

9 July 2020

Dr Curtis Walker
Chairperson
Medical Council of New Zealand

By email: feeconsultation@mcnz.org.nz

Consultation on the Practising Certificate Fee and Disciplinary Levy 2020/2021

Dear Dr Walker

The New Zealand Medical Association (NZMA) wishes to provide feedback on the above consultation. As you know, the NZMA is New Zealand's largest medical organisation, with more than 5,000 members from all areas of medicine. The NZMA aims to provide leadership of the medical profession, and to promote professional unity and values, and the health of all New Zealanders.

We note that the Council is proposing the following increases from 1 September 2020:

- practising certificate fee increase by \$34.28 to \$605.67 (excluding GST) (6.00%)
- disciplinary levy increase by \$15.44 to \$169.80 (excluding GST) (6.85%)

We note that the proposed practising certificate fee and disciplinary levy are based on:

- Council's strategic objectives as outlined in the Strategic Plan;
- Council's budgets and projections for the 2019/2020 and 2020/21 financial years; and
- the actual general, disciplinary and examination fund reserves as at 31 May 2020.

The NZMA values the work of the Council in performing its statutory functions and undertaking activities that support and enhance patient safety in New Zealand. However, we are unable to support the proposed 6.00% increase in practising certificate fees. We are disappointed that Council is proposing such a large increase during a difficult economic period. The proposed 6.00% increase will have an adverse impact on the sustainability of General Practice which has taken a considerable financial hit due to COVID-19. The proposed increase is almost double the increase in capitation funding. Furthermore, it is unreasonable to expect patients who are also struggling financially to increase their co-payment. The proposed increase will impact more on doctors that work part time, and therefore on women.

We note that Council's rationale for the proposed increase in practising certificate fee includes a 2.5% increase as an inflationary adjustment and an additional 3.5% increase to "replenish cash reserves" over time. We understand that Council's minimum reserve level is 25% of annual budgeted operating expenses, or approximately \$4.2m. We note that Council's total reserves as at

30 June 2019 was \$6.418m, with \$4.032m in the general fund reserves.¹ While we appreciate the need to have reserves for continuing costs should income drop or to cover unforeseen expenditure, it is difficult to envisage how Council could lose income. Our view is that now is not the time for Council to be replenishing its already substantial reserves. Rather, we contend that this is the time Council should manage its operational expenditure within current income and use its reserves if a deficit results.

We hope our feedback is helpful.

Yours sincerely

A handwritten signature in blue ink that reads "K. Baddock". The signature is written in a cursive style with a large, sweeping flourish at the end.

Dr Kate Baddock
NZMA Chair

¹ Medical Council of New Zealand Annual Report 2019. <https://www.mcnz.org.nz/assets/Publications/Annual-Reports/c9587f0cbf/MCNZ-Annual-Report-2019.pdf>