Our insights into five health regulatory authorities

February 2025

Summary

There are 18 authorities in New Zealand responsible for registering health practitioners and certifying that those practitioners remain competent to practise. They also carry out other functions, such as setting clinical and cultural competence standards for practitioners and managing complaints about their conduct and competence.

Together, the health regulatory authorities (responsible authorities) oversee a workforce of about 140,000 registered practitioners.

As the auditor of all 18 responsible authorities, the Auditor-General provides independent assurance to Parliament and the public that the authorities are fairly reporting on their financial performance and, where applicable, their service performance. This report focuses on five of the larger responsible authorities.

This report is in four parts.

Part 1 sets out the aim and scope of this report.

Part 2 outlines the main roles and responsibilities of responsible authorities under the Health Practitioners Competence Assurance Act 2003. In particular, we discuss the responsible authorities' role in responding to complaints and notifications,[1] and contributing to workforce planning.

Part 3 discusses recent findings from independent performance reviews of the responsible authorities. These reviews are managed by the Ministry of Health and carried out at least once every five years. There are 23 core standards for the responsible authorities to meet.[2] The results show that the five responsible authorities fully met 20 of the 23 core standards (over 87%), with the remainder partially met.

Part 4 discusses results from our audits. For 2022/23, we issued unmodified ("clean") opinions in the audit reports for the five responsible authorities we look at in this report. We also analyse key trends in the responsible authorities' financial statements to understand their financial position, including what they might be using their financial reserves for.

1 Under the Act, **complaints** are about conduct, and **notifications** are about competence and health (fitness) matters.

2 Ministry of Health (2020), "Core Performance Standards for Responsible Authorities: Consultation document", page 12, at consult.health.govt.nz.

Recommendations

We recommend that:

1. responsible authorities improve their reporting by providing information on the target and actual timeliness of:
   - complaint and notification resolution; and
   - processing and approving applications for registration;
2. the Ministry of Health set standard measures and definitions for annual reporting to ensure that there is consistency in the information reported by all responsible authorities;
3. the Ministry of Health provide a consolidated summary of findings from the independent performance reviews of responsible authorities to give the public a single, easily accessible view; and
4. responsible authorities consider specifying their reserves policies and the types of financial reserves they hold in their annual reports, to provide transparency on decisions about fee setting, investments, and expenditure.

At a glance

18 responsible authorities

26 professions

about **140,000** registered health professionals

This report focuses on **five** of the **18 responsible authorities** that we audit.

Workforce

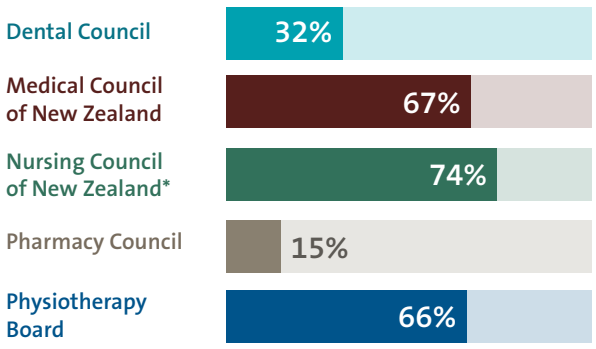
Total number of registered health practitioners **in 2022/23:**

4,533	19,344	69,621	4,299	8,220
Dental Council	Medical Council of New Zealand	Nursing Council of New Zealand	Pharmacy Council	Physiotherapy Board

Registered practitioners have increased for all five responsible authorities **since 2018/19,** by**:**

11%	14%	20%	12%	15%

Percentage of new registrations granted to international applicants in 2022/23:



See **Appendix 5** for trends in registered workforce numbers over the past five years.

*In 2022/23, the Nursing Council received **9,675 applications** from internationally qualified nurses, **a 201% increase from 2021/22**.

Many international medical graduates are registered in New Zealand, but not all stay. In its 2022/23 annual report, the Medical Council reported that:

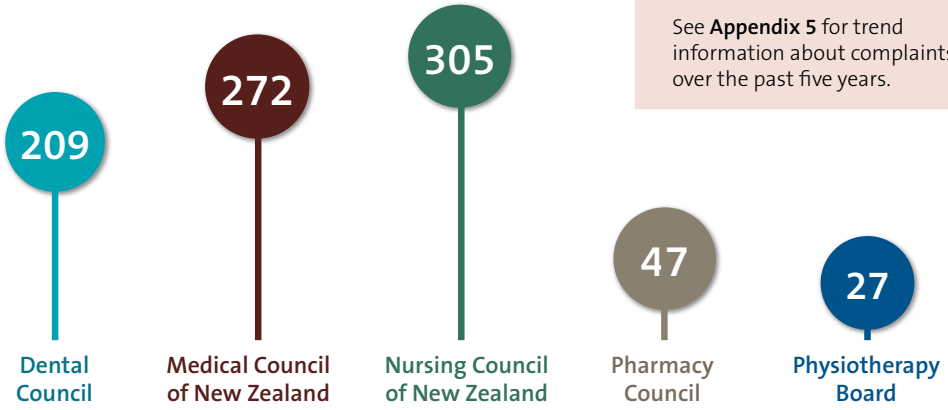
62% of **international medical graduates** have left New Zealand two years after gaining registration.

1% of **New Zealand medical graduates** have left New Zealand two years after gaining registration.

The Medical Council is continuing to work with stakeholders to explore the issues relating to the retention of international medical graduates once they have gained registration in New Zealand.

Complaints and notifications

Totals received in 2022/23



See **Appendix 5** for trend information about complaints over the past five years.

Proportion of complaints for each group of registered practitioners **for 2022/23:**

Performance reporting

The five responsible authorities we looked at in this report fully met **at least 20 of the 23 core standards** in the most recent independent performance reviews (managed by the Ministry of Health).

Financial results

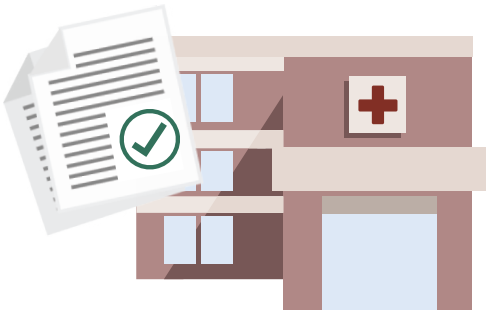
In 2022/23, the five responsible authorities reported the following surplus/deficit:

Dental Council	**-$0.01 million**
Medical Council of New Zealand	**$1.68 million**
Nursing Council of New Zealand	**$2.36 million**
Pharmacy Council	**-$0.2 million**
Physiotherapy Board	**$0.66 million**

See **Part 4** for financial results over the past five years.

Audit findings

For 2022/23, the Auditor-General issued an unmodified ("clean") audit opinion for the five authorities included in this report.



1 Introduction

1.1 The health sector receives significant public funding. In 2023, an estimated $26 billion (about 16% of total government expenditure) was spent on providing safe, accessible, and quality healthcare to New Zealanders.

