



Veterinary Council of New Zealand
Te Kaunihera Rata Kararehe o Aotearoa

ANNUAL REPORT

for the year ended 31st December 2005

Table of Contents

Contacts, legislation, role, functions, membership	3
Chairperson's Report	5
Registrar's Report	8
Layperson Perspectives	10
Committees of the Council	
Complaints Assessment Committee	12
Judicial Committee	15
Professional Standards Committee	18
Registration Committee	20
Competence Review Committee	23
Finance and Administration Committee	24
Financial Statements	25
Auditor's Report	33

Contacts

The Council meets quarterly at its offices in Wellington.
The Registrar and staff can be contacted during working hours:

PO Box 10-563, Wellington
Level 8, 138 The Terrace
Tel: 0064 4 473 9600, Fax: 0064 4 473 8869
Email: vet@vetcouncil.org.nz, Web: www.vetcouncil.org.nz

Legislation, role and functions

The Council is constituted according to section 73 of the Veterinarians Act 2005. The purpose of this Act is to protect the public interest by aiming to ensure that veterinarians are competent to practise. The Council has a number of statutory functions:

- advising the Minister on any matter relating to veterinarians and the practice of veterinary science
- advising the governing body of any New Zealand university on the education of veterinarians
- promoting and encouraging high standards of professional education and conduct
- considering reciprocal arrangements with registration bodies in other countries
- registering persons, issuing practising certificates, making determinations on recognised institutions and programmes of study
- maintaining the register
- receiving, investigating and hearing complaints
- investigating offences and bringing prosecutions
- prescribing minimum standards for practising as a veterinarian
- prescribing fees

The Council

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 these are lay members. The Council cannot meet without one of the lay members being present. The Programme Director of Veterinary Science at Massey University is also a member of the Council.



Dr Ron Gibson
Elected member
& Chairperson
CEO, Animal Health
Centre



Prof Norm Williamson
Deputy Chairperson
Programme Director,
Veterinary Science,
Massey University



Peg Loague
Layperson
Ministerial Appointee
Past President
RNZSPCA



Grahame Joyce
Elected veterinarian
Self employed



Gordon McIvor
Ministerial appointee,
Layperson
Dairy Farmer



Julie Wagner
Elected veterinarian
General Manager
PacificVet



Jim Edwards
Ministerial veterinary appointee
Consultant

Julie Haggie is the Registrar and Chief Executive Officer. Anthea Black is Executive Officer, Registration and Complaints. Helen Piercy is the Administration and Finance Officer.

The Council appoints Committees to undertake functions on its behalf, to provide it with advice and to make recommendations on policy, procedures and decisions. Committees operating during 2005 were the Registration Committee, Professional Standards Committee, Complaints Assessment Committee (CAC), the Finance and Administration Committee and the Competence Review Committee. The business of these committees is reported on in the body of this Annual Report.

Council Chairperson's Report

After years of endeavour and patience and an eleventh hour flurry of activity, the Veterinarians Act became law late in December 2005. The Council thanks the members of Parliament who shepherded the legislation through the House, including David Carter, Hon Damien O'Connor, Hon Jim Anderton and members of the Primary Production Select Committee. I also acknowledge the work put in by staff from the Ministry of Agriculture and Forestry, the Parliamentary Counsel office, and by our Registrar, Julie Haggie.

Key changes to the legislation were outlined in the previous Annual Report. The Act now has a purpose statement which reflects the general thrust of the changes:

The purpose of this Act is to protect the public interest by aiming to ensure that veterinarians are competent to practise.

Veterinarians need to maintain competency in their area/s of practice throughout their career. We can maintain competence by taking advantage of opportunities for professional development and we can improve competence by undertaking postgraduate study, through working in challenging situations with collegial interaction, by maintaining a spirit of scientific enquiry and by seeking expert and specialist advice. In my experience as a former Chairperson of the Complaints Assessment Committee and as Chair of the Judicial Committee, a veterinarian's competence is much more likely to erode when a veterinarian becomes isolated professionally and socially.

Under the new legislation there are now more options for dealing with veterinarians whose competence has slipped below acceptable standards, either because of a general loss (or lack) of knowledge and skills or through a medical or physical condition. The Council also has more flexibility in how it can apply registration and is able to self-regulate in terms of setting standards of veterinary practice and in operational matters such as fees. There is a change to its Judicial Committee structure which separates that committee to some extent from the Council itself. We look forward to working with this new legislation.

There was one change to Council membership during 2005. Grahame Joyce was elected to the Council in late 2004. He was appointed a member of the Complaints Assessment Committee and has chaired that Committee when the incumbent was unable to do so.

Changes to Committees included a new Chairperson for the Complaints Assessment Committee. Nick Twyford took over the Chair from Nigel Coddington who had not stood for re-election to the Council in 2004. Dr Twyford has been a member of the Complaints Assessment Committee for many years and is proving an able leader. The Registration Committee also had changes when Allen Bryce returned to Australia. Norm Williamson took on the Chairperson role, and Chris Mawson was nominated by the New Zealand Food Safety Authority as Allen's replacement on the Committee. I wish to thank each of the Committee members for their dedication and attention. Their advice and recommendations assist the Council to make fair decisions.

During the year the decision-making and actions of the Complaints Assessment Committee were challenged before the Courts in relation to two separate complaint investigations, and these are reported on in the Complaints Assessment Committee report. Since a Council decision can impact upon a veterinarian's career and livelihood, it is quite proper that its decisions should be able to be scrutinised by a higher authority. Responding to appeals to the courts are part and parcel of the business of professional regulatory bodies in New Zealand and there is a good deal of case law to rely upon. It is, though, an expensive exercise for both the veterinarian and the Council.

The year was a busy one in terms of judicial cases following several years where no hearings had been held. This is not unusual as each complaint is dealt with individually. Five hearings were held during the year (two concurrently), three of these being 'fitness to practise' hearings arising from criminal convictions. The cases are reported on in the Judicial section of this report.

Whilst the disciplinary function of the Council kept us busy, the registrations continued apace. The number practising in the profession in New Zealand continued to rise at a similar rate to previous years (around 6%). It is clear that we are still reliant on veterinary graduates from overseas universities to supplement the good supply from Massey University. Of the 2243 veterinarians practising in New Zealand as at December 2005, 618 (28%) received their veterinary training overseas (not counting those New Zealand born veterinarians who trained in Australia prior to the Massey degree being offered. It is also clear that overseas graduates who work here are not generally settling but visiting New Zealand as part of their overseas experience. Of the 581 overseas trained veterinarians who registered and practised for the first time in New Zealand between 2001-2005, only 92 (16%) were still practising in December 2005. This compares to 64% of Massey University graduates who registered for the first time during that same period and are still practising.

