Medical Council of New Zealand

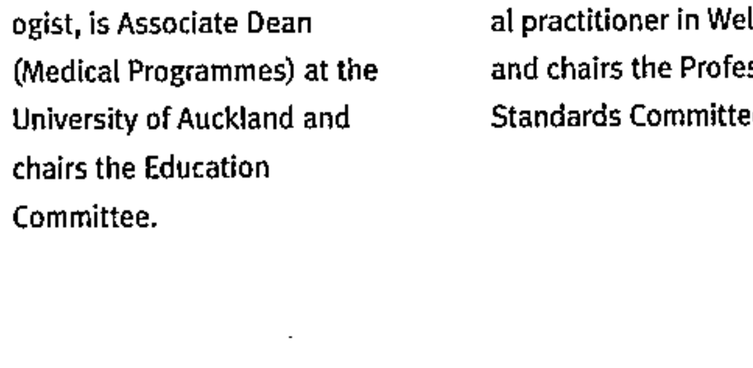
Annual Report

The Medical Council of New Zealand is pleased to submit this Annual Report for the year ending 31 March 1999 to the Minister of Health. The report is presented in accordance with section 130 of the Medical Practitioners Act 1995 and incorporates the report of the Medical Practitioners Disciplinary Tribunal.

Vision A medical workforce which is effective, competent and safe and meets the varying needs of New Zealanders, ¶ Cooperative relationships with and between educators, employers, regulators, practitioners and others that guarantee the above, ¶ A medical workforce with internationally acceptable standards, ¶ An open regulatory environment, well understood, accepted and trusted by the public and the profession.

Mission To protect the health and safety of members of the public by regulating the medical profession of New Zealand and promoting high standards of competence, care and conduct.

Members of the Medical Council at 31 March 1999



1 **Dr Tony Baird*** MB ChB, FRCOG, FRNZCOG FRANZCOG, (President) is an obstetrician and gynaecologist in Auckland and chairs the Registration and Examinations Committees.

2 **Professor Ian Simpson**** MB ChB, MD, FRACP, nephrologist, is Associate Dean (Medical Programmes) at the University of Auckland and chairs the Education Committee.

3 **Dr Alister Scott*** MB ChB, FRCP, FRACP is a gastroenterologist in Auckland and jointly chairs the Health Committee.

4 **Dr Ian St George*** MD, FRACP, MRCGP, FRNZCGP, D Obst, RCOG, Dip Ed (Deputy President) is a general practitioner in Wellington and chairs the Professional Standards Committee.

5 **Mr Alexander Sundakov**** MSc (Economics) London School of Economics is the Director of the New Zealand Institute of Economic Research and a public member from Wellington. He chairs the Finance and Management Committee.

6 **Miss Carolyn Bull**** MA, Dip Tchg, LLB, is a practising lawyer (family law) and public member from Christchurch.

7 **Dr Tim McKergow**** MB ChB, FRANZCP is a psychiatrist in Dunedin and chairs the Issues Committee.

8 **Mr Henri van Roon**** MA, Dip TP, MNZPI is a resource management consultant and public member from Auckland.

9 **Dr Mark Adams*** MB ChB is an anaesthetic registrar in Wellington and jointly chairs the Health Committee.

10 **Dr Tony Ruakere** MB ChB, FRNZCGP, D Obst is the Advisor on Maori Health to the Ministry of Health in Wellington and is the Director-General of Health's Alternate.

* *Elected by Medical Practitioners*

** *Appointed by the Minister of Health*

President's Foreword

Features of the year have been:

- progress on general oversight and recertification policies
- launching the first competence reviews of individual doctors under the Act
- initiating a review of registration processes for overseas trained doctors

The Medical Council exists to protect the health and safety of New Zealanders. We do this by registering doctors, maintaining high standards of medical education and training, and working to ensure that doctors are fit and competent to practise medicine. These are statutory roles required of the Council under the Medical Practitioners Act 1995.

In the last year, we have made good progress implementing the Act's provisions.

Continuing competency

The particular innovation of the Medical Practitioners Act (compared with the previous Act) was the mandate that doctors make a lifelong commitment to maintaining their fitness and competence to practise. Three new processes support this idea: general oversight, recertification and competence reviews.

These processes were the main focus in 1998/99. As with any new legislation, implementing some aspects has proved difficult. In particular, we need a creative approach to general oversight and recertification for some groups for whom the Act presents unfamiliar challenges. The Council began a useful dialogue with career medical officers in this respect.

Two part-time 'professional standards coordinators' were appointed to advise and start on the process for competence reviews of individual doctors. This is a major piece of work as there is little precedent internationally for such reviews. The coordinators initiated consultation with the profession to draw on the wide expertise that already exists amongst members.

Registration of overseas trained doctors

Like last year, there was a heavy workload processing the registration applications of doctors who trained overseas.

The statistics tell a story of many overseas trained doctors who are succeeding in the system and becoming valued professionals in their workplaces. But there are others who are having trouble or are frustrated at the length of time it can take to become equivalent to the New Zealand standard.

Some people in the government, the profession and the public perceive there are obstacles in the assessment process. While we acknowledge there are some problems, the Council view is that doctors from overseas should achieve the same standard as doctors trained in New Zealand to be able to practise here. We have worked to raise understanding of our processes and the difference in qualifications and practice environment between here and overseas.