1.2 There are 18 responsible authorities in New Zealand, which regulate a workforce of nearly 140,000 registered health practitioners.[3] These authorities have an important role in keeping the public safe from harm. They register health practitioners and subsequently certify that those practitioners remain competent and fit to practise. They also set clinical and cultural competence standards for practitioners and manage complaints and notifications about their conduct or competence.

1.3 As the auditor of all 18 responsible authorities under the Public Audit Act 2001, the Auditor-General provides independent assurance to Parliament and the public that the authorities are fairly reporting on their financial performance (and, where applicable, their service performance).[4]

1.4 In this report we highlight the role of responsible authorities and their contribution to the wider health sector.

1.5 This report explains:

- the responsible authorities' role in ensuring patient safety and contributing to workforce planning;
- the independent performance reviews of responsible authorities, which are managed by the Ministry of Health (the Ministry);[5] and
- what we have seen in recent audits of five of the larger responsible authorities.

3 The 18 responsible authorities are the Medical Council of New Zealand, the Dental Council, the Nursing Council of New Zealand, the Midwifery Council, the Pharmacy Council, the Physiotherapy Board, the Chiropractic Board, the Optometrists and Dispensing Opticians Board, the Osteopathic Council, the Podiatrists Board, the Psychologists Board, the Dietitians Board, the Medical Sciences Council of New Zealand, the Medical Radiation Technologists Board, the Occupational Therapy Board, the Psychotherapists Board, the Chinese Medicine Council of New Zealand, and the Paramedic Council.

4 For 2022/23, the Medical Council of New Zealand voluntarily reported on its service performance, which formed part of its annual audit.

5 The reviews are carried out by an external independent organisation (a designated auditing agency).

What we looked at

1.6 This report focuses on five of the 18 responsible authorities. These are the:

- Dental Council;
- Medical Council of New Zealand (the Medical Council);
- Nursing Council of New Zealand (the Nursing Council);
- Pharmacy Council; and
- Physiotherapy Board.

1.7 The responsible authorities use different operating models. We focused on these five responsible authorities because they are large, collectively regulate the majority of the regulated workforce, and function as standalone organisations.[6]

1.8 Our findings are based on our annual audits and publicly available information published by these five responsible authorities. This includes information from annual reports, strategic planning documents, workforce reports, and independent performance review reports.

6 The Nursing Council provides corporate and regulatory support servies under contract to 11 other authorities that we did not look at. The Medical Sciences Council and Medical Radiation Technologists Board jointly own a company (Medical Services Secretariat Limited) that provides corporate services to the remaining two authorities we did not look at.

2 About the responsible authorities

2.1 The responsible authorities are charitable organisations registered under the Charities Act 2005. They do not usually receive government funding.[7] As public organisations, they are subject to an audit under the Public Audit Act 2002. The responsible authorities are independent from professional practitioners' associations and unions, who promote and advocate for the health professions.

2.2 All 18 responsible authorities function under the Health Practitioners Competence Assurance Act 2003 (the Act), which the Ministry administers. The purpose of the Act is to protect the health and safety of the public by providing ways to ensure that health practitioners are competent and fit to practise their professions.

2.3 The Act sets out the responsible authorities' key responsibilities and functions. These include:

- authorising the registration of practitioners and considering applications for annual practising certificates (an annual practising certificate enables the practitioner to work in their health profession);
- ensuring that practitioners registered with them are practising within their scope of practice;
- setting the standards of clinical and cultural competence for practitioners;
- accrediting and monitoring educational institutions that offer relevant qualifications; and
- managing notifications about a practitioner's competence and complaints about conduct.

2.4 The Act came fully into force in September 2004. It repealed 11 occupational statutes that previously governed 13 health professions.

2.5 In 2014, the Ministry carried out a review to identify potential improvements in public safety and health workforce development. The Act was amended in 2019 as a result. Amendments included new requirements, such as independent performance reviews of responsible authorities at least once every five years, the collection of workforce data, and new powers to act immediately and without notice to suspend a practitioner's practising certificate if there were significant concerns about public health and safety.

2.6 Under the Act, the Minister of Health has responsibilities that include appointing members of each responsible authorities' governance board, resolving disputes about scopes of practice, and regulating restricted activities for health practitioners.

7 In 2020, the Ministry of Health provided the Team Relief Fund to the Pharmacy Council to support over-stretched pharmacy teams.

Processing complaints and notifications about health practitioners

2.7 It is important that health consumers (people who use healthcare services) are able to raise concerns and make complaints about their healthcare experiences. This can lead to improvements in patient safety and the quality of care, and empower health consumers. Both the responsible authorities and the Health and Disability Commissioner (the Commissioner) play a significant role in the complaints and notification process (see paragraph 2.14 and Appendix 1).

2.8 The complexity of regulation administered by the responsible authorities is affected by the extent of possible harm, which varies depending on the health profession.

Role of the Health and Disability Commissioner

2.9 The Commissioner is responsible for promoting and protecting the rights of people using health and disability services, including assessing and resolving complaints that raise health consumer rights issues.

2.10 The Commissioner assesses complaints about the quality of care provided to people using health and disability services. In more serious cases, the Commissioner can carry out an investigation, which might result in a provider being found in breach of the Code of Health and Disability Services Consumers' Rights (the Code).[8]

2.11 The complaints system is complex due to an overlap in roles between the responsible authorities and the Commissioner. Under the Act, responsible authorities must forward to the Commissioner any complaint alleging that the practice or conduct of a practitioner has adversely affected a health consumer. Similarly, the Commissioner must notify the responsible authority of any investigation that directly concerns a health practitioner.

Role of the responsible authorities

2.12 The responsible authorities ensure that health practitioners are fit to practise by conducting competence reviews and requiring practitioners to carry out recertification programmes. They might require an examination or test if there are concerns that a practitioner has a mental or physical condition that could affect their ability to work as a health practitioner. They also address and triage

8 The Code establishes the rights of health consumers and the obligations and duties of providers to comply with the Code. It is a regulation under the Health and Disability Commissioner Act.

complaints and notifications about practitioners who do not meet standards set by the responsible authority and/or pose a risk of harm to the public.[9]

2.13 Complaints and notifications can be raised by practitioners' peers and by members of the public. Responsible authorities also address cases that have been referred to them by the Commissioner, including cases that do not concern consumer rights, such as Accident Compensation Corporation fraud.

Types of complaints and notifications, and how they are addressed by the responsible authorities

2.14 Complaints and notifications fall into three main categories (some can involve multiple categories):

- **Conduct complaints** are related to behaviour or not meeting ethical standards.
- **Competence notifications** relate to the skills and ability of health professionals to carry out their role.
- **Health (fitness) notifications** are related to the health practitioner's own mental and/or physical health.

