



Regulatory Impact Statement:

Amendments to the Veterinarians Act 1994

February 2004



Ministry of Agriculture and Forestry
Te Manatū Ahuwhenua, Ngāherehere

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Nature and Magnitude of the Problem and the Need for Government Action

The Veterinarians Act 1994 (the Act) prescribes the requirements an applicant must meet to register as a veterinarian in New Zealand, and provides for regulation making powers to implement a significant number of areas of the Act, including the levels of fees it can collect.

Fees are the principal source of income for the Veterinary Council, and the current fees and fee categories are prescribed in the Veterinary Fees Regulations 1999. The Council considers that the current fee categories do not provide sufficiently wide coverage. The Council also considers that the process for setting the fees is also too inflexible for the Council to respond to its financial needs promptly and to impose fees on a cost-recovery basis, without any cross-subsidisation, as its costs of delivering various services change. Officials agree, and a recent substantial increase of the examination fees by Massey University is an example.

The current five-year degree requirement for registration is restrictive, as it prevents a number of overseas-trained veterinarians from sitting examinations for registration in New Zealand. The Council cannot allow graduates with four or four and half year degrees to sit its national entrance examination. A number of overseas veterinary schools have a four or four and a half year degree. The Act also constrains the Council from treating some applications for registration more flexibly, and it is uncertain that the Council can provide limited registration for veterinarians with particular skills or as a stage to full registration. The livestock based industries in New Zealand have highlighted to officials and the media that there is a shortage of registered veterinarians. The New Zealand Veterinary Association estimated that during 2001, there was a shortage of approximately 200 registered veterinarians, mainly having impact on the livestock based industries. By providing the proposed flexibility, a far greater number of overseas-trained veterinarians would be able to sit the necessary examinations and seek registration in New Zealand.

Public Policy Objective

The overarching objective is to regulate the veterinary profession in order to protect the consumers of veterinary services from the risks of a veterinarian providing that service incompetently or recklessly. Such a framework is to establish a body with defined functions, and provide it with powers to register veterinarians, set standards for veterinary performance, and discipline veterinarians. That body needs to be adequately funded to effectively perform its functions.

In relation to the underlying problem addressed in these proposals, the objective of the proposed amendments is to make the Act less prescriptive and to provide greater flexibility to the Council.

Options for Achieving the Desired Objectives

The status quo is the Veterinarians Act 1994 that establishes the Veterinary Council of New Zealand. Experience has shown retaining the status quo is not a desirable option as making regulations to implement a significant number of areas of the Act limits flexibility.

The preferred option is to amend the Act, so that the framework can be retained for protecting the public but made less prescriptive and more flexible. In summary, the key amendments would:

- a) enable the Council to set its own fees, so that it has the flexibility to provide sufficiently wide coverage and respond to its financial needs, and remove any cross subsidisation;
- b) provide the Council with a wider range of registration options so that it can treat applicants for registration more flexibly and allow for more applications from overseas trained veterinarians to be considered;
- c) give the Council a range of options to monitor and assess veterinarians' competencies;
- d) make the Judicial Committee (JC) independent of the Complaints Assessment Committee, and improve the membership structure of the JC; and
- e) provide greater incentives for veterinarians to comply with the Act by raising the maximum level of fines under the Act.

The two key amendments sought are to enable the Council to set its own fees, and to give the Council greater flexibility in treating applications for registration.

The proposal would enable the Council to set its own fees after consultation with those paying the fees and in accordance with guidelines specified in the Act. This would enable the Council to respond to its financial needs promptly and impose fees on a cost-recovery basis, without any cross-subsidisation, as its costs of delivering various services change.

With regards to the registration requirements, the proposal is to replace the current five-year degree requirement with a more flexible requirement that will recognise any veterinary qualification from institutions accepted by the Council or by any internationally recognised accreditation body acceptable to the Council. Further, a veterinarian holding a minimum four-year veterinary science degree, from an institution not recognised as above, may seek registration after passing such examination(s) as prescribed by the Council. A number of overseas veterinary schools now have a four or four and a half year degree. The change would allow more overseas graduates to sit the national entrance examination, and that examination would help maintain the standard of veterinarians registered and continue to give consumer confidence in the veterinary services.