In May the Registrar and I attended the Australasian Veterinary Boards Council (AVBC) meeting in Brisbane. Much of the discussion there focussed on national registration across Australia, which has no significant effect on New Zealand. There was an agreement about the equivalency of the New Zealand and Australian clinical examinations, following attendance by the Chief Examiner Professor Reg Pascoe at the NZNVE clinical examination in November of 2004. Dave West, the Chief Examiner of the NZNVE reciprocated with attendance at the Australian NVE in Queensland in December.

The AVBC agreed, following visits to Massey and Sydney Universities that the registration authorities should continue to accept graduates from these universities for registration in Australasia. The AVBC has also been maintaining close contact with Charles Sturt University (New South Wales) where a new veterinary course has just started, and James Cook University (North Queensland) where a new course will begin in 2006. The addition of two new veterinary schools in a country where the four established veterinary schools appear to be underfunded, as well as the unique nature of the curriculum of these schools raises questions about whether graduates of the new courses will have comparable and sufficient competency to be registered in Australasia. Such decisions affect New Zealand because under the Trans-Tasman Mutual Recognition Agreement veterinarians, like other professionals, who are registered in Australia are eligible for registration in New Zealand and vice versa. This is one reason why it is important for the Veterinary Council of New Zealand to be actively involved in the Australasian forum.

We have also taken steps to maintain good relationships with relevant organisations in New Zealand. An example of this is the Memorandum of Understanding between the Council and the New Zealand Food Safety Authority that was signed in August 2005. The agreement establishes a policy and operational relationship on matters that are of joint interest or responsibility.

I wish to thank the Council staff, Council members, committee members and chairpersons, each of whom makes a valuable contribution to the ongoing work of the Council.

A handwritten signature in black ink that reads "Ron Gibson". The signature is written in a cursive style with a large, looped initial "R".

Ron Gibson
CHAIRPERSON

Registrar's Report

The year ended well with the passing of the Veterinarians Act late in December. Focusing on the legal meaning of words, clauses and their interrelationships was a brain-stretching exercise. Watching the Bill go through the parliamentary process was like watching a team as a coach - you may have put in the ground work and understand your own game plan but there are many variables that can affect the outcome such as the decision-making and energy of other players, luck and timing. I fully support the consultative process that is part of democratic law-making, but found it frustrating when it seemed that credence was given to ideas from quarters where there is little interest in or understanding of the needs of this profession or of comparable professional legislation. I was impressed though with the quality of effort put into the Bill by the Primary Production Select Committee. It was also heartening to see complainants and industry groups making submissions before the Select Committee.

Dealing directly with the public and veterinarians is an interesting aspect of our work, even when it means listening to distressed and angry complainants. We encourage people, when they initially call, to speak directly with their veterinarian about their concerns. Some people are so uncomfortable in conflict situations that they prefer to ignore the problem and take the 'loss' onto themselves, or to escalate the situation into anger and recrimination. When considering mediation as an option the Complaints Assessment Committee finds too often that one or other of the parties has taken a fixed position and does not wish to accept a mediated approach to the problem. That said, I am often hugely impressed by the professional and empathetic response of a veterinarian to a complaint or by the intelligent and reasonable response of a complainant, and by the care that the Complaints Assessment Committee takes with the complaints.

From late 2003 until 2005 the Council responded to a situation where a veterinarian had started self-administering ketamine and other drugs. The veterinarian withdrew voluntarily from practice for a year. On their return conditions were put in place to control access to drugs, to monitor the veterinarian through urine testing and to require ongoing counselling. The veterinarian is now undergoing more intensive treatment overseas.

In early 2006 the Council set up a Health Committee and also reviewed the way it dealt with that case in order to improve the way it manages these cases in the future and to improve knowledge within the Council about the signs and effects of drug and alcohol addiction. There are often complex reasons for a person crossing their professional ethical boundaries. I don't think we performed badly in the case mentioned above but I hope that we will be able to address these cases with more knowledge and skill in future.

The Council is often asked to provide information on the demographics of the veterinary profession and 2005 was no exception. During the year we gathered more information about which species veterinarians work with and the results were reported in the September 2005 Newsbrief. 90% of the practising profession completed the survey, which asked them to rank the top three species and give the percentage of their time spent in each area. Some of the interesting facts gleaned from the data were:

- 34% of the respondents work predominantly (95-100% of time) in one area of practice/species
- 52% of respondents work to some extent with cats and dogs, 19% work 95-100% of their time with those species
- 30% work with dairy cattle to some extent. 15% work with beef cattle to some extent
- 21% work with horses, 4.3% of these 95-100% of their time, the large majority between 1-25% of their time.
- 15.5% work with sheep, the majority of these less than half of their time.
- 10% work with deer
- 7.8% of respondents are involved in practice management

Numbers practising in the profession have risen steadily, although it will be interesting to see how many of those practising veterinarians are working full time or part time, that will be for future surveys.

We have an excellent team here at the Veterinary Council. I want to thank Anthea and Helen for working so hard during 2005. We are in the business of providing service and it is important to each of us that we do that well.

Julie Haggie
REGISTRAR

Layperson Perspective

Laypeople sit on the boards and committees of many government, statutory and other organisations and the Council is no exception. Non-veterinarians who sit on the Council and its committees are recommended by organisations which represent and promote stakeholder interests, such as animal welfare groups and farming interest groups. In this year's Annual Report three laypeople who served on the Council and its Committees during 2005 offer their perspectives

Gordon McIvor



Gordon McIvor was appointed as layperson on the Council by the Minister of Agriculture in 2000. He is a dairy farmer from the Waikato with a background in Federated Farmers and the Fonterra Shareholder Council. Gordon has been Chairperson of the Finance and Administration Committee, a member of the Professional Standards Committee, as well as sitting on Judicial Committees. Government policy is that appointed members of statutory bodies should serve no longer than two terms (of three years each) and Gordon's term will therefore come to an end when a new lay appointment is made in 2006.

I support the role of the Council in protecting the public interest and I believe it does this well. In the six years that I have sat on the Council, I have only seen decisions based on what was best for the public interest. Having lay people on the Council promotes fairness and transparency.

During one Select Committee hearing about the Veterinarians Bill there were questions from members of the Select Committee about whether the Council showed bias towards protecting the profession. From my experience veterinarians set a very high standard for themselves and expect similar standards of their colleagues.