The Council met the then Minister of Health Hon Bill English and Associate Minister Hon Tuariki Delamere on several occasions about the registration of overseas trained doctors. Possible changes to the Act are being considered and the Council continues to work with the Ministry to make sure interpretation of it is not unduly restrictive.

Medical practice issues

The Council's Issues Committee produced the new Medical Council Statement on Alternative or Complementary Medicine. The intent was to guide the profession and give a standard against which complaints about medical practitioners will be assessed.

The committee also considered the ethics of the new booking system for patients and the possible implications for doctors if some people do not get treatment at all in the public system. It is a fraught issue, but doctors need to remain aware of their duty of care. This issue was addressed last year in the Council statement "Doctors Duties in an Environment of Resource Limitation" and it is being kept under review.

Worldwide links

Global sharing of information and experience is indispensable for bodies like ours, as issues which affect one country are a forewarning for others, eg. Internet medicine. In the last year the Council has benefited greatly from attendance at the Federation of State Medical Boards of the United States, the Third International Conference on Medical Registration and Discipline in Capetown and the Australian Medical Council Annual General Meeting.

Building relationships

Locally, Council members, senior staff and I are available and willing to speak with doctors' groups, the public and health care organisations on issues in self-regulation or our work. In this respect, and as two examples only, members and staff visited Kaitaia and Whakatane hospitals in 1998.

We acknowledge the many groups, institutions and individuals with whom we work to foster high medical standards.

In particular we are pleased to have strengthened relationships with the Health and Disability Commissioner, as well as with the specialist colleges and advisory bodies for carrying out registration functions. Informal liaison continues with the New Zealand Medical Association and other professional bodies. The Chief Executive, Registrar and staff have actively fostered links with counterpart occupational health bodies, with employers and recruitment agencies, and a wide range of assessors.

Advice to government

The Council made submissions to the Ministry of Health, Select Committees or relevant parties on many current issues:

- the Health Occupational Registration Acts Amendment Bill
- extension of prescribing rights to nurses
- review of the Code of Health and Disability Services Consumers' Rights
- Standards NZ draft on Health and Disability Sector Standards
- newly drafted Assisted Human Reproduction Bill
- Land Transport Safety Authority of NZ revised draft of Medical Aspects of Fitness to Drive
- Medical Practitioners Act 1995 and proposals for bridging provisions for overseas trained doctors

Changes to Council membership

After 13 years of unstinting service, 11 as the sole public member, Mrs Patricia Judd, CNZM, retired from the Council. The Council and profession is indebted to her for an exceptional period of service.

The Council welcomed a new public member - Mr Alexander Sundakov - in October. Mr Sundakov is the Director of the New Zealand Institute of Economic Research.

In December, Dr Sharon Kletchko resigned as the Director-General's Alternate, having provided invaluable service and direction to the Council. She was replaced by Dr Tony Ruakere, Maori Health Advisor to the Ministry of Health.

Contribution of public members

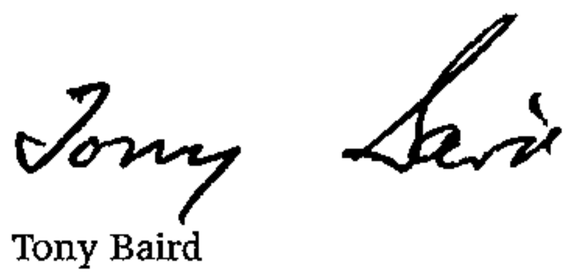
Council processes are scutinised by the three public members, of whom there is at least one on every committee. Their's is a vital role. In addition to regular Council work , with other Council members they contributed their talents to an overhaul of systems and procedures for running the Office with a focus on procedural and governance perspectives.

Self-regulation

The Medical Practitioners Act gives the profession more ability than ever before to take charge of its standards. We must use this mandate to achieve the best possible practices, peer review and quality assurance we possibly can as a profession. It is requiring innovation and creativity from us all, but with it goes an exceptional challenge and privilege.

The Medical Practitioners Act has been written to allow for responsiveness to change and it is important we keep reminding ourselves of this flexibility as we take it forward.

Finally I would like to acknowledge the dedication and professionalism of staff and the commitment, support and energy of Council members in all that has been achieved for the year.



Tony Baird
President

Chief Executive's Review

– After years of a steadily increasing workload in the Medical Council, the decision was made to create the Chief Executive as a stand-alone position from that of the Registrar, effective last August. Updating systems, documenting policies and strategic and business planning were priorities in the first months. With the first Strategic Plan now in place, we can better measure our progress.

A significant challenge will be measuring if and how the Act is actually achieving its goal of ensuring doctors are competent so that the public is protected, an issue to be confronted as the Act is more fully implemented.

This Council has firmly expressed it wants to give better service to doctors. A significant step forward was approval for a new information technology system. The current databases have developed piecemeal over a decade or more and no longer meet our needs for storing and reporting information. We contracted with Wang NZ Ltd to implement the new system, which is expected to go live by the end of January 2000.

In the area of service to doctors, the Council's registration function is by far our biggest 'face' to the profession. It is now three years since the new Act was introduced and a review became a high priority. One immediate improvement has been a new weekly approval system for processing registration applications that come within policy. Council members and staff also set out to review the vocational registration assessment pathway.