Conduct-related complaints and competence-related notifications

2.15 For both conduct-related complaints and competence-related notifications, section 70 of the Act prevents a responsible authority from taking disciplinary action while a complaint is being investigated by the Commissioner. While it awaits the outcome of the Commissioner's investigation, the responsible authority might order interim suspension of a health practitioner's practising certificate or place conditions on their practice. The Commissioner can refer a complaint to the responsible authority to investigate. The responsible authority must report back to the Commissioner on what action has been taken.

2.16 However, section 70 of the Act does not prevent responsible authorities from reviewing a practitioner's competence while the Commissioner is carrying out an investigation. At any time, the responsible authority can initiate a competence review of a practitioner and then, if necessary, require them to complete a competence programme and/or place conditions on their practising certificate.

2.17 A responsible authority can also appoint a Professional Conduct Committee to investigate complaints about a practitioner's conduct (other than matters under investigation by the Commissioner). For some complaints, the Professional Conduct Committee can refer cases to the Health Practitioners Disciplinary

9 Under the Act, this includes notifying the Director-General of Health, the Health and Disability Commissioner, the Accident Compensation Corporation, and the employer of the health practitioner.

Tribunal.[10] Outcomes of such cases can include fines, conditions, suspension of registration, or cancellation of the practitioner's registration.

Health (fitness) notifications

2.18 Notifications can be sent to a responsible authority if a practitioner is believed to be unable to perform required functions due to mental or physical ill health. Depending on the case, the responsible authorities can require health practitioner examinations, suspend a practitioner's registration, or set conditions of practice.

Reporting on complaints and notifications

2.19 To be accountable to the public, the health system needs to be transparent. It also needs to show appropriate actions are taken to address concerns in a professional and timely manner.

2.20 The Commissioner reports on the total number of complaints received and resolved within specific time frames. Its 2022/23 annual report included measures that showed the total time taken to resolve complaints. They were reported against set targets, which were linked to strategic objectives. For example, the Commissioner reported that 66.5% of closed complaints in 2022/23 were closed within three months, against a target of 60%.

2.21 For 2022/23, the annual reports of the five authorities we looked at had dedicated sections on complaints and notifications, although the level and type of information varied. Not all of the five responsible authorities we looked at reported on complaint resolution timeliness, the nature of the complaint or notification, or on the source of the complaint (see Appendices 2 and 3).[11]

2.22 We consider that reporting on measures related to complaint resolution timeliness, similar to those of the Commissioner, would provide the public with information on whether the responsible authorities are acting to resolve issues in a timely manner.

2.23 In our view, the responsible authorities could usefully provide information about the timeliness of their complaints and notifications processes. They could include information about the number of open complaints and notifications and how long they have been pending at the start and end of a set time period. Responsible authorities could also include target time frames to close complaints and notifications and to provide an outcome to the complainant.

10 The Health Practitioners Disciplinary Tribunal hears and determines charges brought against practitioners by a Professional Conduct Committee.

11 Sources of complaints about health practitioners can include members of the public, employers, or colleagues.

Responsible authorities' role in workforce matters

2.24 Responsible authorities have a legal requirement under the Act to collect workforce data to assist the Ministry and others with workforce forecasting and planning.

2.25 The responsible authorities do not implement or lead policies to remove structural barriers or resolve workforce challenges, such as retention rates. That is the Ministry's role, given its stewardship responsibilities for the health system.

2.26 Each of the five authorities we looked at collected in-depth data about their respective registered professions. This information provides the responsible authorities insight into workforce trends.

2.27 The five authorities we looked at collect data through two main methods. First, **registration data** is collected when a practitioner is added to each authority's register. Registration information includes gender, ethnicity, and the current country or region where the practitioner is registered.

2.28 Secondly, **workforce survey data** is collected when practitioners renew their annual practising certificates. Workforce survey reports include information such as the number of hours worked each week, hours on call, ethnicity, and detailed employment information such as employer type and work type by subspecialty. However, the workforce surveys are voluntary and only record results from those that participate.

2.29 Appendix 4 sets out more information about the various workforce reports published by the five authorities we focused on. Trends in the total registered workforce, including proportions of complaints and notifications, are in Appendix 5.

Reporting on registration applications

2.30 Responsible authorities' key functions include authorising the registration of practitioners and considering applications for annual practising certificates, which allow health practitioners to work in their profession.

2.31 To keep up with an increasing number of applications, some responsible authorities have reviewed and streamlined their registration processes.

2.32 For example, there was a significant increase in the nursing workforce from 2018/19 to 2022/23. In 2022/23, 74% of newly registered nurses were from overseas, 165% higher than in 2018/19. The Nursing Council increased the capacity of the team managing applications and carried out several initiatives to streamline the application process.

2.33 For 2022/23, the Physiotherapy Board reported a 62% increase in the number of overseas applications for registration. To improve the timeliness of its registration process, the Board implemented an "Express Pathway" for applications from selected countries.

2.34 As part of its 2022/23 service performance framework, the Medical Council reported on the time it takes to process applications for registration. It included information on the percentage of international medical graduate applications and general registration applications that it processed within its target time frames.

2.35 Similarly, the Nursing Council reported in its 2022/23 annual report on the median time taken to process registrations, both for those who were required to complete a competence assessment programme and those who were not.[12] However, this data did not show trends in registration time frames nor progress against any targets.

2.36 We did not find publicly available information about registration timeliness for the Dental Council, the Pharmacy Council, or the Physiotherapy Board (see Appendix 4).

2.37 Because one of the responsible authorities' core functions is registering practitioners and considering applications for annual practising certificates, the responsible authorities should, in our view, consider reporting on the timeliness of this function over time and against set targets.

12 Competence assessment programmes are designed to ensure that nurses trained overseas and nurses returning to the profession have the required skills and knowledge to practise.

Recommendation 1

We recommend that responsible authorities improve their reporting by providing information on the target and actual timeliness of:

- complaint and notification resolution; and
- processing and approving applications for registration.

2.38 To ensure that reporting is consistent, the Ministry could set standard metrics for complaint and notification processes and registration processes in the responsible authorities' annual reporting. This should include timeliness data and more context to explain trends that are unique to each of the responsible authorities.

Recommendation 2

We recommend that the Ministry of Health set standard measures and definitions for annual reporting to ensure that there is consistency in the information reported by all responsible authorities.