I have enjoyed my time on the Council and found the role both challenging and rewarding. I have been inspired by my fellow councillors and wish the Council, its great staff and the profession all the best for the future.

Peg Loague



Peg Loague was appointed to the Council by the Minister of Agriculture in 2000. Peg has a long history of service in the area of animal welfare, having been President of the SPCA for over 15 years. Peg has also been an Inspector under the Animal Welfare Act and has provided advice on many occasions on animal welfare issues. Peg is retired and runs a Hedgehog Haven. She has served on Judicial Committees and the Competence Review Committee

I have a commitment to animal welfare that will not be compromised although I am always willing to listen. The importance of my role on the Council is to balance the academic and professional view with that of the layperson, particularly in the companion animal field.

I have been very impressed by the concern shown by Council members and staff for veterinarians under stress. Efforts are made to facilitate support for veterinarians who are being overly affected by the demands of their profession.

I have also been impressed with the manner in which complaints are handled and the complaint resolution process. Understandably, any veterinarian being complained of through the Council process is going to feel vulnerable, but members of the Complaints Assessment Committee and the Judicial Committee always show a high level of concern and respect.

I believe the high standard the Council maintains for the registration of veterinarians enhances the New Zealand image overseas and ensure the New Zealand public is indeed well served.

I have thoroughly enjoyed my time on the Council where I have met some wonderful people. To the Council and all those people I extend sincere best wishes. As my term ends in 2006 I hope I may be able to be of assistance in the future.

Mary Mountier



Mary Mountier joined the Complaints Assessment Committee in November 2001. She is also a member of the National Animal Welfare Advisory Committee (NAWAC), is immediate past Chair of the Consumers' Institute Board, and has a long association with the racing industry. She served on the TAB Board for six years, and has written or edited seven books on racing

I see my role on the CAC as looking at each complaint from the customer's point of view. What, as a normal member of the public, would I expect to have happened in a given instance? However, I have learnt to listen to all sides of every story carefully before making any judgement. Our Committee deals with many genuinely sad and distressing cases, but the truth of the matter is often more complicated than it appears at first.

Not having veterinary training, I depend on my two fellow committee members, both veterinarians, to explain the technicalities of many cases. I have the highest regard for their knowledge and integrity, and cannot recall an occasion where, in the end, we haven't reached complete agreement.

Although often challenging, the work of the CAC is something I find enjoyable and rewarding. I'm proud to be part of a body that I believe serves the public of New Zealand extremely well.

Complaints Assessment Committee

COMMITTEE:

Dr Nick Twyford, Chairperson
Mary Mountier, Lay member
Dr Grahame Joyce, Veterinarian

Where members of the Committee declare a conflict of interest or are unavailable, other members are appointed. In 2005 temporary appointees to the Committee included Seton Butler, Rob Crozier (layperson), Tim Brown (layperson), Patrick Poletti and Gavin Shepherd.

The role of the Complaints Assessment Committee is to:

- * *investigate complaints against veterinarians and determine whether it should take any further action under S43 including whether it should lay charges of professional misconduct against a veterinarian*
- * *where appropriate, attempt mediation or conciliation to resolve the disputes between complainant and veterinarian*
- * *advise the Council on matters relating to professional conduct.*

The number of complaints received during 2005 (55) exceeded that of the previous year. However more of these complaints did not reach the criteria for investigation (compared to the previous year), so the number of investigations was similar to that in 2004. And the complexity and potential seriousness of complaints was not as concerning as it had been during 2004. The CAC was still very busy, dealing with 63 cases during 2005– 55 received during the year itself, seven carried over from the previous year and one continuing from 2003.

Mediation was offered three times during investigations arising from complaints received this year. In two instances it was rejected by one of the parties. Mediation has to be a voluntary process: the CAC cannot compel parties to attend, despite seeing at times that it would be the best option. The mediation that was undertaken was successful. The Complaints Assessment Committee is not party to mediations and so does not report on their specific outcomes.

It is to be expected that complainants may not always feel satisfied when the Committee decides that there is no professional misconduct to be found, and several complainants did express dissatisfaction with the outcome. However none of these made appeals to the Council to review the process of the investigation.

During the year no charges were laid arising from complaints received during 2005, although charges were laid in 2006 and 'diversion' pursued. The Complaints Committee prosecuted charges against two veterinarians following their receiving criminal convictions for breaching the ACVM Act. It also successfully prosecuted two cases of professional misconduct arising from complaints received during 2004. These are reported on in the Judicial section of this report.

Two separate veterinarians in three different complaints made in 2003 and 2004 instigated court action (High Court and District Court) challenging the process of the Committee and the Council. In February a veterinarian who had initially agreed to a diversion procedure

then appealed to the District Court against the laying of charges against him. The CAC defended this appeal and won. The veterinarian then appealed to the High Court for judicial review and sued the Council, the Chairperson, the CAC Chairperson and the complainant. At the judicial review hearing in September it was agreed that the veterinarian would return to the diversion process that had been in place prior to his first appeal. This diversion has not, at time of publication of this report, been completed.

In a separate appeal a veterinarian sought judicial review of the way the CAC had interviewed him, arguing that when it interviewed him it had erred in law by cross-examining him, had failed to recognise the application of the New Zealand Bill of Rights Act 1990, had failed to advise him of his rights under the detainment section of that Act, and that it had breached principles of natural justice. Justice MacKenzie found that the Committee had conducted itself entirely appropriately, that the veterinarian had been given full explanation about legal advice and that the decision to proceed without a lawyer was his. He found that the New Zealand Bill of Rights does apply to actions of the Council and the Committee because it carries out a public function. However he found there was no breach by the Committee of the rights of the veterinarian under this Act. The Judge found that all grounds for review failed. The Committee was pleased with the decision. It is constantly assessing its procedures and the application of these in individual complaints to ensure that the natural justice of the parties is protected. The finding cleared the way for a disciplinary hearing which was held in 2006.

The challenge for the Complaints Assessment Committee in 2006 and beyond will be to come to grips with the changes in the new Act. The Committee certainly looks forward to having a number of options, under Section 43 of the Act, for action it can take on completion of an investigation. The Committee is also pleased to have the power to require veterinarians to provide records. Most veterinarians respond to professional complaints in a professional manner, but there are a very few who are uncooperative and even obstructive.

During 2005 there were several instances where CAC members identified a conflict of interest and so stood down from the Committee for a complaint investigation. New committee members were recruited and at times multiple committees were operating, which is rather atypical. It had the benefit of widening the pool of practitioners and laypeople available to sit on CAC and of giving those people an insight into the complaints process. I wish to express my appreciation and thanks to all of those who sat on the Complaints Assessment Committee during the year.