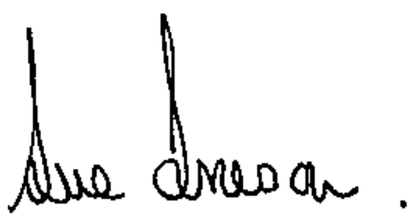
The new work programmes in recertification, oversight and competence reviews have come on top of continuing heavy workloads in doctors' health and education, complaints, registration and examinations. To illustrate how our work has increased, staff numbers have grown from 6 in 1986 to 31 today.

The combined annual practising certificate (APC) fee and disciplinary levy for doctors was $575 in 1998/99, down $100 from the previous year. A redesigned form significantly improved the annual APC exercise for both doctors and the Council. The days when the APC was a rubber stamp exercise are long gone; now the Council is beginning to request proof of fitness to practise medicine in order to issue a doctor his or her certificate. This monitoring process will be much improved as we move to cyclical issuing of APCs from next year.

Council finances are very healthy - another surplus is recorded this year. It is explained by fewer than expected disciplinary and competence cases, plus delays in implementing some the Act's new activities. Some of the surplus has been budgeted to allow the Council to build up its desired level of reserves and this target has now been reached. It is a gradual process, but as the Council gains experience of the costs associated with the legislation, we will fine tune budgeting and reporting.

Our role as managers and staff is to ensure the Council carries out it functions efficiently and and effectively and I am confident we are making sound progress. Looking ahead, the priorities in 1999/2000 are:

- reviewing the pathways to registration
- implementing oversight and recertification policy
- cyclical issuing of APCs
- introducing the new information system.



Sue Ineson
Chief Executive

Registrar's Report

– Recurring themes in Registrars' reports received from comparable overseas bodies include:

- underlying principles of acting to serve the public interest by maintaining standards
- increasing complexity in modern medical practice and related law, and
- lack of understanding by the public, politicians and news media of what such bodies are attempting to achieve in times of unprecedented change.

Particular activities evolve as a response to the circumstances of the times. There has never been a time when trust and confidence in such regulatory bodies has been more frequently challenged.

The Registrar role (a mandated statutory appointment) is focusing on sharing expert knowledge and experience in public administration areas which under the new Act present particular risks arising from innovation, complexity or degree of discretionary power. Support, education and training for new members of the Council office has therefore been a key activity.

Significant events included:

- appointing Dr Ian St George as editor to review and supervise the rewrite of "Medical Practice in New Zealand – A Guide to Doctors Entering Practice", commonly known as "the Cole Book", last published by Council in August 1995. Originally written for senior New Zealand medical students to help them understand the legislation and registration issues that would affect them as new graduates, it has since proven useful to a wider readership including overseas trained doctors seeking or obtaining registration in New Zealand.
- examining, at the request of the Ministers of Health, the need for any amendments to the Medical Practitioners Act 1995 in light of practical experience with implementing its provisions over almost three years. Shifting political and economic realities affect occupational regulation. Perceived barriers to obtaining registration, highlighted by the numbers of overseas trained doctors permanently resident but not practising in New Zealand, influence demands for change which may not be justified.
- responding to allegations of racial discrimination or restrictive practices made to Members of Parliament and the Race Relations Conciliator. Council's mandate to protect the public is paramount and the yardstick for minimum standards is only that expected of New Zealand graduates (at primary and vocational level). Due process and fair and reasonable decision making are always prerequisites. Council's lawyers and the Registrar have met several times with affected parties and with the Conciliator hoping to reach a solution without litigation
- enhancing international relationships with similar bodies through participation in a steering committee aiming to establish an international association of medical licensing authorities early in the new millennium. We urgently need to agree on internationally acceptable minimum standards, establish comprehensive databases which identify safe medical practitioners, and develop electronic communications to facilitate validation of credentials and good standing of doctors wanting to work abroad.

A small proportion of doctors create the largest proportion of activity for all medical regulatory bodies. The Registrar's time is often diverted to problem cases in registration, competence, health and discipline. Both the Health and Disability Commissioner and the Council continue to find that in a small number of doctors there is inadequate appreciation of the vital importance of the Code of Health and Disability Services Consumers' Rights and good medical practice founded on ethical principles, good communication, respect for professional boundaries, and active maintenance of self care, alongside technical competence.

Georgina Jones
Registrar

Public Members' Report

– As public members of the Medical Council, our role is to ensure the Council's processes are open and fair, and to balance decisions on medical matters with a public perspective. We believe the role is a vital one and are well aware of the responsibility we carry to influence the work of the Council on the public's behalf.

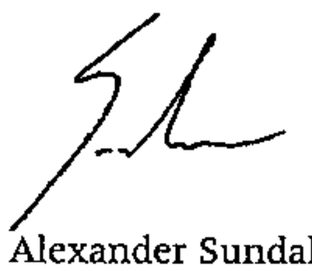
Between us we bring a blend of skill and knowledge to the Council - in law and human rights, education, resource management, business and financial consultancy, economics, international development and biculturalism, and we are all involved in community affairs. In 1998/99 public members served on all Council committees and took part in all the key issues and policy decisions of the Council.

In our view the Council is not an instrument of the profession, or of the government, but is a professional regulatory body with public representation. Council processes are established to work in the public interest and this outcome is always paramount.