The Ministry of Health's independent performance reviews

3

3.1 The responsible authorities are not subject to the Official Information Act 1982. To provide independent scrutiny of their performance, the Health Practitioner Competence Assurance Act (the Act) was amended in 2019 to give the Ministry mandate to carry out periodic performance reviews of the responsible authorities.[13]

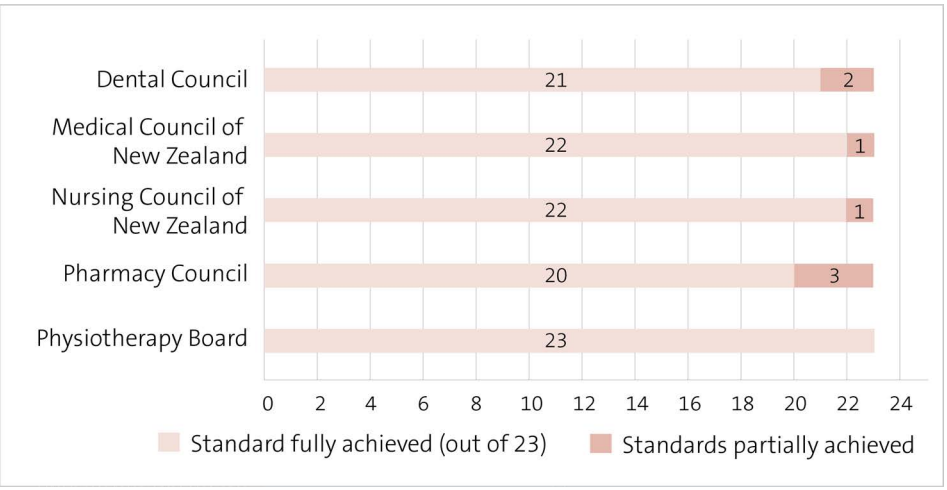
3.2 The aim of the performance reviews is to provide assurance and better visibility to the Crown and the public that responsible authorities are carrying out their functions effectively and efficiently.

3.3 The Act requires the Ministry to consult with the responsible authorities and manage the review process, including setting the terms of reference. Reviews are conducted by an independent designated auditing agency, which contracts directly with the responsible authorities.

3.4 The independent performance review framework aligns with section 118 of the Act. The framework includes 23 core standards that cover matters such as standards for competence and ethical conduct.[14]

3.5 Figure 1 shows the most recent review results for the five authorities we looked at in this report. These authorities fully achieved 20 of the 23 core standards (over 87%), with the remainder partially achieved.

Figure 1
Results from independent performance reviews carried out in 2021 and 2022



13 The first performance reviews were carried out within three years of the Act being amended. Subsequent performance reviews must be conducted at intervals that are no more than five years apart.

14 Ministry of Health (2020), "Core Performance Standards for Responsible Authorities: Consultation document", page 12, at consult.health.govt.nz.

3.6 The recommendations made by the designated auditing agency generally focused on:

- reviewing and improving the authorities' processes, including by enhancing their accreditation standards to ensure that they reflect New Zealand's cultural contexts; and
- ensuring that authorities' accreditation standards and key projects are informed by te Tiriti o Waitangi and that they develop and review them in consultation with Māori.

3.7 The Ministry has prepared a report summarising the main findings and insights from the first round of performance reviews, but has not yet published it. This makes it difficult to understand the challenges that the 18 responsible authorities have in common and the challenges unique to particular professions. Publishing the summary report would help the public to better understand the overall performance of the responsible authorities.

3.8 The Ministry should consider providing this reporting as part of its annual report or on its website as part of its broader account of how it is performing its stewardship role.

Recommendation 3

We recommend that the Ministry of Health provide a consolidated summary of findings from the independent performance reviews of responsible authorities to give the public a single, easily accessible view.

Results from our audits and financial trends

4

4.1 For 2022/23, we issued unmodified ("clean") opinions in the audit reports for the five responsible authorities we looked at. This means that we were able to gain assurance that the financial statements were fairly stated and met the requirements of the applicable financial reporting framework.

Control environment

4.2 During our audits of the responsible authorities we looked at internal controls relevant to the audit, including controls designed to prevent or detect material misstatements in the financial statements. We identified risks with internal controls across most of the authorities, specifically for the approval of journal entries and for segregating duties (separating roles to reduce the risk of error or fraud), which has been acknowledged.[15] These are known control vulnerabilities for smaller organisations.

Auditing service performance

4.3 Responsible authorities do not have a legislative requirement to report service performance information. The Medical Council voluntarily reported on its service performance for 2022/23, which formed part of its annual audit.

4.4 The performance measures the Medical Council included in its annual report reflected its three strategic priorities, which are set out in its strategic plan for 2022-2027.

4.5 Under each strategic priority, the Medical Council outlined long-term outcomes, medium-term intentions, and short-term outputs. The long-term outcomes cover intentions such as ensuring that members of the public have increased trust in the medical profession, Māori experience cultural safety when receiving health services from doctors, and the Council's registration policies are fit for purpose and responsive to the changing nature of the medical workforce.

4.6 The Medical Council also provides commentary and progress indicator keys for each objective. It is transparent about what went well and what needs further improvement.

4.7 This serves as a good example for the other responsible authorities, if they choose to report on their service performance information in the future.

15 For the Medical Council, risks related to the approval of journal entries and segregating duties were not noted in the 2022/23 audit report.

Financial trends

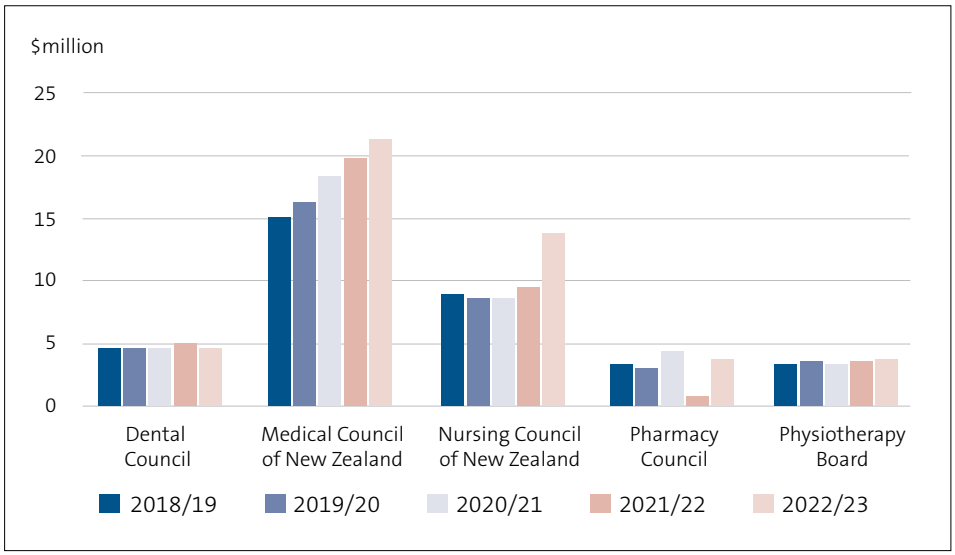
Increases in total revenue

4.8 Responsible authorities are charitable organisations registered under the Charities Act 2005. They do not receive regular government funding. Most responsible authorities collect revenue by charging annual practicing certificate fees. They also collect revenue through disciplinary levies and recoveries[16] and other income such as interest earned from investments or cash reserves.

4.9 Overall, total revenue increased slightly in 2022/23 compared with the previous year (see Figure 2). Total revenue in 2022/23 was $47 million. However, it is difficult to make a comparison because the Pharmacy Council changed its balance date in 2021/22, which meant that it only reported results for nine months (see paragraphs 4.16 and 4.17).