The excellent work of Anthea Black, Executive Officer Complaints should be acknowledged as she had to deal with the complexities of administering these committees. I also want to thank Mary Mountier and Grahame Joyce for the skills they bring to the committee. There is a very good working relationship existing between us all that enables the CAC to function as it does. Each person brings a different perspective and knowledge to each case, and often quite lively debate occurs before consensus is reached.

Nick Twyford
CHAIRPERSON
Complaints Assessment Committee

COMPLAINTS SUMMARY 2001-2005

	2005	2004	2003	2002	2001
Number of Complaints	55	49	47	42	28

Complaint Category	2005	2004	2003	2002	2001
Inappropriate Behaviour	0	16	0	6	1
Unsatisfactory Treatment	27	16	25	24	17
Unprofessional Behaviour	25	14	17	8	6
Prescription Animal Remedy Concern	2	2	2	3	2
Fees Charged	1	1	3	1	2
	55	49	47	42	28

Species/Type	2005	2004	2003	2002	2001
Cat	18	9	16	8	10
Dog	17	17	18	19	12
Horse	3	4	2	2	1
Other	0	1	3	0	0
Behaviour	17	18	8	13	5
	55	49	47	42	28

Complaint Outcome	2005	2004	2003	2002	2001
No professional misconduct	25	22	21	16	16
No Prof misconduct, advice given	12	11	17	11	11
Diversion	0	1	0	2	1
Charges laid	2	4	1	0	0
Did not reach criteria/withdrawn	18	12	14	16	4
	57*	50*	53*	45*	32*
Mediation attempted	0	2	0	1	1

Timeframes for completion of investigation	2005	2004	2003	2002	2001
1-3 months	33	34	29	28	12
3-6 months	16	13	13	12	12
6+ months	6	2	5	2	4
	55	49	47	42	28

Complaint originated by	2005	2004	2003	2002	2001
Client	37	30	34	33	23
Another veterinarian	7	11	6	4	2

Gender of Veterinarian being complained of	2005	2004	2003	2002	2001
Female	23*	13	17	10	9
Male	39*	37	36	35	23

* Note: Variations in the figures under 'complaint outcome' and 'gender' arise because some complaints have been lodged against two or more veterinarians.

Judicial Committee

Judicial Committee members during 2005 were:

Dr Ron Gibson (Chairperson)

Professor Norm Williamson

Mrs Peg Loague (layperson)

Dr Jim Edwards

Dr Julie Wagner

Dr Grahame Joyce

Mr Gordon McIvor (layperson)

Dr Seton Butler

The Judicial Committees operating during 2005 were constituted under section 29(1)(b) of the Veterinarians Act 1994 (this legislation changed late in December of 2005). The Judicial Committee is the arm of the Council responsible for hearing complaints referred to it by the Complaints Assessment Committee and determining whether a veterinarian has been guilty of professional misconduct. During 2005 five hearings were held.

Prescribing Without a Consultation

In March 2005 the Judicial Committee held an inquiry to consider charges of professional misconduct laid by the Complaints Assessment Committee against a veterinarian. The charges followed a complaint by another veterinarian that the veterinarian being complained of had supplied, in May 2004, prescription animal remedies (dry cow therapy remedies, specifically Bovaclox, Orbenin Enduro and Dryclox Extra) to a farmer without fulfilling the requirements of consultation and ongoing care under the Code of Professional Conduct for veterinarians. The veterinarian admitted the charge.

In its decision the Committee stated that the Government through the New Zealand Food Safety Authority relies on the consultation and prescribing process as a significant part of their risk management for the animal products industry.

The guidelines for the prescribing of dry cow therapy were published in the Code of Professional Conduct. Appendix II was developed around the time of a precedent case in 1999. As a consequence the profession had been well informed of the Council's expectations in relation to consultation and prescribing of prescription animal remedies. The Committee was unable to accept that the omission of a consultation in this instance was not made without knowledge of appropriate standards of practice.

The Judicial Committee considered that its starting point in considering the penalty to be imposed should be that of a period of suspension from practice. The Committee gave the veterinarian credit for pleading guilty to the charge and cooperating fully with the CAC in its investigation, and acknowledged the veterinarian's statement that he had undertaken a review of his practice systems.

The Committee imposed penalties of a fine of \$3000 and costs to the value of 25% of the true costs of the investigation and hearing. A further penalty was that the veterinarian was required to be subject to audits of his prescription animal remedies supply process, these audits to be carried out three times between July 2005 and March 2007. At the date of publication of this report two of the audits had been carried out.

The purpose of each audit would be to ensure that his processes comply with the Code of Professional Conduct and the Agricultural Compounds and Veterinary Medicines Act.

The veterinarian was granted name suppression as medical evidence raised a strong likelihood that a family member who had no involvement in the misconduct had fragile health and would be likely to suffer harm as a result of publication.

Professional misconduct - Care of a Cat

In June 2005 the Judicial Committee met to consider charges of professional misconduct against a veterinarian. In late November 2004 he treated a cat that was suffering severe and rapid onset of laboured breathing, a rapid respiratory rate and appeared very distressed. He suspected pleropneumonia or cardiac failure, and gave some initial treatment. He then allowed the cat to be taken home, but in doing so placed it in an inadequate makeshift 'oxygen tent' which had no outlets. The cat died several hours after leaving the clinic. The complainants were veterinarians from a clinic where the cat was taken on the following day.

The Judicial Committee considered that the veterinarian provided very poor professional service in this case, to the extent that his decision on the treatment option appeared contrary to common sense. It accepted his submission in his defence that the excessively long hours that he had been working may well have exacerbated the poor decision-making. Nevertheless the Committee considered that this incident was of sufficient severity for it to have concerns about the need to protect the public interest. The Judicial Committee recognised that the veterinarian made an early and frank acknowledgement of his breach, and gave him credit for this. However the decision-making was so flawed in this case that it required a penalty that would rehabilitate and upskill him to avoid the risk of such harm in the future.

The veterinarian was required to work in a practice environment in which his total hours worked each day could be controlled, where his case decisions can be reviewed and where his employer is aware of the conditions, and will report to the Council. These conditions were to apply for a period of three years or until he sits and passes the relevant theory and practical elements of the New Zealand National Veterinary Examination. The veterinarian was required to pay 40% of the costs of the CAC investigation in relation to this case, and 40% of the costs of the hearing.