We are concerned at the perception of overseas trained doctors that the Council is excluding them. There can be a thin line between too high barriers on one hand and appropriate hurdles on the other for ensuring a standard is met. During our time on the Council considering hundreds of applications for registration, we are confident that the standard is set appropriately, neither too high or too low, but commensurate with that of a New Zealand doctor. It must be said, however, that for a proportion of overseas trained doctors granted registration, difficulties subsequently emerge in communications skills and understanding of New Zealand culture. Adjusting to the New Zealand setting can sometimes take longer than anticipated.

The public involvement in the Council's core activities has steadily increased over time. The new competence review process ensures public members are on each review committee, as for complaints assessment committees.

We have enjoyed the year's work. Our message is that the Medical Council is accountable to the public, and the public should be comfortable that the Council works openly. Public members take seriously their responsibility to ensure this.



Alexander Sundakov

Henri van Roon

Carolynn Bull

Registration of medical practitioners – In fulfilling its primary duty to protect the public, one of the most important functions of the Council is the registration of medical practitioners.

Practitioners must be registered by the Medical Council before they can practise medicine in New Zealand, and their name must appear on the medical register which is a public document. In this way the public can see that a doctor has met the legal requirements and has been trained to a standard necessary for registration.

Maintaining the medical register also protects the integrity of the profession. Members can be assured that both entry and continuing registration is only granted after the appropriate standards have been achieved.

Temporary registration

Large numbers of overseas trained doctors continue to visit New Zealand and apply for temporary registration, meeting a shortfall in locum and some specialist and teaching positions. Temporary registration is available without examination to medical graduates from the United Kingdom and Republic of Ireland, Canada, South Africa and the United States for up to three years. Doctors graduating from 37 other countries also received temporary registration for teaching, research, training, experience and special purposes. During the year 434 doctors were granted temporary registration, only slightly fewer than the 449 in the previous year.

A new registration process was introduced in January. Applications which satisfy policy are now dealt with weekly, benefiting doctors and employers with a faster turnaround. Applications which fall outside Council policy must still be discussed by the Council in a monthly meeting.

General registration

General registration is granted following at least a year of satisfactory performance on probationary registration (probationary registration is reported on page 23). Between 1 April 1998 and 30 March 1999, general registration was granted to 231 New Zealand and Australian graduates, 133 overseas trained doctors who passed the Council's registration exam (NZREX Clinical) and 34 overseas trained doctors who had met all the requirements for vocational registration.

The Medical Practitioners Act 1995 introduced an important public safeguard which is that doctors on the general register are required to practise under the general oversight of a medical peer (see report page 17).

New Zealand Medical Registration Examination - NZREX Clinical

The medical registration exam NZREX Clinical ensures that overseas trained doctors who wish to become registered in New Zealand are safe to practise, at the level of a sixth year New Zealand or Australian medical student.

High demand for NZREX Clinical continued, producing a sustained heavy workload for the Examinations Committee, examiners and staff. Four sessions were held in the five different centres. There were 428 candidates for the year (including 187 repeats), compared to 325 in 1997/98. The Council is very grateful to the voluntary examiners who give up their weekends to NZREX Clinical and without whom the examinations could not be held.

Vocational registration

Since the Act came in, the trend has continued for doctors on the general register to take up training towards vocational registration and become exempt from general oversight (in the specific branch in which they are vocationally registered). During the year, total additions to the vocational register were 341, up from 237 last year. The branches of general practice, emergency medicine, psychiatry, radiotherapy, occupational medicine and general surgery had the highest numbers of doctors in vocational training.

One hundred and five overseas trained doctors applied for vocational registration assessment during the year. One hundred and twenty-seven (including doctors already on the New Zealand register) were granted vocational registration, up from 93 last year, across 17 branches of medicine (see table 6 for breakdown).

Review of registration pathways for overseas trained doctors

In the last two years the Council has repeatedly come under fire for perceived unfair treatment of overseas doctors trying to become registered.

The spotlight is on the pathway for vocational registration. Several hundred doctors have entered the pathway since it was introduced, but most have been found unsuitable for immediate vocational registration - the majority being required to submit to some kind of formal assessment of knowledge, skills and competence. A significant number have been referred back to the general registration pathway as their overseas training or work experience was far from equivalent to New Zealand standards in that branch of medicine.

The Council believes the process used is fair and reasonable and that the 'standard' should not be blamed for the problems of many of the doctors. Instead we have identified that there is a lack of information for doctors to help them decide whether they should be applying for the pathway. Many do not understand the difference between the New Zealand standard and overseas standards which often have very early specialisation. On top of this is the lack of suitable assessment positions in all branches of medicine for the requisite assessment on the job.

The Council has begun to review the vocational registration pathway, and plans to consult colleges and other groups. The review aims to make it easier for 'experts' to become registered, while improving the information for all other doctors who do not meet the standard, to prevent them being caught out by the process.

The Council also set in train a full independent review of NZREX Clinical. The pass rate has continued at much the same rate with a very few who fail after the third attempt. Although most who succeed in NZREX make satisfactory progress once in the workforce, the Council is aware from employers that quite a number of NZREX graduates have problems in acculturation, communication and practical skills.

Approved terms of reference for the review are:

- review the requirements for competence in English language and communication skills
- develop processes for continued evaluation of NZREX graduates to review the effectiveness of NZREX Clinical as an assessment tool
- propose a method of assessing candidates' anticipated ability to function in a New Zealand medical practice setting
- identify alternatives to the existing exam format.