4.10 The Medical Council and the Nursing Council had the biggest increases in total revenue in 2022/23. The Medical Council reported an 8% increase in total revenue in 2022/23 compared with the previous year (an increase in total revenue of $1.6 million) while the Nursing Council reported a 46% increase (an increase in total revenue of $4.33 million).

Figure 2
Total revenue reported by the five authorities we looked at, 2018/19 to 2022/23



16 The disciplinary levy is a standard fee that funds the costs of investigations, prosecutions, and hearings. Disciplinary recoveries are fees paid by individual health practitioners who are subject to disciplinary proceedings.

4.11 The Nursing Council attributes its increase in total revenue for 2022/23 to the significant growth of applications from internationally qualified nurses applying to register in New Zealand. For 2022/23, the Nursing Council received 9675 international applications – a 201% increase from 2021/22. The Nursing Council attributed the increase to intentional international recruitment by the health sector, post-Covid-19 demand, changes to immigration settings, and New Zealand's reputation as a safe workplace (especially during the Covid-19 pandemic).

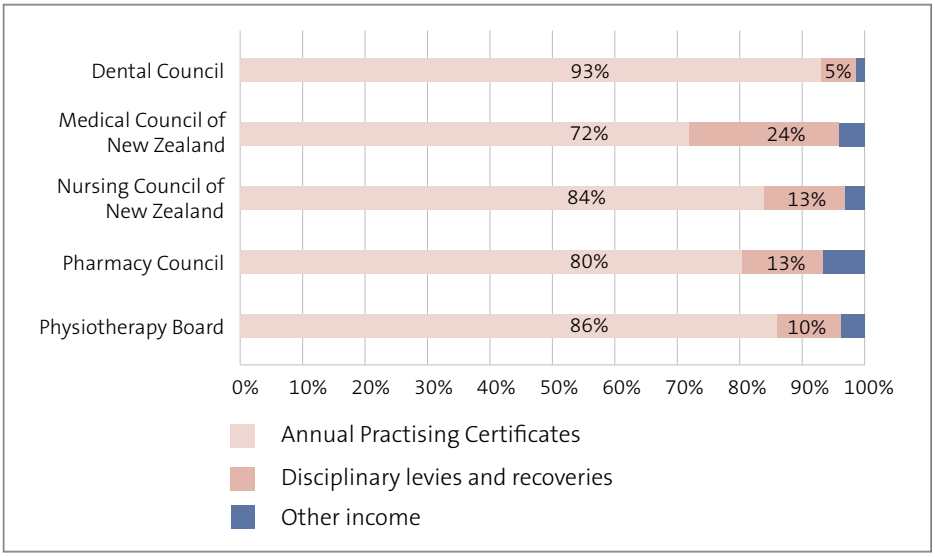
4.12 The Nursing Council approved an increase to the annual practicing certificate fee in December 2021, before the surge in applications from internationally qualified nurses. This fee increase was the first since 2011, from $110 to $130 (an 18% increase with effect from July 2022).

4.13 Changes in revenue streams across the five responsible authorities resulted in an overall increase in revenue earned from annual practicing certificates and other fees related to registration,[17] increasing to $37.19 million in 2022/23. This is 79% of all revenue.

4.14 Generally, the percentages of revenue earned from the major revenue streams remained broadly consistent with the previous year. As shown in Figure 3, the revenue sources were similar between the five responsible authorities, although the Dental Council received a smaller proportion of their revenue from disciplinary levies and recoveries than the other responsible authorities.

17 Other fees include registration fees, overseas registration fees, and non-practising fees.

Figure 3
Revenue sources for the five authorities we looked at, 2022/23



4.15 A more detailed breakdown of total revenue is outlined in Figure 4.

Figure 4
Type and amount of revenue for the five responsible authorities we looked at, 2022/23

	Revenue from annual practicing certificates and other fees related to registration $million	Revenue from disciplinary levies and recoveries $million	Revenue from other income $million	Total revenue $million
Dental Council	4.24	0.25	0.07	4.56
Medical Council of New Zealand	15.28	5.09	0.91	21.28
Nursing Council of New Zealand	11.52	1.87	0.37	13.76
Pharmacy Council	2.93	0.47	0.25	3.65
Physiotherapy Board	3.22	0.38	0.15	3.75
Total by revenue type	**37.19**	**8.06**	**1.75**	**47.00**

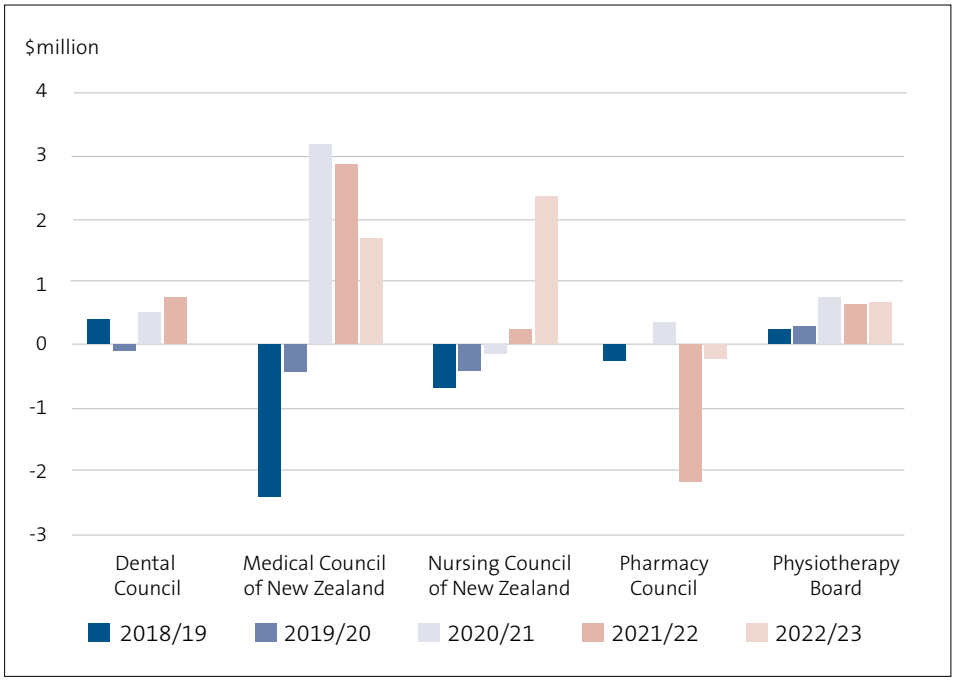
Significant deficits

4.16 The Pharmacy Council reported a deficit of $2.15 million in 2021/22 (see Figure 5). This was because it moved from a 30 June balance date to a 31 March balance date, so the financial year ending 31 March 2022 was only nine months. This change was to better align its financial statements with the annual practising certificate recertification period and simplify its year-end financial reporting.