Fitness to practice hearing following convictions

On 23rd August 2005 the Judicial Committee held a hearing following the convictions of a veterinarian. The veterinarian had been convicted in 2004 of common assault and also of being in possession of a firearm when not licensed. The veterinarian advised the Council of the convictions during the application for renewal of the practising certificate. Under Section 29 of the Veterinarians Act 1994, the Council was required to give consideration when veterinarians are convicted of these sorts of offences. A number of factors led the Committee to agree that whilst the veterinarian's actions in relation to both the assault and the failure to hold a gun licence were unwise, in neither case did they meet the threshold of reflecting adversely on fitness to practise. The Committee took into account the context and background to the offences, the facts that the veterinarian had brought the matter to the Council's attention, had been fulsome in the provision of information to the Council and had set in place the means to obtain a gun licence, and that the offending had already been

addressed in the District Court. The Judicial Committee decided that no further disciplinary action was required.

Fitness to practise hearing following convictions

Another fitness to practise hearing was held on 20th December 2005 following the convictions of two veterinarians of one charge (each) of an offence against Section 55(1)(b) & 59 of the Agricultural Compounds and Veterinary Medicines Act 1997. By agreement, the two hearings were held concurrently, although the convictions against each were considered individually. This was the last hearing held under the Veterinarians Act 1994.

Both veterinarians were Directors of Vetpharm (NZ) Limited which committed an offence against the ACVM Act in that it knowingly sold an agricultural compound, 'Ulcerguard', in contravention of Section 8 of the Act. The offence took place with the authority of the veterinarians, who as directors of the company should reasonably have known that the offence was being committed, and who failed to take all reasonable steps to stop it.

The Judicial Committee agreed that the actions of the veterinarian in each case had an adverse effect on the veterinary profession. For each, being a veterinarian working in the veterinary medical industry he would have been expected to have a good understanding of his responsibilities under the ACVM Act current at that time and the justification for registration of products. The actions of each veterinarian allowed a relatively large volume of product to be onsold to veterinary practices that were then exposed to potential prosecution by the ACVM Group for stocking and selling unregistered product. Animals were then treated with a product that had avoided assessment for residues thus risking bringing into question the credibility of New Zealand's process for managing residue risk and food safety.

The Committee came to the view that each veterinarian brought to his directorship role his experience in the veterinary medicines area. In the Committee's view there is clear indication of concerns at director level in the minutes of their meetings about the progress of registration of the unregistered products. The convictions therefore do reflect on each veterinarian's fitness to practise, because each should have known of the importance of ensuring the medicines were registered.

The Committee recognised the veterinarians' cooperation with the Complaints Assessment Committee and the admission of the conviction that led to this hearing. The Committee noted the advice of Justice Heath at the hearing held on the appeal of the convictions. The judge had commented that the offending of both veterinarians was at the lower end of the spectrum of culpability and that no further penalty was warranted. The Committee decided to impose no penalty. However according to section 39 of the Act, the Committee required each of the veterinarians to pay 15% of the costs and expenses of and incidental to the hearing by the Council and the inquiry by the CAC.

Ron Gibson
CHAIRPERSON
Judicial Committee

Professional Standards Committee

COMMITTEE:

Dr Julie Wagner, Chairperson

Dr Ron Gibson, Veterinary Council member

Dr Murray Gibb, New Zealand Veterinary Association

Gordon McIvor, Lay member

Dr Tony Zohrab, New Zealand Food Safety Authority

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.

Review of the Code of Professional Conduct

During 2005 the Committee invited comment through the Newsbrief, and the Council committees, on improvements that could be made to the Code of Conduct. A number of changes were made in response to submissions. They included:

- an increased emphasis, in section 6.1 of the Code on gaining informed consent from the owner or person in charge of the animal, on matters of the likely extent and outcome of veterinary procedures and of their probable cost and ongoing cost.
- An increased emphasis, in section 3.2 of the Code, for veterinarians to maintain adequate records, to the extent that records of every case should be of such detail that any veterinary surgeon could take over the management of the case at any time.
- An amendment to the 'Judicial Alternative/Diversion' section of the Code (8.3.1) to reflect current practice (for example it is not current practice for the Council to publicly name those undergoing diversion).
- An amendment to section 5.9 regarding advertising or endorsement of products to reflect the fact that the conditions on the registration of a product may prohibit a product from being advertised even as part of an 'in house' newsletter.

Comment and Consultation on other Codes

The Professional Standards Committee commented on the following Codes developed by other organisations:

- the Draft Standard for unregistered veterinary medicines requiring veterinary overview (ACVM)
- The Use of Veterinary and Human Medicines by non-veterinarians generally (ACVM)

Consultation on veterinarians advertising or promoting alternative remedies/treatments

During the year the Professional Standards Committee oversaw a consultation exercise on the ethical position of veterinarians actively promoting alternative and complementary medicines, in particular homeopathy. Not surprisingly views were polarised between those

who believed in the efficacy of alternative treatments and those who didn't, with research and studies quoted by all. More consideration is needed by the Council as to how the Code of Conduct and the Discretionary Use Code deal with alternative and complementary medicines, and whether any further or different guidance needs to be given to veterinarians who are using and selling homeopathics and/or other complementary alternative treatments.

Homeopathics are exempt from registration under the ACVM Act. This means that by law these products can be advertised by veterinarians as long as no claim for efficacy is made about a specific disease condition. In terms of sale, recommendation and promotion of veterinary medicines including OTC treatments and any provided under discretionary use Sections 4.1-4.4 of the Code provide the standard. Veterinarians involved in the sale, manufacturing and/or marketing of veterinary medicines and over the counter remedies must maintain scientific integrity and impartiality, providing an unbiased professional opinion on their product and any competitive products. The position of being a registered veterinarian must not be used to gain advantage in the promotion of particular products. This is to avoid the exploitation of public trust in the veterinary profession.

Procedures being undertaken on animals by non-veterinarians.

In 2004 the Council hosted a liaison meeting for organisations and individuals involved in Animal Welfare on the topic of procedures being undertaken on animals by laypersons. This led to a consultation exercise. A second liaison meeting was held in March 2005. On the recommendation of the attendees the Council made a submission to the National Animal Welfare Advisory Council (NAWAC) that S18 of the Animal Welfare Act be amended to allow laypersons to undertake significant surgical procedures as long as they were under the supervision of veterinarians and those surgical procedures were provided for and controlled by regulation (such as Standard Operating procedures). The Council also sought for the classification of some procedures as being significant surgical procedures.