Professor David Newble, Head of Department of Medical Education at the University of Sheffield and an expert in clinical assessment, was approached (and subsequently appointed) to lead the review. The report is due to be presented to the Council in December 1999.

1 Summary of Registration

AT 31 MARCH 1999

Probationary Register	558
General Register	12,336
Vocational Register	5,221
Interim Register	12
Temporary Register	466

Note: All doctors on the vocational register also have general registration

2 New Zealand Vocational Register

1 APRIL 1998 - 31 MARCH 1999

Vocational Branch	Vocational Registration at 31.03.98	Added 1998/99	Removed 1998/99	Net Change	Vocational Registration at 31.03.99
Anaesthetics	398	24	3	21	419
Cardiothoracic Surgery	30	1	0	1	31
Dermatology	50	2	0	2	52
Diagnostic Radiology	232	16	5	11	243
Emergency Medicine	11	4	0	4	15
General Practice	1627	154	5	149	1776
General Surgery	249	12	4	8	257
Internal Medicine	606	36	8	28	634
Neurosurgery	15	3	0	3	18
Obstetrics and Gynaecology	238	12	6	6	244
Occupational Medicine	27	3	0	3	30
Ophthalmology	112	2	4	-2	110
Orthopaedic Surgery	173	7	0	7	180
Otolaryngology	83	2	0	2	85
Paediatric Surgery	10	2	0	2	12
Paediatrics	201	10	1	9	210
Pathology	216	10	2	8	224
Plastic Surgery	34	1	2	-1	33
Psychological Medicine or Psychiatry	344	28	4	24	368
Public Health Medicine	170	5	3	2	172
Radiotherapy	41	4	1	3	44
Rehabilitation Medicine	3	2	0	2	5
Urology	46	1	0	1	47
Venerology	12	0	0	0	12
Total	4928	341	48	293	5221

Note: Total additions to the vocational register are up from 237 last year, including doctors with overseas primary qualifications, up from 93 to 127.

Registration issue

A group of doctors submitted a request to change the requirement under S 45 (a) of the Act for New Zealand medical graduates working overseas long-term to reside in New Zealand for six months every three years in order to maintain their registration in New Zealand. While sympathetic to the doctors, the Council decided not to seek a law change on the grounds of potential concerns about doctors who may have practised in a country where medical conditions and treatment methods are significantly different from those in New Zealand. The same requirement applies to overseas trained doctors on the New Zealand medical register.

Milestones 1998/99

responses to 3,115 new registration enquiries from overseas trained doctors
128 NZREX graduates achieve general registration
105 applications for vocational registration assessment processed
registration applications approved include: probationary 446, general 428, vocational 341, temporary 434, extension to temporary 283
register amendments total 4,203
removals from register (all reasons) total 122
certificates provided to verify registration (including for purpose of registration outside New Zealand) total 571
vocational register reaches 5,221
issue of 9,297 Annual Practising Certificates for 12 months ending 31 March

3 Registration Activities

1 APRIL 1998 - 31 MARCH 1999

Interim Certificates issued, Probationary Registration		
Class 1	New Zealand graduates (Interns)	243
Class 1	Overseas graduates (Interns)	3
Class 2	Overseas graduates (NZREX passes)	131
Class 3	Overseas graduates (eligible for Vocational Registration)	12
Class 4	Overseas graduates (suitable for assessment - Vocational Registration)	47
Class 5	Reregistration (following removal)	-
Class 6	Overseas graduates (clinical evaluation - Vocational Registration)	9
Class 7	Overseas graduates undertaking psychiatry registrar training (discontinued)	1
Interim Certificates issued, General Registration		
	New Zealand graduates	9
	Overseas graduates	19
Temporary Certificates issued		
	New certificates	434
	Extensions	283
General registration after completion of probationary period		
Class 1	New Zealand and overseas graduates (Interns)	231
Class 2	Overseas graduates (NZREX passes)	133
Class 3	Overseas graduates (eligible for Vocational Registration)	13
Class 4	Overseas graduates (suitable for assessment - Vocational Registration)	21
Class 5	New Zealand and overseas graduates (reregistration following removal)	2
Additions to Vocational Register		341
Amendments to Register		
	Change of address	3517
	Change of name	41
	Additional qualifications	641
Suspensions		
	Interim suspension	3
	Revocation of suspension / conditions	1
Removals		
	Death	50
	Discipline order	2
	Failure to notify change of address	42
	Non-resident doctors	-
	At own request	25
Annual Practising Certificates issued		9297
Certificates of Good Standing issued		417
Certificates of Registration issued		154

4 Candidates sitting and passing NZREX Clinical

1 APRIL 1998 - 31 MARCH 1999

	April	June	November	March
Candidate attempts	107 (40*)	115 (60)	120 (45)	86 (42)
Number of passes:				
Attempt 1	29	22	33	22
Attempt 2	13	21	10	15
Attempt 3	3	15	7	5
Attempt 4	3	12	-	-
All candidates	48	70	50	42
Pass rate for session	45%	61%	42%	49%