4.17 The change to a 31 March balance date affected the Pharmacy Council's 2021/22 budget. Because of the new financial year end date, revenue received in March 2022 for the 2022/23 recertification year (starting 1 April 2022) was recorded as income in advance. It is recorded this way because of accounting standards requirements.

4.18 The Medical Council reported a deficit in 2018/19 of $2.38 million. This was because of expenses incurred after the 2016 Kaikōura earthquakes, which damaged the premises it leased.

Figure 5
Surpluses and deficits reported by the five authorities we looked at, 2018/19 to 2022/23



Surplus and financial reserves

4.19 The Physiotherapy Board reported surpluses from 2018/19 to 2022/23, ranging from $0.24 million in 2018/19 to 0.66 million in 2022/23.

4.20 In 2022/23, the Nursing Council reported a surplus of $2.36 million compared with $0.25 million in the previous year. This was due to a significant increase in revenue from applications by internationally qualified nurses and an increase in annual practising fees (see paragraphs 4.11 and 4.12).

4.21 The Medical Council made surpluses of $3.17 million, $2.84 million, and $1.68 million in the last three financial years (see Figure 5). The Medical Council's general reserve increased from $4.03 million in 2018/19 to $9.40 million in 2022/23. In our 2022/23 audit, we highlighted that the Medical Council's level of reserves exceeded the target range established in its financial policy.

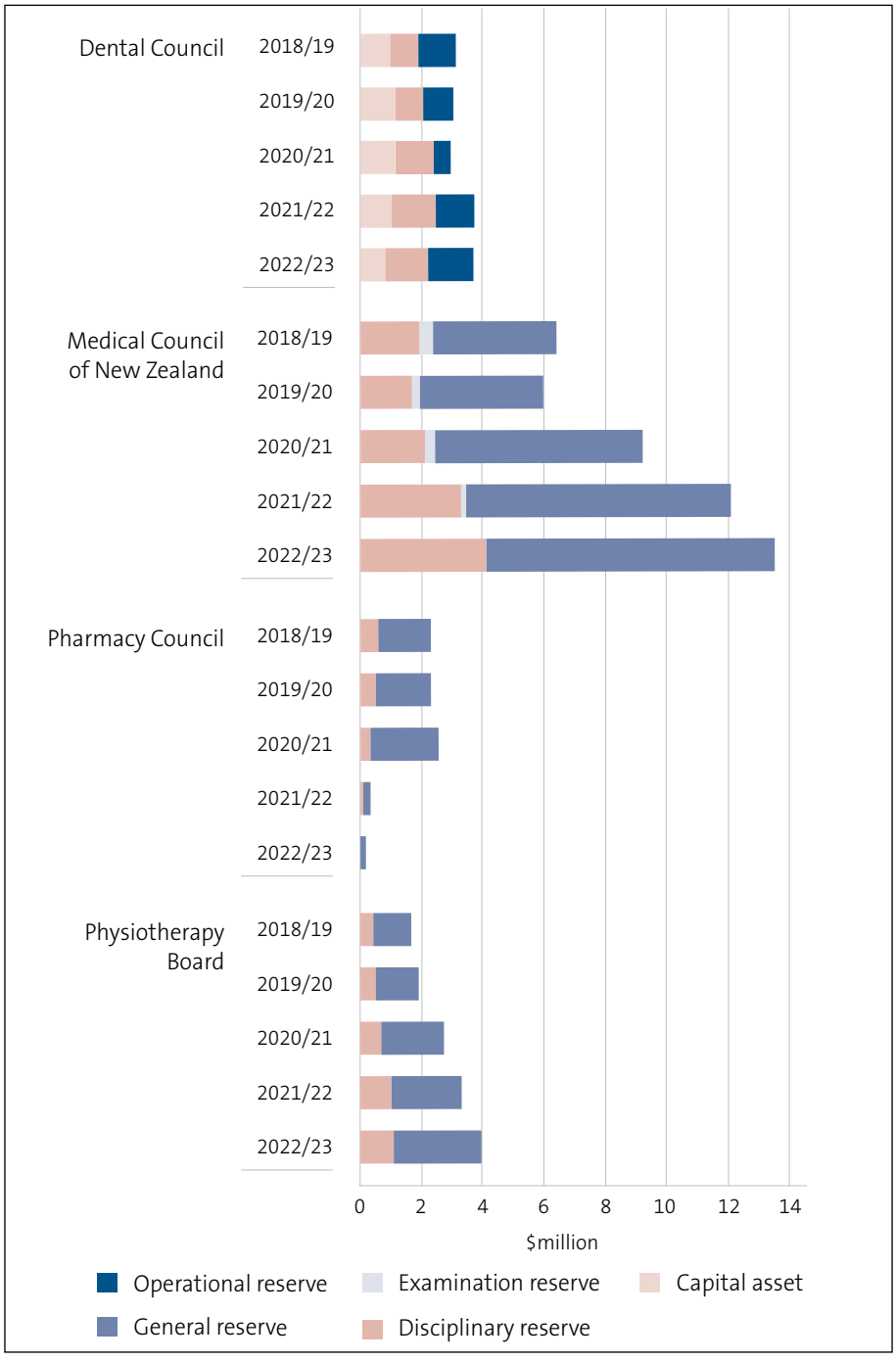
4.22 Reserves are a portion of an organisation's financial surplus that is set aside for future purposes. It is good practice to hold reserves to cover unexpected costs, replace capital equipment, and make new investments.

4.23 The Medical Council is reviewing its reserves policy and considering unexpected costs and necessary investments for business transformation and capital replacement projects. It is also working towards establishing a capital asset and replacement reserve to improve transparency about its reserves.

4.24 Managing reserves can be challenging for the responsible authorities because disciplinary cases can be unexpected and expensive. It is important that the responsible authorities continue to follow and regularly review their reserves policies to guide decisions about fee setting, investments, and expenditure. For greater transparency, the responsible authorities could specify in their annual report the types of reserves they hold (including the target level) and how the reserves are used each year.

4.25 Four of the five responsible authorities disaggregated their reserves into specific types, such as disciplinary reserves and examination reserves, and reserves for different sub-specialities, such as capital assets reported by the Dental Council. Figure 6 shows the breakdown of the reserves over time.

