

CONSULTATION DOCUMENT

Annual Practising Certificate Fee 2019-20 Practising Year¹

Released: Thursday 2 August 2018
Consultation Feedback due: Friday 31 August 2018

1. Consultation Summary

Council² is proposing to increase the Annual Practising Certificate Fee (APC)³ for 2019/20 with a net effect of one percent (1%), (or just under \$8.00 for a practising pharmacist). This document provides pharmacists and stakeholders with detail of the proposal and provides an opportunity for feedback and responses.

The fee increase is relatively low because reserves are now in a position that we can better cope with fluctuations in work requirements and unpredictable expenditure.

It is noted that for six years Council made no adjustment in fees, and in the last few years made reasonably substantive fee adjustments. Having done so, Council is now able to propose a lower increase for 2019/20, which we consider reflects the level of adjustment that should be applied on a more consistent basis going forward. We operate on a cost recovery basis, some expenditure (e.g. natural disasters, legislation changes, disciplinary cases) items do vary and cannot be well predicted which can undermine our preference to maintain fee adjustments at a consistent level.

2. Achievements and Planned Work Programme

In 2017/18 Council had a very busy year and we have an extensive work programme planned for 2018/19. Some key achievements in 2017/18 include:

- A more principled base Code of Ethics implemented;
- Over 3,700 registrations successfully completed online;
- 41 complaints resolved;
- Significant progress on major areas of work, such as: online registration for all scopes; review of written examinations; role of pharmacist and appropriate understanding of risk versus competency requirements; intern policies; successful assessment processes; etc.

¹ Practising year is 1 April to 31 March.

² Pharmacy Council (Council) is a responsible authority established under the Health Practitioners Assurance Act 2003 (HPCAA). Its primary purpose is to protect the health and safety of the public. Refer website: www.pharmacycouncil.org.nz for greater detail.

³ Health practitioner APC fees and disciplinary levies are set by Responsible Authorities under sections 130 and 131 of the HPCAA.

The work programme and how it relates to our functions (section 118 of the Health Practitioners Competence Assurance Act 2003) is demonstrated in the diagram [here](#).

3. Opportunity to discuss

The Council Chair, Chief Executive, and Registrar will be visiting several cities around the country to discuss:

- Council's work programme and direction
- Required expenditure and fees
- The professional disciplinary process, Council's role and recent cases
- Any other matters

These visits will be taking place in August, and if you would like to join us, please click [here](#) to RSVP.

Your thoughts, and the opportunity to hear first-hand your perspective and understanding of Council's work, will be welcomed and valuable. We committed to making these visits as part of our meetings in some cities recently and it aligns with our strategy to be more accessible to members, in respect to issues like fees.

4. How to submit a response

Responses can be sent via our online form. To make a submission, please click [here](#).

You can make a submission individually, on behalf of an organisation, or anonymously.

Council invites feedback on the proposal by 5pm Friday 31 August 2018.

5. Details of the Proposed Fee Changes

Council proposes a total Pharmacist APC fee, effective from 1 April 2019, of \$800.47 (inclusive of GST).

This is a one percent (1%) increase of \$7.82 (\$6.80 fee and \$1.02 GST) relative to the fee for the 2018/19 practising year of \$792.65.

The proposed fee is made up of:

- APC \$614.66 (\$17.90 increase relative to 2018/19), plus
- Disciplinary levy \$ 81.40 (\$11.10 decrease from 2018/19), plus
- GST \$104.41

The proposed fees for the 2019/20 practising year are outlined in the table below:

	APC	Disc Levy	Total Fee	GST	Total Fee incl GST	From 2018/19
	\$	\$	\$	\$	\$	\$
Interns APC Fee	341.90	81.40	423.30	63.49	486.79	<i>Changed</i>
Pharmacists APC Practising	614.66	81.40	696.06	104.41	800.47	<i>Changed</i>
Pharmacists Prescriber APC Practising	695.27	81.40	776.67	116.50	893.17	<i>Changed</i>
APC Reinstate to Practise (RTP) (full year)	701.62	81.40	783.02	117.45	900.47	<i>Changed</i>
Application for Registration & APC Recognised Equivalent Qualification Route (REQR)	914.66	81.40	996.06	149.41	1145.47	<i>Changed</i>
Application for Registration & APC Trans Tasman Mutual Recognition (TTMR)	914.66	81.40	996.06	149.41	1145.47	<i>Changed</i>
Pharmacist Non Practising	79.43	0.00	79.43	11.91	91.34	<i>No change</i>

6. Rationale for the proposed increase

A net fee increase of one percent (1%) is proposed for the following reasons (more detail is included in the attached Appendix):

- **End of year result for 2017/18** (not yet audited or confirmed) is expected to be a surplus of over \$179,000 (versus a budgeted deficit of \$181,000), so reserves are at a higher starting point for 2018/19 than expected.
- **Forecast disciplinary costs and activity** are expected to be less than originally budgeted for 2018/19. The disciplinary reserve can be reduced to align more closely with Council's disciplinary minimum reserve policy.
- **There are some expenditure increases**, specifically relating to business projects and an increase in personnel costs to ensure sufficient capacity and capability.
- **Capital expenditure** does not require additional or new funding. The proposed capital expenditure of \$245,000 is available within our reserves and is also in alignment with the depreciation levels adopted by Council (i.e. renewal of business assets / technology is now in alignment with assets coming to the end of their useful life).