*Number of repeat candidates included

5 Registration issued to overseas trained doctors

1 APRIL 1998 - 31 MARCH 1999

	Temporary Registration			Probationary Registration				
	Class 1	2	3	Class 1	2	3	4	6
Australia	4	-	10	-	-	-	-	-
Bangladesh	-	-	1	-	10	-	-	-
Canada	-	2	19	-	-	-	-	-
Egypt	-	-	2	-	5	-	4	-
Eire	-	-	12	-	-	-	-	-
England	-	2	162	-	-	6	8	-
India	-	5	8	-	37	1	5	-
Iraq	-	-	-	-	35	-	3	1
Scotland	-	1	38	-	-	-	2	-
South Africa	-	2	70	-	1	-	4	-
Sri Lanka	-	-	2	-	16	-	2	-
United States	2	4	44	-	-	4	3	-
Wales	-	-	8	-	-	1	2	-
Yugoslavia	-	1	2	-	4	-	2	-
29 other countries with 5 or less	-	14	19	2	13	-	6	-
Total	6	31	397	2	121	12	41	1

Note: The total new registrations issued to overseas doctors is down, at 611 from 672 last year. The largest contributor is a fall in temporary registrants from England, from 216 to 164.

6 Vocational registration of doctors with an overseas primary qualification, by branch of medicine

Branch of Medicine	Number
Anaesthetics	11
Cardiothoracic Surgery	1
Dermatology	1
Diagnostic Radiology	6
Emergency Medicine	1
General Practice	49
General Surgery	5
Internal Medicine	10
Obstetrics and Gynaecology	6
Paediatric Surgery	1
Paediatrics	4
Pathology	6
Plastic Surgery	1
Psychiatry	21
Public Health Medicine	1
Radiotherapy	2
Rehabilitation Medicine	1
1998/99 Total	127

Note: This is a significant increase over 1997/98 when 93 overseas trained doctors received vocational registration, with the largest rise in General Practice, up to 49 from 18 last year. Includes both doctors making their initial registration appliaction based on overseas vocational qualifications, and doctors working in New Zealand with general registration.

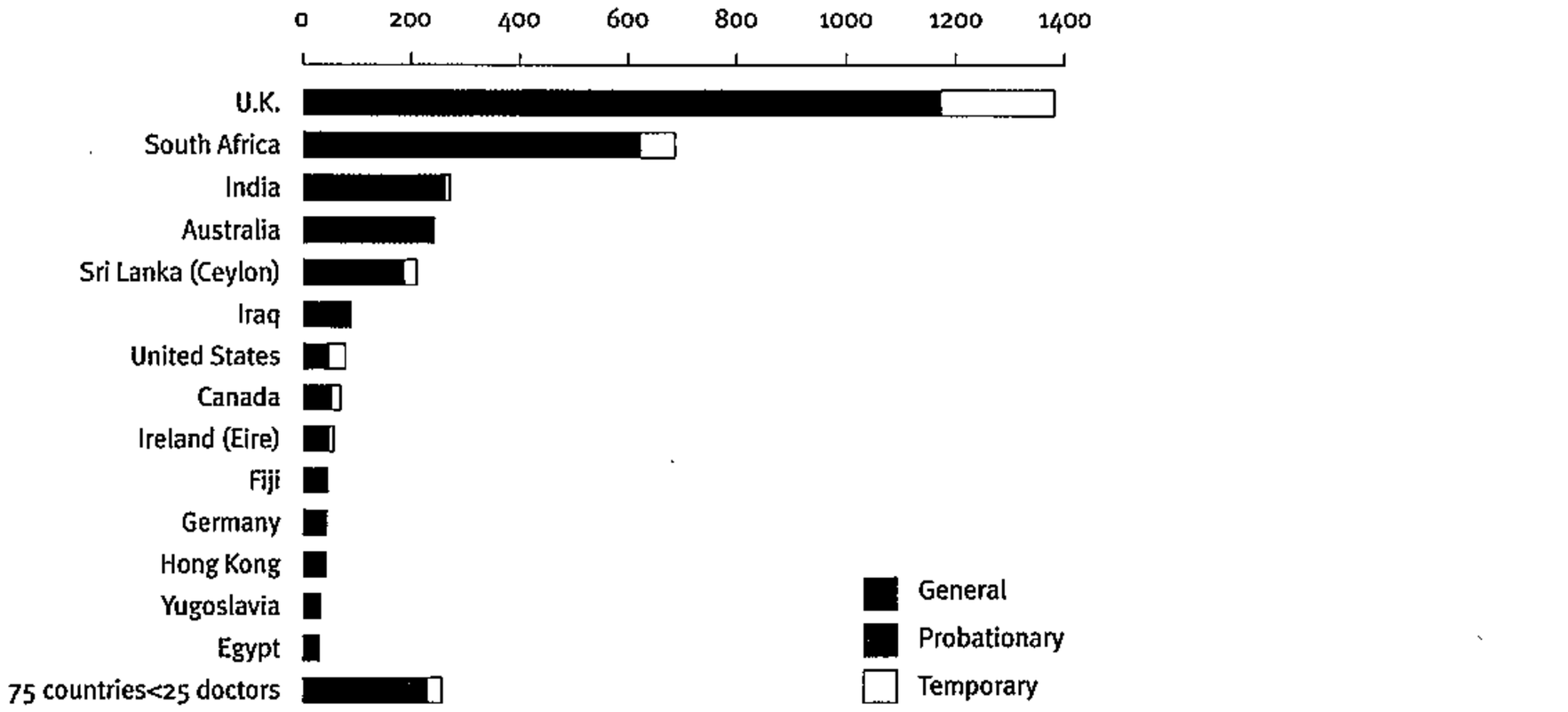
7 Outcomes of applications for assessment of eligibility for Vocational Registration