Figure 6
Reserves held by the Dental Council, the Medical Council, the Pharmacy Council, and the Physiotherapy Board, 2018/19 to 2022/23



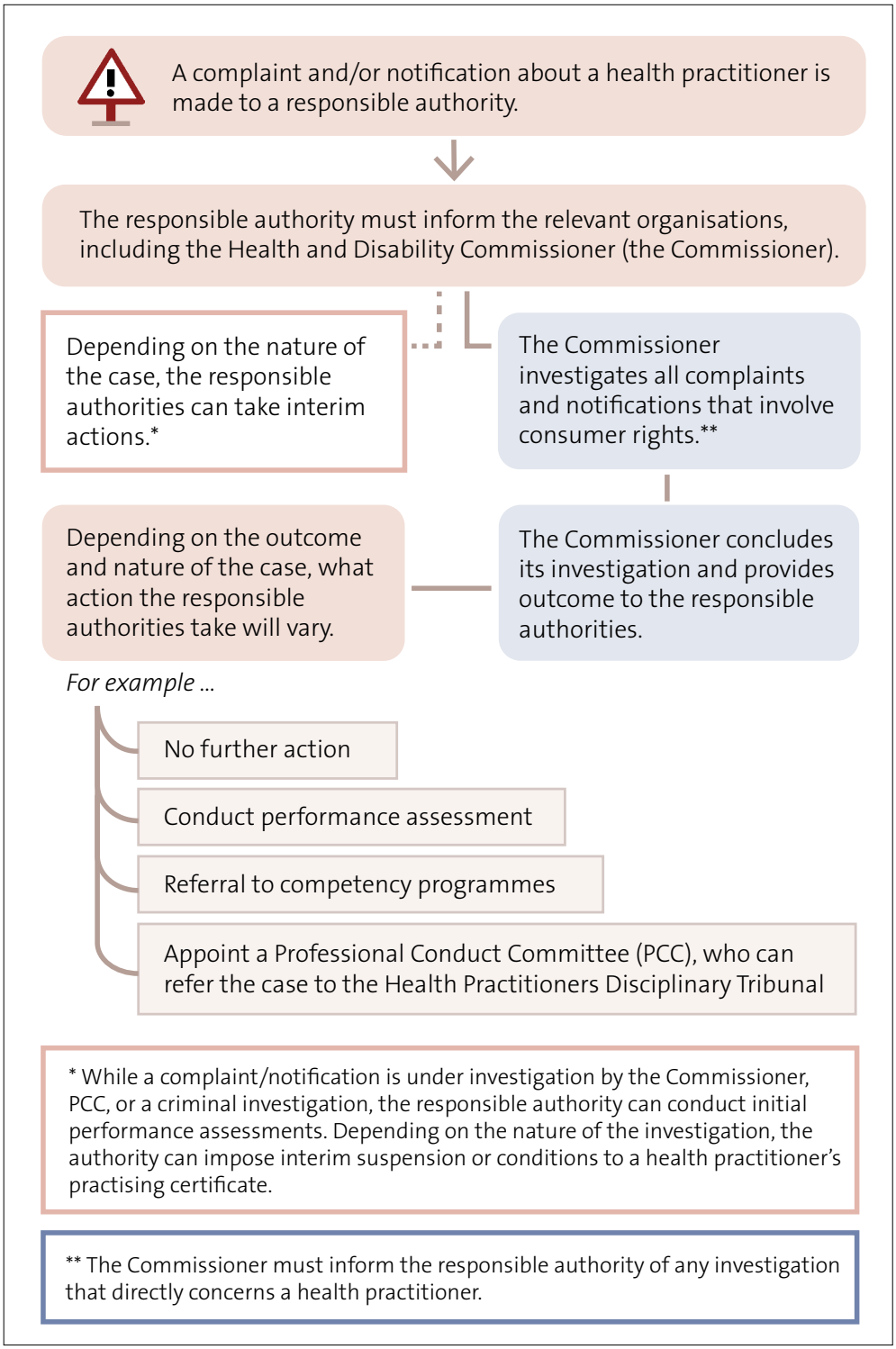
Note: The Nursing Council is not included in this figure because it did not disaggregate its reserves.
For 2022/23, the Medical Council reported an examination reserve of $0.16 million and the Pharmacy Council reported a disciplinary reserve of $0.58 million.

4.26 Given the responsible authorities are not-for-profit organisations, a large reserve can indicate that fees might not be set at a level that fairly recovers costs. This can result in inequities, with current practitioners potentially subsidising the costs of future practitioners.

Recommendation 4

We recommend that responsible authorities consider specifying the types of financial reserves they hold and their reserves policies in their annual reports. This will provide transparency on decisions about fee setting, investments, and expenditure.

Appendix 1
The complaints and notifications process



Appendix 2
Complaints reporting

The table below sets out the type of complaints information set out by the five authorities in their annual reports for 2022/23.

Dental Council

Trend over time	x
By type*	✓
Resolution timeliness	Includes table of new, active, and closed cases.
Nature of complaints	x
Type of notifier/source of complaint	✓
Outcome of preliminary assessment	✓
Disciplinary tribunal outcome summary	✓ (on website)

Medical Council of New Zealand

Trend over time	✓
By type*	✓
Resolution timeliness	x
Nature of complaints	✓
Type of notifier/source of complaint	✓
Outcome of preliminary assessment	✓
Disciplinary tribunal outcome summary	✓ (on website)

Nursing Council of New Zealand

Trend over time	✓
By type*	✓
Resolution timeliness	x
Nature of complaints	x
Type of notifier/source of complaint	✓
Outcome of preliminary assessment	✓
Disciplinary tribunal outcome summary	✓ (refers to the tribunal's website)

Pharmacy Council

Trend over time	✓
By type*	✓
Resolution timeliness	Includes table that outlines the status of complaints.
Nature of complaints	✓
Type of notifier/source of complaint	x
Outcome of preliminary assessment	✓
Disciplinary tribunal outcome summary	✓ (annual report and website)

Physiotherapy Board

Trend over time	✓
By type*	✓
Resolution timeliness	Includes number of disciplinary cases and their status (such as new, pending, or finalised) for the last five years.
Nature of complaints	✓
Type of notifier/source of complaint	✓
Outcome of preliminary assessment	✓
Disciplinary tribunal outcome summary	x

* Conduct, competency, or health (fitness).

Appendix 3
Complaints and notifications raised in 2022/23

The five responsible authorities we looked at provide varying levels of detail about who complains about practitioners and what the complaints are about.

Dental Council

Total number of complaints and notifications	209
Total number of cases referred to Professional Conduct Committee	4
Total number of cases referred to Health Practitioners Disciplinary Tribunal	3
Complaints and notifications as proportion of registered workforce	4.6%
Most common notifier/source of complaint	Consumer (144) Oral health practitioner (16) Health and Disability Commissioner (14) Other (14) Self-notifications (13)
Most common nature of matters raised (some have multiple aspects)	No information available in annual report

Medical Council of New Zealand

Total number of complaints and notifications	272
Total number of cases referred to Professional Conduct Committee	39
Total number of cases referred to Health Practitioners Disciplinary Tribunal	5
Complaints and notifications as proportion of registered workforce	1.4%
Most common notifier/source of complaint	Health and Disability Commissioner (93) Members of the public (62) Colleague (38) Health professional (21)
Most common nature of matters raised (some have multiple aspects)	Prescribing Unprofessional behaviour Sexual boundaries

Nursing Council of New Zealand

Total number of complaints and notifications	305
Total number of cases referred to Professional Conduct Committee	34

