



## Consultation on the proposed APC fee for 2019/20

We are proposing to increase the Annual Practising Certificate fee for 2019/20 by 3.6% from \$559 to \$579 (GST inclusive). The discounted early payment fee would increase from \$533 to \$552. The proposed increase is to ensure that the Council continues to meet its statutory responsibilities in a financially responsible way. The last fee increase was in 2016.

We invite feedback from all members of the profession by 2 November 2018. All feedback will be considered by the Council's Finance and Risk Committee, which will then make a final recommendation to the Council.

### Background

We are funded by fees paid by veterinarians and people applying to be registered. We don't receive any public funding. APC fees make up around 90% of our income.

Fees are set taking into account the requirements of the Veterinarians Act 2005 as well as the Auditor General's [Good Practice Guide: Charging fees for public sector goods and services](#). The Veterinarians Act sets the following principles for setting fees:

- Fees must be fair and reasonable.
- The income from fees must provide adequate funding for us to carry out our functions.
- The fee system should not include cross-subsidisation between fee payers.
- Fees levels may allow us to maintain financial reserves provided that their total value is no greater than 1.5 times our average annual revenue.

We set fees to cover our costs and make sure that we have adequate reserves to fund any unbudgeted expenditure that arises from the sometimes unpredictable nature of our work such as spikes in complaint numbers and disciplinary cases.

We ended the last financial year with a surplus of \$47,970, which increased the reserves to a level slightly in excess of our self-imposed limit of 7 months' operating expenditure. This was due to more APC and registration applications than expected, and the costs of Council meetings and attendance, competence, professional standards and communications costs being lower than predicted.

### Current situation

This year, there has been an increase in our workload in relation to complaints, discipline, competence and health, which means that we are predicting that we will end the year (2018/2019) with a deficit of approximately \$90,000. While we have not received a high number of complaints so far this financial year, we normally receive an influx over the summer months and the complaints we have received have been more complex than normal. Complaints and disciplinary hearings are changeable and it is always difficult to predict accurately how many there will be in any given year. Based on the last several years, we believe that complaints numbers are likely to continue at around or slightly above the current rate, meaning that our operating costs will be higher than previously budgeted. Our recent work on improving the way we triage and handle concerns that are raised with us means that we are better able to deal with low level concerns quickly and efficiently but we have also found that the complaints that we investigate have become more complex and involved over the last several years, which also adds to the cost of investigation.

The proposed fee increase reflects that the cost of doing parts of our core work has increased and aims to ensure that our income covers our day-to-day expenses.



The Council has a policy that reserves should sit at a level equivalent to between 5 and 7 months' operating expenditure (between approximately \$584,295 and \$818,013). The reserve level at year end is predicted to be \$811,170. We are planning to upgrade our register software, which is over 18 years old. This is a major project and the anticipated costs of the upgrade will reduce the reserves to the lower end of the policy limits. Without a fee increase, it is likely that the reserves will fall below the equivalent of 5 months' operating expenditure by the end of the 2019/20 financial year. It would not be financially responsible to allow the reserves to fall that low because that may leave us in a position where we could not cover unexpected costs.

## Proposal

We are very aware that fee increases are not welcome for veterinarians. The Council tries to ensure that it balances the need to be financially responsible against the need to minimise the impact of our fees on the profession. We feel that a 3.6% increase strikes this balance. Even with this increase, we are predicting that there will be a modest deficit in 2019/20.

For further context, inflation in New Zealand has been approximately 2.5% since the last fee increase.<sup>1</sup> In 2016, when we consulted on the last fee increase, we set out a comparison with the APC fees for some other professions. The following is an updated version of that table:

Profession	APC fee	Increase since last consultation	Number of practitioners
Veterinarians	\$579.00 (proposed)	3.6%	3046
Pharmacists	\$792.65 (non-prescriber)	22.1%	3,718
Dentists	\$1,116.96	0.4%	2,417
Doctors	\$926.43	3.3%	15,744
Nurses	\$110.00	0%	55,289
Chiropractors	\$1,467.55	19.7%	606
Psychologists	\$655.00	11%	2757
Occupational therapists	\$558.00 <sup>2</sup>	0%	2,435

We are committed to operating in a cost-effective way and minimising the impact our fees have on veterinarians. As costs rise, we will continue to review our processes. Recent examples of our efficiency improvements are the move to online-only APC renewal and the simplification of our CPD auditing processes. We will continue to do this and expect that the much needed upgrades to our IT framework will help.

## Feedback

We welcome comments on this proposal and these will be considered carefully before a decision is made. Please send your comments to:

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<sup>1</sup> Based on Consumer Price Index statistics, available from Stats NZ Tāuranga Aotearoa ([www.stats.govt.nz](http://www.stats.govt.nz)).

<sup>2</sup> Review of fees planned