1 APRIL 1998 - 31 MARCH 1999

Outcome	Number
Transfer to NZREX	19
Required to sit NZSPEX	7
Class 3 Probationary (eligible for Vocational Registration)	8
Class 4 Probationary (suitable for assesment – Vocational Registration)	66
Class 6 Probationary (clinical evaluation – Vocational Registration)	0
Vocational Registration	11
1998/99 Total	111

8 Active Medical Practitioners in New Zealand

AT 31 MARCH BY COUNTRY OF PRIMARY QUALIFICATION



Note: New Zealand graduates provide 5833 General and 299 Probationary registrants, but are excluded for clarity of the graph. Countries with between 5 and 25 active doctors were Singapore, Bangladesh, Netherlands, Zimbabwe, Philippines, Pakistan, Burma, China, Croatia, Poland, Switzerland, Papua New Guinea, West German, Hungary, Russia and Bulgaria. A further 59 countries provided fewer than 5 doctors.

Competence – A major innovation of the Medical Practitioners Act for protecting the public is the provision to ensure that medical practitioners, once registered, remain competent to practise medicine.

The competence process is separate from the complaints process and separate from the provision for Medical Practitioners Disciplinary Tribunal hearings.

Activity for the year focused on policy and procedures for competence reviews, recertification and general oversight. These are new activities for the Council, but good progress was made following the appointment of two professional standards coordinators in October.

A highlight was an information-sharing meeting in December on competence and recertification with colleges and other groups. The Council received valuable information which it used to refine the philosophy and process.

The Professional Standards Committee once again thanks and acknowledges the colleges and other advisory bodies for their energy and hard work helping the Council.

Competence reviews

Competence reviews are an educative process to ensure a doctor is practising medicine safely.

The Act allows the Medical Council to carry out a competence review on any doctor at any time. So far, the Council has only initiated reviews in response to expressed concerns. During the year, 27 new competence cases were referred to the Professional Standards Committee.

Of the 27 cases, 13 resulted in no further action. No competence issues were found in ten of the cases, and in three cases, employment or related issues were involved, outside the Council's jurisdiction. The remaining fourteen were scheduled for competence reviews.

Setting up the process for the first time involved identifying suitable people for membership of competence review committees and the expected contribution of public members; valid and reliable assessment tools; review steps and costs and formats for competence programmes. The intention is to have a fair process that follows the rules of natural justice and is educative.

A satisfaction questionnaire is undertaken at the end of every review and the Council will continue to build on alliances with the Health and Disability Commissioner, colleges and professional bodies in New Zealand and overseas to continually improve our processes.

General oversight

Under the Act doctors on the general register are required to work under the 'general oversight' of a vocationally registered peer. Some doctors are excused from this requirement until July 2001.

General oversight aims to ensure a doctor is practising competently, in the way recertification does for a vocationally registered doctor. Oversight is intended to be an ongoing, supportive and collegial relationship between peers.

Doctors working under oversight and doctors providing oversight require guidance from the Council. During the year several issues were considered:

- how to provide oversight from a distance
- arrangements for doctors who can not find a suitable vocationally registered overseer in the same branch as them eg. medical officers, and doctors working in emerging disciplines
- difficulties for locum general practitioners travelling throughout New Zealand
- responsibilities of overseers and legal liabilities
- reporting requirements
- employers' responsibilities.

There will be further work on these issues in the coming year.

Recertification

Twenty-two vocational branch recertification programmes were submitted to the Council and approved under draft criteria for recognition of the programmes. The Professional Standards Committee has concentrated on policy and procedures for this activity before making any recommendation that recertification should be compulsory.

The philosophy of the Council is that there must be genuine value and benefit gained from continuing medical education for the Act to work. Attendance, showing interest or gaining points only is not sufficient. As we have gone along developing the process, the focus has at all times been on ways of thoroughly and objectively measuring a doctor's performance.

After the December workshop the committee updated the draft criteria for recognition of programmes and has finalised, ready for Council approval, the additional criteria for non-college recertification programmes.

9 Competence Cases

1 APRIL 1998 - 31 MARCH 1999

Source of Concern	
Public	4
Peer	1
Complaints Assessment Committee	9
Medical Practitioners Disciplinary Tribunal	1
Ministry of Health	1
Health and Disability Commissioner	6
Self	1
Intern Supervisor	0
President	4
Total	27
Type of Concern	
Skills	20
Knowledge	20
Judgement	14
Prescribing	5
Communication	8
Attitude	8

* More than one concern may be reported per doctor

Complaints – The Council takes all complaints against doctors seriously and works to ensure a fair process.

The Council is once more very appreciative of the time and effort given by doctors and members of the public who serve on Complaints Assessment Committees (CACs). Their participation is fundamental to self-regulation.

Since the 1995 Act was introduced, complaints against a doctor for conduct which occurred after 1 July 1996 must be directed by the Registar to the Health and Disability Commissioner in the first instance. One hundred and thirty-two complaints were received and forwarded to the Commissioner in the year under review.

Delays in receiving opinions or 'sign-offs' on complaints sent to the Commissioner are a concern, but all complaints mechanisms tend to be overloaded as resources rarely match demand in a rights driven mechanism.

The Council must still investigate complaints about events which precede 1 July 1996 and received 67 such complaints this year.