Total number of cases referred to Health Practitioners Disciplinary Tribunal	9
Complaints and notifications as proportion of registered workforce	0.4%
Most common notifier/source of complaint	Employer (91) Self-notification (79) Health consumer or member of the public (68)
Most common nature of matters raised (some have multiple aspects)	No information available in annual report

Pharmacy Council

Total number of complaints and notifications	189
Total number of cases referred to Professional Conduct Committee	10
Total number of cases referred to Health Practitioners Disciplinary Tribunal	9 (7 cases open at 31 March 2022 and 2 new cases)
Complaints and notifications as proportion of registered workforce	1.1%
Most common notifier/source of complaint	No information available in annual report
Most common nature of matters raised (some have multiple aspects)	Dispensing errors Professional conduct matters Competence matters

Physiotherapy Board

Total number of complaints and notifications	27
Total number of cases referred to Professional Conduct Committee	5
Total number of cases referred to Health Practitioners Disciplinary Tribunal	2
Complaints and notifications as proportion of registered workforce	0.3%
Most common notifier/source of complaint	Accident Compensation Corporation or other health funder (4) Other health practitioner (4) Physiotherapy Board (4)
Most common nature of matters raised (some have multiple aspects)	Inappropriate behaviour Communications Practising without an annual practising certificate Standard of care

Appendix 4
Workforce information provided by the five authorities

The five authorities we looked at provide varying levels of detail about their workforces.

Dental Council

Workforce data source	Workforce analysis reports include information about the oral health workforce composition and workforce trends. Latest: 2020 to 2022
Information or data about workforce retention	x
Annual report information about time taken to process new registrations	x

Medical Council of New Zealand

Workforce data source	A Dashboard sets out detailed information about the medical workforce, such as number of new doctor registrations, international medical graduates, and number of Māori and Pasifika doctors. A Workforce Survey Report includes information beyond what is collected during a doctor's registration, such as hours on call, ethnicity, and detailed employment information. Latest: 2024
Information or data about workforce retention	✓ Retention trend data is reported in the annual report and online dashboard.
Annual report information about time taken to process new registrations	✓ Targets include 95% of general registration applications processed within 20 working days of receiving completed application.

Nursing Council of New Zealand

Workforce data source	Quarterly data reports provide quick access to headline information about the nursing workforce. Latest: September 2024 A statistical profile includes detailed analysis of nurses who are actively practising in New Zealand. Latest: 2023 Nursing cohort reports started in 2012, to track the progress of cohorts of nurses over time. Latest: 2020 Other reports include reports on cultural safety, a competence framework, and workforce supply projections.

Information or data about workforce retention	x
Annual report information about time taken to process new registrations	✓ Median time taken to process registrations for applicants who do and do not have to complete a competence assessment programme is reported under Managing the New Zealand Register of Nurses in its 2022/23 Annual Report.

Pharmacy Council

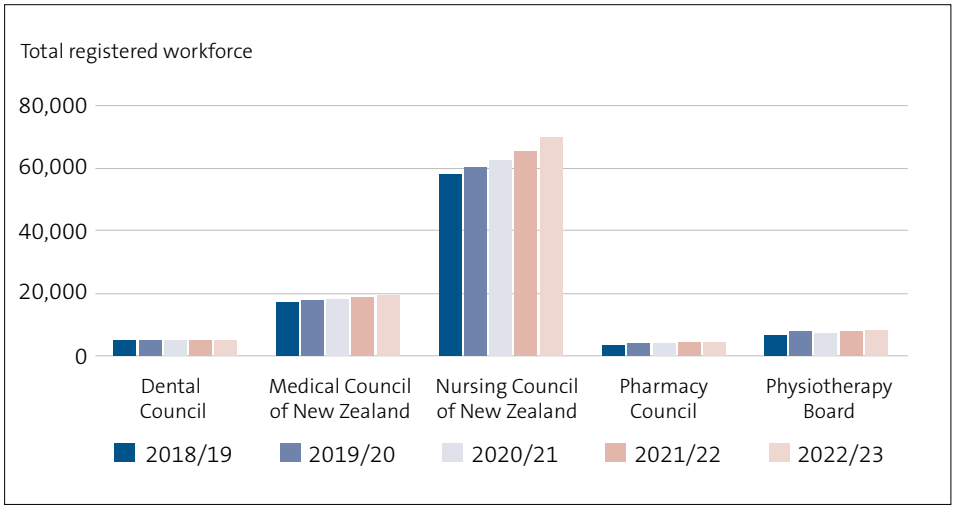
Workforce data source	A workforce demographics report provides an overview of changes in the pharmacist register. Latest: 2024
Information or data about workforce retention	x
Annual report information about time taken to process new registrations	x

Physiotherapy Board

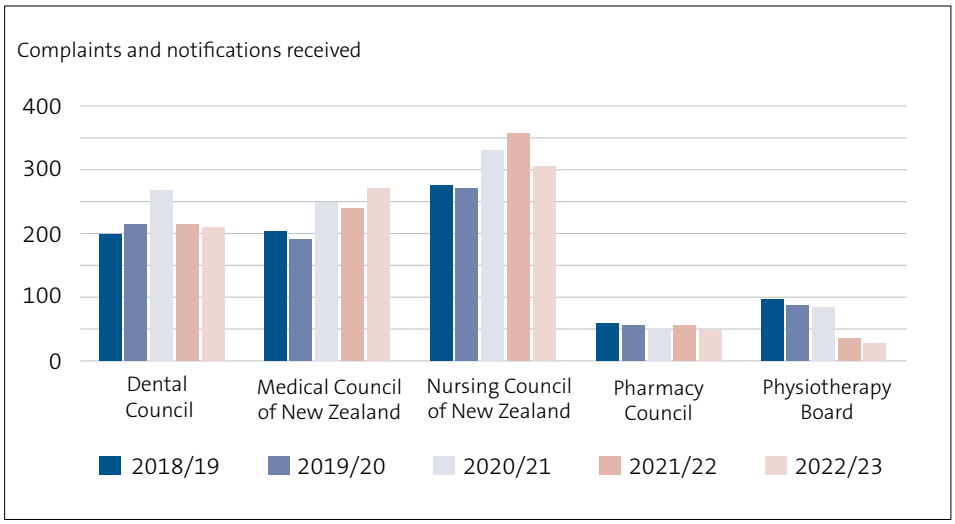
Workforce data source	Results of a workforce analysis and survey is included in annual reports, setting out information about the workforce from the registration database. Latest: 2023/24 An Aotearoa New Zealand Graduate Survey contains data from a longitudinal study of three cohorts of graduates from 2014, 2015, and 2016. Latest: 2016
Information or data about workforce retention	x
Annual report information about time taken to process new registrations	x

Appendix 5
Trends in workforce numbers and complaints

Total registered workforce, 2018/19 to 2022/23



Total number of complaints and notifications received, 2018/19 to 2022/23



Proportion of complaints and notifications for each registered workforce, 2018/19 to 2022/23