOUNTING POLICIES

Reporting Entity

The Veterinary Council of New Zealand is governed by the Veterinarians' Act 1994.

The Council prepares financial statements in accordance with its reporting requirements and the financial standards of the Institute of Chartered Accountants of New Zealand.

Measurement Base

The accounting principles recognised as appropriate for the measurement and reporting of income and expenditure on an historical cost basis have been adopted, insofar as they apply to the Council.

Specific Accounting Policies

The following specific accounting policies which materially affect the measurement of the financial performance and financial position have been adopted.

Annual Retention Fees

The Annual Retention Fee is charged for the period from 1 April to 31 March. Because these financial statements are for the period 1 January to 31 December, Annual Retention Fee income is recognised on an accrual basis.

The \$135,854 shown on page 18 represents three months fee income that will be recognised in the months January to March 2003.

Goods and Services Tax

The financial statements have been prepared on a GST exclusive basis.

Valuation of Assets

Fixed Assets have been valued at cost less accumulated depreciation to date.

Accounts Receivable are stated at net realisable value after due allowance for uncollectable debts.

Depreciation

Rates of depreciation applied to the fixed assets in the financial statements are:

- | | | |
|-------------------------------|----------|----|
| • Office Equipment | 9-48% | DV |
| • Office Furniture & Fittings | 11.4-50% | DV |
| • Reference Library | 26% | DV |

Taxation

The Council is exempt from paying income tax under sCB 4(1)(f) of the Income Tax Act.

Disclosure Exemptions Under Differential Reporting

The Council is a qualifying entity within the Institute of Chartered Accountants of New Zealand's differential reporting framework.

The Council qualifies under the public accountability and size criteria.

The Council has taken advantage of all exemptions available to it.

Changes in Accounting Policy

There have been no changes in accounting policies. All policies have been applied on a basis consistent with those used in previous years.

Notes to the Financial Statements

NOTE 2

PROVISION FOR CREDIT NOTES

This represents a provision for 2002 Annual Retention Certificate fees billed to Veterinarians who are no longer practising in New Zealand. As a consequence the amounts billed are not legally due and are expected to be credited prior to the billing of the 2003 Annual Retention Certificate fees.

NOTE 3

DEPOSITS - ON CALL AND TERM

| | 2002 | 2001 |
|---|----------------|----------------|
| ASB Term Deposits (Fixed Term) | 374,599 | 321,927 |
| McQuarrie Investment On Call (Floating) | 25,368 | 18,451 |
| | 399,967 | 340,378 |
| Term Portion | | |
| ASB Term Deposits (Fixed Term) | 158,092 | - |
| Total Deposits | 558,059 | 340,378 |

NOTE 4

HIRE PURCHASE LOAN: Marac Finance Limited

| | 2002 | 2001 |
|-------------------------------------|--------------|--------------|
| Security Minolta Photocopier DI 450 | | |
| Advance Amount | 7,880 | 7,880 |
| Interest Charges | 1,117 | 491 |
| Less: repayments | (4,938) | (1,819) |
| Total Outstanding | 4,059 | 6,552 |
| Current Portion due | 2,796 | 3,119 |
| Non-current Portion | 1,263 | 3,433 |

The Hire Purchase loan interest rate is 11.5% p.a. 17 instalments of \$259.88 remain outstanding.

NOTE 5

FIXED ASSETS & DEPRECIATION SCHEDULE

| 2002 | Original Cost | Additions/ Sales (Net) | 2002 Depn | Accum Depn 31/12/02 | Book Value 31/12/02 |
|----------------------|------------------|---------------------------|--------------|---------------------------|---------------------------|
| Office Equipment | 28,888 | 3,060 | 7,305 | 19,925 | 12,023 |
| Furniture & Fittings | 37,850 | - | 2,442 | 24,871 | 12,979 |
| Reference Library | 673 | - | 38 | 566 | 107 |
| | 67,411 | 3,060 | 9,785 | 45,362 | 25,109 |

Notes to the Financial Statements

2001

| | Original Cost | Additions/ Sales (Net) | 2001 Depn | Accum Depn 31/12/01 | Book Value 31/12/01 |
|----------------------|--------------------------|-----------------------------------|----------------------|------------------------------------|------------------------------------|
| Office Equipment | 21,194 | 7,694 | 8,952 | 12,619 | 16,269 |
| Furniture & Fittings | 40,092 | (2,242) | 2,916 | 22,430 | 15,420 |
| Reference Library | 673 | - | 51 | 528 | 145 |
| | 61,959 | 5,452 | 11,919 | 35,577 | 31,834 |

NOTE 6

CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

| | 2002 | 2001 |
|---|-------------|-------------|
| Capital expenditure commitments contracted for at balance date are | NIL | NIL |

The Council has been served with a notice of claim from a Veterinarian for the amount of \$332,968. The Council recognises that while there is inherent risk with any litigation, it believes the claim lacks merits and will be defending its position (2001: \$332,968).

NOTE 7

RELATED PARTIES

Members of Council who are registered veterinarians deal with the Council as part of their ordinary course of business as veterinarians.

NOTE 8

OPERATING LEASE COMMITMENTS

The Veterinary Council has joint and several liabilities for the operating lease commitments with the Dental Council.

| | 2002 | 2001 |
|--------------|-------------|-------------|
| Up to 1 year | 47,567 | 55,236 |
| 1 to 2 years | 27,748 | 87,457 |
| 2 to 5 years | - | - |

NOTE 9

SUBSEQUENT EVENTS

There have been no events subsequent to balance date that affect the financial statements (2001:nil)



Audit Report

To the Readers of the financial report of the Veterinary Council of New Zealand.

We have audited the financial report on pages 14 to 21. The financial report provides information about the past financial performance of the Council and its financial position as at 31 December 2002. This information is stated in accordance with the accounting policies on page 19.

The Council's Responsibilities

The Council is responsible for the preparation of a financial report which fairly reflects the financial position of the Council as at 31 December 2002 and of the results of operations for the year then ended.

Auditor's Responsibilities

It is our responsibility to express an independent opinion on the financial report presented by the Council and report our opinion to you.

Basis of Opinion

An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial report. It also includes assessing:

- the significant estimates and judgement made by the Council in the preparation of the financial report, and
- whether the accounting policies are appropriate to the Council's circumstances, consistently applied and adequately disclosed.

We conducted our audit in accordance with generally accepted auditing standards in New Zealand. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial report is free from material misstatements, whether caused by fraud or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial report.

Unqualified Audit Opinion

We have obtained all the information and explanations we have required.

In our opinion the financial report on pages 14 to 21 fairly reflects the financial position of the Veterinary Council of New Zealand as at 31 December 2002 and the results of its operations for the year ended on that date.

Our audit was completed on 18 March 2003 and our unqualified opinion is expressed as at that date.

BDO SPICERS

Chartered Accountants
Wellington