At the request of NAWAC the Council undertook an assessment during 2005 of the procedures of desexing of companion animals; tooth extraction and liver biopsy in all species; Caslick's procedure (including opening), extra corporeal shock wave therapy, and rectal examinations in horses; spaying of heifers; laparoscopic AI (artificial insemination) and embryo transfer in sheep, and dubbing of poultry. These were assessed in accordance with section 6.4 of the Animal Welfare Act using the NZVA guidelines on what constitutes a significant surgical procedure. The Council informed NAWAC of the risks associated with Laparoscopic AI and that in its opinion a change to Section 18 of the AWA is needed, so that if this procedure is to be undertaken by laypeople there are some mechanisms for control over what they do and how they do it. At the point of publication there has been only minor progress on this issue. Members of the Professional Standards Committee had oversight of the process of consultation and recommendation.

I wish to thank the members of the Professional Standards Committee who continue to provide sound advice to the Council during this year.

Julie Wagner
CHAIRPERSON
Professional Standards Committee

Registration Committee

COMMITTEE:

Professor Norm Williamson (Chairperson) Dr Paul Wiseman
Dr Sandra Forsyth Professor Dave West
Dr Tony Charleston Dr Christopher Mawson

Dave West is also the Council's chief examiner on the AVBC Board of Examiners. Tony Charleston is also the VCNZ representative on the Veterinary Schools Accreditation Advisory Committee. Professor Williamson represents the VCNZ on the Advisory Committee for the Registration of Veterinary Specialists to the Australasian Veterinary Boards Council.

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 VCNZ 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.

Council contribution to biosecurity exercise

During 2005 the Council contributed to Operation Taurus biosecurity exercise by registering three overseas trained veterinarians under the Temporary Registration category to assist those running the exercise understand how registration requirements are handled. The Council also provided data on numbers and demographics of veterinarians in New Zealand and overseas.

Specialist Registration

A veterinary specialist is a registered veterinarian with an exceptionally high level of skill that is well above that of a practitioner in the same discipline. A specialist must have undergone extensive advanced supervised training, culminating in the passing of a rigorous set of examinations. The specialty must be a branch of veterinary practice having sufficient depth and breadth to allow one to practise solely in that field.

A system for specialist registration has been established by the registering authorities in Australia and New Zealand under the provisions of their respective legislation, to ensure that the public has access to advanced veterinary expertise. Under legislation in Australia and New Zealand, only registered specialists may claim specialist status.

Five veterinarians received specialist registration during 2005:

Specialist	Category
Robert Edward Johnston	Pig Medicine
Janene Kingston	Equine Medicine
Angela Hartman	Veterinary Radiology
Kate Hill	Small Animal Medicine
Gail Anderson	Small Animal Surgery

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 has the opportunity to gain registration in New Zealand. Stewardship of this examination continues within the Registration Committee and Professor Dave West of Massey University acts as Chief Examiner. The Council thanks Dave West and other staff at Massey University for the invaluable role they take in ensuring that examination standards are maintained and that all candidates are treated fairly.

During 2005 nine people attempted the Preliminary multiple choice examination that is held in March and September. Four of those nine passed the examination, one gained a conditional pass and four failed. At the final examination held at Massey University in November seven people passed the examination and one failed. One candidate also passed the NZNVE clinical examination early in 2005.

In 2004 the Council sought an increase in the fee for the clinical examination and this was applied in 2005. Fees for the final exam cover the direct costs of running the clinical examination and not overhead and administrative costs. New Zealand fees are comparatively much cheaper than (almost half) the equivalent Australian examination which is run at full cost recovery. The Council will continue to monitor the fee levels in the future.

In 2004 Professor Reg Pascoe, Chief Examiner of the Australian National Veterinary Examination attended the clinical examination of the NZNVE held at Massey University and Professor West reciprocated with attendance at the Australian National Veterinary Examination (ANVE) examination clinical in November 2005. Based on Dr Pascoe's report, the Registration Committee recommended to the Council that the NZNVE examination should be modified from 2006 to include an additional one hour examination in Companion Animal Surgery, Radiology and Radiation Safety. The Australian examination has also been modified, and the Australasian Veterinary Boards Council has recognised the equivalency of the two examinations. The NZNVE handbook underwent a revision to align it more closely with the Australian handbook.

Registration Statistics

Number of veterinarians with practising status (June figures)

	1999	2000	2001	2002	2003	2004	2005
Practising	1634	1712	1753	1833	1940	2047	2207
Non-practising	273	253	330	370	401	369	347
Total	1907	1965	2083	2203	2405	2416	2554

New Registrations Jan-Dec 2005 (by college)

Belgrade & NZNVE	1	Hannover & ECFVG	2	Pretoria	7
Berlin & NZNVE	1	Ibadan (Nigeria) & MRCVS	1	Prince Edward Island	2
Bristol	16	Illinois	1	Queensland	4
California	1	London	3	Saskatchewan	3
Cambridge	1	Liverpool	9	Sydney	5
Cluj-Napoca (Romania) & NZNVE	1	Massey	70	Texas	1
Cornell	1	Melbourne	5	Tufts	1

Davis	3	Michigan	1	Utrecht	7
Edinburgh	11	Minnesota	1	Virginia-Maryland	1
Florida	1	Montreal	3	Wisconsin	1
Georgia (USA)	2	Murdoch	1	Washington	1
Ghent (Belgium) &					
ECFVG	1	North Carolina	2	Zimbabwe & MRCVS	1
Glasgow	14	NUI	2		
				Total for 2005	19
Guelph (Canada)	2	Pennsylvania	2		3
NZNVE:	The New Zealand National Veterinary Examination				
MRCVS:	Membership of the Royal College of Veterinary Surgeons, by examination				
ECFVG:	Educational Commission for Foreign Veterinary Graduates (USA examination/assessment process for foreign graduates)				

New Registrations (Jan-December)

	1999	2000	2001	2002	2003	2004	2005
Massey	77	66	50	80	77	43	70
Other	66	116	138	110	111	96	123
Total	143	182	188	190	188	139	193

I thank the Members of the Registration Committee for their contribution to the activities of the Committee throughout the year. I also thank Anthea Black, Executive Officer, Registration and Complaints who provides a friendly and helping first contact for registering veterinarians and Julie Haggie, Registrar of the VCNZ who provides policy advice and administrative support to the Committee.

Norm Williamson
CHAIRPERSON
Registration Committee

Competence Review Committee

COMMITTEE:

Dr Jim Edwards (Chairperson)

Mrs Peg Loague (Layperson)

This Committee was established in February 2004. During 2004 and 2005 its role has been to develop policy, procedure and further its understanding of competence procedures in advance of the Council acquiring the power to undertake competence assessments of veterinarians under the revised legislation.