Please tell us your views and/or join us at one of the sessions proposed in the Council [July newsletter](#).

Ngā mihi
Michael A Pead
Chief Executive

APPENDIX: Supporting Rationale Detail

Unconfirmed End of Year Result

The unconfirmed end of year result for 2017/18 is compared with the 2017/18 budget, the proposed budget expenditure for 2018/19 and the forecast for 2019/20 in the following table:

	30-Jun-18 Actual \$000'S	30-Jun-18 Budget \$000'S	30-Jun-19 Budget \$000'S	30-Jun-20 Forecast \$000'S
REVENUE				
REGISTRATION FEES	44	45	47	47
APC FEES	2,442	2,422	2,721	2,746
NON-PRACTISING FEE	84	72	75	75
OTHER FEES	49	62	46	46
OTHER INCOME	94	72	96	96
DISCIPLINE LEVY	384	374	345	345
DISCIPLINARY RECOVERIES / FINES	111	30	30	30
TOTAL REVENUE	3,208	3,077	3,360	3,385
EXPENDITURE				
PERSONNEL COSTS	1,347	1,402	1,500	1,528
REGISTRATION	132	110	239	236
DISCIPLINE	399	466	321	341
COMPETENCE & HEALTH	28	43	63	64
PROJECTS	207	371	528	293
GOVERNANCE	229	223	265	275
COMMUNICATIONS & PROFILE	2	12	8	8
ORGANISATIONAL SUPPORT	64	93	83	79
ORGANISATIONAL OVERHEADS	621	538	645	657
TOTAL EXPENDITURE	3,029	3,258	3,652	3,481
NET SURPLUS/(DEFICIT)	179	(181)	(292)	(96)

Council has achieved an unconfirmed operating surplus of over \$179,000 when we had budgeted for a deficit. This is a good result, but it is principally because of external factors in the sector meaning that some project activity did not begin until later in the financial year or has not yet started. It is still expected to happen but now in 2018/19 (i.e. delayed expenditure). The total revenue achieved in the year was over \$3.2 million and total expenditure was just over \$3.0 million.

Forecasted Disciplinary Costs and Activity

The disciplinary costs for any given year relate to the number and complexity of cases. For cases that proceed to prosecution at the Health Practitioners Disciplinary Tribunal (HPDT), this generally accounts for over 70 percent (70%) of the overall cost for each case. Budgeted costs rely on predicting the progression of the caseload and when costs are likely to be incurred.

The disciplinary minimum reserve enables Council to manage this uncertainty. As the current level of the disciplinary reserve is greater than needed to manage the uncertainty, we have effectively proposed reducing the reserve through reducing the disciplinary levy.

The HPDT heard five cases for pharmacists in 2017/18, with one complex case heard over four days. The disciplinary budget for 2018/19 is less than 2017/18 as the cases are less complex. Even if the caseload becomes more complex in this financial year, further significant costs from these cases will occur in future financial years. However at this stage, the forecast for 2019/20 is based on the 2018/19 budget.

Some Key Expenditure Increases

As mentioned earlier, the end of year result is better than expected in part due to timing differences for several projects. Work that didn't begin or advance as quickly as expected will now occur in 2018/19. Hence, the project expenditure in 2018/19 is higher. How the project work and our business as usual work related to our functions is outlined in the table previously referenced diagram [here](#).

The personnel cost in 2018/19 relative to 2017/18 is to recognise the full cost of the additional recruitment in team numbers that joined us part way through 2017/18 and some adjustment to maintain pay parity with the market for the required regulatory skills and competencies.

Capital Expenditure

Council has invested approximately \$415,000 of capital expenditure in a Business Capability Improvement Programme over the last two financial years. This is less than originally budgeted for the programme, which has successfully delivered the business case benefits in terms of improved operational stability and process efficiencies, as well as the following assets:

- a foundational technology platform comprising a new registry database, data hub and online platform
- a cloud-based infrastructure enabling more flexibility and reliability
- online forms for registrations, recertification, return to practice and notification
- online payments for exams and improved website and bulk email systems
- a business intelligence platform that delivers visualisations of demographic and other data
- more efficient processing of forms and transactions using online services.

The efficiency and operational benefits of the programme have largely been realised. With that in mind, the Council is now looking to fund an ongoing and annually reviewed investment stream as part of the business as usual work. We propose to invest in a range of improvements during the 2018/19 year, including:

- updates to the Registration ('REG Online') and 'APC Online' systems
- improved portal and website capabilities
- further development of our case management system
- business intelligence and management reporting improvements
- improvements to the assessments and examinations databases and systems
- improvements and upgrades to the foundational infrastructure and systems as required.

These sorts of improvements will be funded from what is in effect the depreciation stream for the capital investments made to date. In other words, we're expecting to progressively invest in and improve the technologies and systems we have, as opposed to having to run big 'catch-up' programmes of work in the future.