Net Benefits of the Proposal

Net benefits to the Council

The proposed amendments would give greater flexibility to the Council and make the processes more cost-efficient than asking the government to make regulations to implement a significant number of areas of the Act, including the areas of fee setting and managing the register of veterinarians.

While the proposed membership of the Judicial Committee may increase costs due to a larger membership and having legal representation, it will make the process more transparent and independent and therefore could reduce costs as some of the cases may be more quickly resolved and may not proceed to appeals or judicial reviews.

Processing more applications for registration would increase costs, but these are on a cost-recovery basis.

The proposed amendments for setting up processes for monitoring veterinarians' performance would replace setting up such processes by regulations under the Act.

The creation of a new registration category, probationary registration, should not impose additional costs as a veterinarian's competence will be assessed at the end of that probationary period just as employers assess any other employee's performance. Also, veterinarians already renew their practising certificates annually.

Net benefits to veterinarians

Veterinarians would benefit from the removal of any cross-subsidisation between various fee categories. The judicial process would become more transparent and independent. A more cost-efficient Council could potentially reduce the fees paid by veterinarians. With regards to continuing registration, including requirement for any ongoing registration, the proposal is to change from regulations under the Act to the Council setting the standards. If the levels of fines are raised, it would only impact on those not complying with the Act. Greater supply of veterinarians would ease the work load on practising veterinarians.

No new business compliance cost

Many of the proposed amendments would remove the need for regulations, and empower the Council to set and publish requirements. This should impose no additional compliance costs on veterinarians.

There is no proposal for increasing the fees, as the Council's current total revenue from fees is adequate. However, the Council is likely to raise the fee charged for final examination set by overseas-trained veterinarians from \$2,800 to around \$5,000. This examination is conducted by Massey University, which has raised this fee by similar amount. If the Council does not increase this fee, it will be subsidising it from fees charged for other categories, and that will be unfair to other veterinarians.

The creation of a new registration category, probationary registration, for those registering for the first time, is unlikely to impose new compliance costs. The proposal would replace a full veterinarian fee with a probationary fee.

The Act provides for fees paid by veterinarians to the Council to be prescribed by regulation. The current fees, as prescribed in the Veterinary Fees Regulations 1999, are:

- a) Annual retention certificate for veterinarians (\$275.62)
- b) Annual retention certificate for veterinarians not practising in New Zealand (\$56.25)
- c) Annual retention certificate for new graduates joining the profession later in the year (\$52.03)
- d) NZ National Veterinary Examination (NZNVE) preliminary examination fee (\$750.00)
- e) NZNVE final examination fee (\$2,800.00)
- f) Application fee for registration (\$247.50)
- g) Application fee for specialist registration (\$787.50)
- h) Certificate of temporary registration, for up to six months (\$112.50)

Net benefits to consumers

Proposed amendments to the registration requirements will allow more applications from overseas-trained veterinarians to be considered. This could potentially increase the supply of veterinarians, improve services and reduce fees paid by consumers from increased competition among veterinarians. Improved and more transparent complaints and judicial processes would improve consumer confidence in the Council and veterinarians.

Consultation

Draft proposals were sent to the Veterinary Council, the New Zealand Veterinary Association, Federated Farmers, the Meat Industry Association, the Meat Board, the Pork Industry Board, the Game Industry Board, Deer Farmers Association, RNZSPCA, Asure New Zealand Limited, and Massey University Veterinary School, for comments. Submissions were received from the Council, the Association, Federated Farmers, the Meat Board, RNZSPCA, and Massey University Veterinary School. Several meetings were held with the Council and the Association.

The Council and the Association do not favour the proposal to impose a requirement that the Council's reserves cannot exceed a certain level at any one time. Officials considered that in the absence of the government setting the fees, this limit is necessary to prevent the Council from setting unnecessarily high fees in order to carry large reserves. Over the last five years the Council's reserves have been around half its annual revenue, and this does not seem to have caused the Council any difficulty in undertaking its functions. In October 2002 the Council agreed with the Minister of Agriculture's proposal that the upper limit be set at one and a half times the Council's annual revenue.

A draft cabinet paper was also circulated for comments, to Treasury, the Ministry of Economic Development, Business Compliance Costs Unit of MED, the Ministry of Justice, Te Puni Kokiri, the Ministry of Foreign Affairs and Trade, and the Department of Prime Minister and Cabinet.

Views obtained from industry and department consultations were taken into account in developing the proposals.

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