During 2005 the Committee sought and received comment on the draft policy and procedure. The legislation setting in place competence assessment passed in December of 2005, and it was not until that point that the Council had a clear idea of the specific wording of the legislation upon which it could base its policies.

Jim Edwards
CHAIRPERSON
Competence Review Committee

Finance and Administration Committee

COMMITTEE:

Gordon McIvor, Chairperson
Dr John O'Flaherty
Dr Ron Gibson

As the Chairperson comments in his report the number of veterinarians maintaining practising status in New Zealand continued to increase in 2005 at a similar rate to that in previous years. This impacted positively on the income. In fact income in all Council revenue streams was at least 10% higher than in the previous year, except for miscellaneous income. Costs and fines awarded in relation to court and Council hearings added to the income.

On the expenses side employment expenses were lower than the previous year because there were no changes in staff. Operating expenses were also lower than in the previous year. A number of factors that had impacted on the previous year's accounts such as the move to new premises and staff changes no longer applied.

Expenses under Council and Committee activities varied considerably. More people sat the clinical examination at the end of the year which impacted upon both income and expenditure. Council costs were higher than in the previous year due largely to a legal bill of \$30,623 relating to court action. Complaints Assessment Committee costs, on the other hand were lower overall, with more spending in areas such as telephone, tolls and honoraria (due to multiple committees operating). There was significantly higher expenditure under Judicial Proceedings, directly due to the number of hearings held and the legal advice provided. Registration Committee costs remained similar to last year. More was spent in the area of Professional Standards, largely on travel, due to the increased level of consultation on codes of practice and meetings with stakeholders that occurred in this area of Council activity during the year. More was also spent in the area of communications as the Newsbrief expanded on two occasions to eight pages, and because of additional expenditure on consultancy and communications training for Council members.

The net operating surplus for the year is \$136,993. Budgeting is always dependent on unknown factors, however apart from those areas involving legal expenses and court action, most areas came to within \$1-2,000 of budget and overall the Council over-budgeted for the year by \$18,000. The Finance and Administration Committee remain satisfied that budgeting is reflecting the anticipated expenditure and income.

I would like to acknowledge the staff of the Council for their efforts in keeping operating expenses close to budget. Julie Haggie, Anthea Black and Helen Piercy consistently provide a high level of service. Finally I wish to thank the members of the Finance and Administration Committee for their continued attention to the sound fiscal and administrative management of the Veterinary Council of New Zealand.

Gordon McIvor
CHAIRPERSON
Finance and Administration Committee

Statement of Financial Performance

for the year ended 31 December 2005

This statement should be read in conjunction with the notes to the financial statements

	2005	2004
INCOME		
Registration Fees	573,445	551,709
Application Fees	45,016	33,418
Letters of Good Standing	1,928	1,836
Examination Fees	28,711	19,322
Interest	59,626	44,262
Judicial	5,563	-
Complaints Assessment Committee	15,338	2,411
Miscellaneous Income	3,793	4,647
TOTAL INCOME	733,420	657,605
EXPENSES		
Employment Expenses		
Salaries	182,453	179,945
ACC Levies	855	319
Carpark	-	427
Staff Appointment Costs	-	5,375
Sundry Personnel Costs	1,200	2,260
Payroll Costs	1,112	1,173
	<hr/> 185,620	<hr/> 189,499
Operating Expenses		
Accounting Fees	5,630	9,115
Alarm system	-	11
Audit Fees	4,063	3,852
Bank Fees	851	554
BNZ Merchant Fees	2,888	3,492
Westpac Merchant Fees	3,081	3,079
Cleaning	1,725	2,154
Computer Support	4,974	5,619
Computer hardware & software	-	161
Depreciation	9,962	8,786
Equipment Rental	408	136
Insurance	1,312	1,663
Interest	158	54
Legal Expenses	-	514
Loss on Sale of Property, Plant & Equipment	715	4,990
Maintenance of Equipment	257	936
Memberships	1,210	617
Miscellaneous Costs	5,447	5,682
Moving costs	-	2,675
Photocopying	1,230	1,121
Postage	6,597	5,186
Property Rental	31,505	32,281
Publications	3,096	2,244

Statement of Financial Performance

for the year ended 31 December 2005

This statement should be read in conjunction with the notes to the financial statements

	2005	2004
Stationery	3,724	5,454
Telephone, Tolls & Internet	6,754	5,708
Website	1,852	1,875
Training	2,500	1,365
Utilities	2,992	3,129
	<hr/> 102,931	<hr/> 112,453
Total Operating Expenses	288,551	301,952
NZ Veterinary Exams		
Preliminary Exams	4,385	4,880
Final Oral/Clinical Exams	26,820	8,487
	<hr/> 31,205	<hr/> 13,367
AVBC Inc	45,105	47,333
	<hr/> 45,105	<hr/> 47,333
Council		
Honoraria	28,355	26,691
Travel	12,837	9,857
Accommodation & Meals	4,765	5,827
Telephone & tolls	707	143
Consultancy	699	4,154
Administration	-	680
Discretionary spending	1000	1,146
Legal Costs	30,623	11,607
	<hr/> 78,986	<hr/> 60,105
Complaints Assessment Committee		
Honoraria	26,756	20,658
Travel	4,725	5,501
Accommodation & Meals	388	197
Telephone & tolls	3,525	1,181
Administration	(111)	139
Legal Costs	9,411	29,813
Consultancy (Mediation)	3,992	840
	<hr/> 48,686	<hr/> 58,329
Judicial Proceedings		
Honoraria	3,142	1,239
Travel	4,286	2,482
Accommodation & Meals	73	46
Telephone & tolls	302	276
Administration	2,316	230
Legal Costs	14,032	1,100
Consultancy	2,428	671
	<hr/> 26,579	<hr/> 6,044

Statement of Financial Performance

for the year ended 31 December 2005

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

	2005	2004
Registration Committee		
Honoraria	3,861	7,422
Travel	808	448
Accommodation & Meals	808	302
Telephone & tolls	460	-
Administration	70	94
ACRVS fees (Spec Assess)	4,429	1,205
Administration (Specialists)	182	113
	10,618	9,584
Professional Standards Committee		
Honoraria	5,090	1,274
Travel	2,562	-
Accommodation & Meals	142	72
Telephone & tolls	434	312
Administration	-	46
	8,228	1,704
Strategic Planning		
Honoraria	-	153
Travel	-	286
Consultancy	-	3,426
	-	3,865
Communications		
Annual Report	2,000	-
Newsbrief	14,348	9,658
Prelude to Practice	1,208	322
Press Releases	1,238	67
Micellaneous	3,112	-
	21,906	10,047
Elections		
Stationery	-	249
Printing	-	161
Legal	-	61
Postage	-	711
	-	1,182
Annual Retention Certification		
Postage	3,731	1,189
Printing Cards	7,070	4,729
ARC Documentation	3,170	4,630
Payment Processing	599	1,275
ARC Temporary Staff	1,648	3,398
	16,218	15,221

Statement of Financial Performance

for the year ended 31 December 2005

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

	2005	2004
Annual Register		
Annual register – Postage	3,606	2,775
Annual register – Production	15,050	14,850
	18,656	17,625
Secretariat/Stakeholder Liaison		
Miscellaneous	1,689	1,255
	1,689	1,255
TOTAL EXPENDITURE	596,427	547,613
NET OPERATING SURPLUS	136,993	109,992

Statement of Movements in Equity

For the year ended 31 December 2005

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

	2005	2004
Net Surplus for the year	136,993	109,992
<hr/>		
Total Recognised Revenues And Expenses for the Period	136,993	109,992
<hr/>		
EQUITY AT THE START OF THE YEAR	613,696	503,704
<hr/>		
EQUITY AT THE END OF THE YEAR	750,689	613,696

Statement of Financial Position

As at 31 December 2005

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

	NOTE	2005	2004
EQUITY		750,689	613,696
Represented By:			
<u>CURRENT ASSETS</u>			
Bank		46,586	60,852
Receivables & Prepayments		48,063	25,523
Less: Provision for Credit notes	2	(14,500)	(14,500)
Deposits – On call and term	3	856,021	684,766
Interest Receivable		16,657	14,687
GST Receivable		4,687	3,722
		957,514	775,051
<u>Less CURRENT LIABILITIES</u>			
Accounts Payables & Accruals		99,099	48,809
Fees Received in Advance	1	147,521	143,686
PAYE		5,107	6,174
		251,727	198,669
WORKING CAPITAL SURPLUS		705,787	576,382
<u>NON CURRENT ASSETS</u>			
Property, Plant & Equipment	5	44,902	37,314
		44,902	37,314
NET ASSETS		750,689	613,696

Notes to the Financial Statements

For the year ended 31 December 2005

1 STATEMENT OF ACCOUNTING POLICIES

Reporting Entity

Up until 23 December 2005 the Veterinary Council of New Zealand was governed by the Veterinarians Act 1994. From that date and currently the Veterinary Council of New Zealand has been governed by the Veterinarians Act 2005.

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

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 (called Annual Practising Fee from 24 December 2005)

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 \$147,521 shown on page 29 represents three months' fee income that will be recognised in the months January to March 2006.

Goods and Services Tax

The financial statements have been prepared on a GST exclusive basis, except for accounts receivable and accounts payable.

Valuation of Assets

Property, Plant & Equipment 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 property, plant & equipment in the financial statements are:

- | | | |
|-------------------------------|------------|----|
| • Office Equipment | 9-48% | DV |
| • Office Furniture & Fittings | 11.4-39.6% | 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 New Zealand Institute of Chartered Accountants' 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

2 PROVISION FOR CREDIT NOTES

This represents a provision for 2005 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 2006 Annual Practising Certificate fees.

3 DEPOSITS - ON CALL AND TERM

	2005	2004
Current portion		
ASB Term Deposits (Fixed Term)	638,491	480,996
BNZ Term Deposits (Fixed Term)	190,939	178,635
McQuarrie Investment On Call (Floating)	26,591	25,135
	<u>856,021</u>	<u>684,766</u>
 Total Deposits	 <u><u>856,021</u></u>	 <u><u>684,766</u></u>

4 PROPERTY, PLANT & EQUIPMENT & DEPRECIATION SCHEDULE

2005

	Original Cost	Additions/ Sales (Net)	Depm	Accum Depm	Book Value
Office Equipment	34,426	14,235	6,093	26,729	21,932
Furniture & Fittings	38,467	-	3,855	15,541	22,926
Reference Library	673	-	14	629	44
	<u>73,566</u>	<u>14,235</u>	<u>9,962</u>	<u>42,899</u>	<u>44,902</u>

2004

	Original Cost	Additions/ Sales (Net)	Depm	Accum Depm	Book Value
Office Equipment	29,153	5,273	4,369	23,952	10,474
Furniture & Fittings	35,203	3,264	4,396	11,686	26,781
Reference Library	673	-	21	614	59
	<u>65,029</u>	<u>8,537</u>	<u>8,786</u>	<u>36,252</u>	<u>37,314</u>

5 CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

	2005	2004
Capital expenditure commitments contracted for at balance date are	Nil	Nil

6 RELATED PARTIES

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

7 OPERATING LEASE COMMITMENTS

Non-cancellable operating lease rentals are payable as follows:

	2005	2004
Current	31,164	31,164
Non-current	62,328	93,492
	93,492	124,656

The Council entered into a lease for new premises in January 2004. The term of this lease is five years from the commencement date. The lease commitment in 2005 (current) is \$31,164; and future years (non current) is \$62,328.



Audit Report

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

We have audited the financial statements on pages 25 to 32. The financial statements provide information about the past financial performance of the Veterinary Council of New Zealand and its financial position as at 31 December 2005. This information is stated in accordance with the accounting policies set out on page 30.

The Council's Responsibilities

The Council is responsible for the preparation of financial statements which fairly reflect the financial position of the Veterinary Council of New Zealand as at 31 December 2005 and of the results of its operations for the year ended on that date.

Auditors' Responsibilities

It is our responsibility to express an independent opinion on the financial statements 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 statements. It also includes assessing:

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

We conducted our audit in accordance with New Zealand Auditing Standards issued by the New Zealand Institute of Chartered Accountants. 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 statements are 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 statements.

Other than in our capacity as auditor we have no relationship with, or interests in, the Veterinary Council of New Zealand.

Unqualified Audit Opinion

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

In our opinion:

- proper accounting records have been kept by the Veterinary Council of New Zealand as far as appears from our examination on those records; and
- the financial statements on pages 25 to 32.
 - comply with generally accepted accounting practice in New Zealand; and

- fairly reflect the financial position of the Veterinary Council of New Zealand as at 31 December 2005 and the results of its operations for the year ended on that date.

Our audit was completed on 2 March 2006 and our unqualified opinion is expressed as at that date.

BDO SPICERS
Chartered Accountants
Wellington