CACs must meet statutory obligations and be thorough in their process to withstand judicial review. To their credit, most committees members worked well together to reach a consensus determination. While CACs can regulate their procedures as they see fit, surveys at the completion of every investigation help inform the process.

Comprehensive guidelines for the operation of CACs begun in the previous year were completed, drawing on the experiences of CAC members, legal assessors, complainants and staff on what works well and what needs to improve.

10 Schedule of Complaints

New Complaints Assessment Committees (CACs) appointed	59
Complaints carried forward at 31 March 1999	
Awaiting decision of Health and Disability Commissioner	122
Awaiting appointment of CAC	12
Number of new complaints received (includes 132 referred to HDC)	199
Number of doctors involved	206
Categories of complaint	
Access	4
Communication	39
Conviction of an offence	6
Consent	1
Costs	4
Group systems	1
Rights	37
Treatment	159
Other	4

11 Complaints Statistics

1 APRIL 1998 - 31 MARCH 1999

Month 1998/99	CACs in progress	Complaints received pre-1.7.96 for CAC appointment	Complaints received post-1.7.96 to HDC to action
April	76	4	10
May	84	3	11
June	80	9	6
July	80	5	10
August	73	10	8
September	71	4	10
October	66	3	7
November	66	9	10
December	54	2	10
January	39	0	10
February	51	0	16
March	51	5	13

12 Determinations Made

1 APRIL 1998 - 31 MARCH 1999

Competence review	8
Referred to conciliation*	12
Charge laid with MPDT	17
No further action	110
Total	147

* 6 successful, 2 unsuccessful resulting in charge to MPDT, 2 unsuccessful with CAC determining no further action, 2 ongoing.

Health – The Council ensures that the public is protected by the appropriate management of a doctor who, because of some mental or physical condition, may not be able to practise safely.

The Council's Health Committee has delegated authority from the Council to manage doctors with health conditions affecting their practice. While numbers may not be high in relation to the size of the medical workforce, each case is sensitive and complex, employing the services of two full-time and one part-time staff members in managing and monitoring doctors who are referred.

There were 34 new referrals in the 1998/99 year, compared with 32 for the previous year. Doctors, like the general population, suffer from a range of afflictions, including drug and alcohol abuse, psychiatric disorders and a wide range of physical disorders, all of which can hamper their performance.

Procedures for managing doctors are well established. The approach of committee members is to be humane and non-judgemental and to deal with issues in a speedy, practical manner. Their priority is getting impaired doctors into an effective treatment and rehabilitation programme. With early identification and intervention, most doctors can remain in their jobs practising safely or return to work quite quickly.

The Council contributed $38,000 towards the running of the Doctors Health Advisory Service (DHAS) in 1998/99. DHAS is asked to provide the committee with coded reports and an assessment of risk of doctors it is helping. However the Council continues to stress the need for appropriate prompt referrals by DHAS to the Health Committee.

Initiatives

Reporting an impaired colleague is not an easy decision, but if a problem is ignored or covered up it is usually not long before the public is put at risk or the doctor's professional career is threatened. The Medical Practitioners Act makes notification mandatory. During the year the Health Committee expanded a statement on its programme for identification and management of impairment into a more informative resource to guide doctors on this important public safety issue.

Often there is not a clear dividing line between issues of impairment because of poor health and issues of lack of competence. As the Council begins the process of reviewing competence, the relationship between the activities of the Health Committee and the Professional Standards Committee has had to be constantly reviewed and a clearer boundary is becoming defined.

A highlight of the year was meeting with Dr Gerald Summer, Medical Director of the Physicians Recovery Network of the Medical Association in Alabama, on his visit to New Zealand in November. The Alabama programme is highly regarded in the United States. The discussion showed that the Council's programme is comparable in quality with similar approaches being taken in critical areas.

Defining 'Fitness to Practise'

Arrangements were begun for a day workshop in May 1999 to debate the meaning of 'fitness to practise' from medical, legal, ethical and consumer perspectives. The Health Committee is conscious that for its work to be effective and for the public and profession to understand and cooperate with the Council on impairment, there must be some greater consensus about what impairment or unfitness means. The Committee hoped to produce a definition of 'fitness to practise' following the workshop.

13 Health Statistics

1 APRIL 1998 TO 31 MARCH 1999

New Referrals	
Received	34
• No further action required	14
• Monitoring programmes initiated	15
• To be reviewed before APC issued	2
• Medical report awaited	1
• Follow up report to be provided	1
• Agreed to retire	1
Carried Over from Previous Years	
Monitoring programme reactivated or continued from previous year	25
Low level monitoring or review	15
Other Actions Taken	
Application for revocation of suspension supported	1
Conditions imposed on registration	1
Prescribing restrictions revoked	1
Applications for registration considered and initial registration supported	4

Annual Practising Certificate (Health) Disclosures

On applications for APCs for the year ended 31 March 1999, 58 doctors gave a positive answer to the question on did they have "... any continuing addictive, mental or physical condition which had the potential to affect your fitness to practise medicine?". In most cases sufficient information was provided and practising certificates were issued. A small number of doctors were asked to obtain certification of their fitness to practise from their treating doctors. Three were referred for independent assessment and following receipt of reports, APCs were issued.

Education – Through its role to promote and maintain high standards of medical education and training, the Medical Council provides an assurance to the public that doctors are appropriately trained and knowledgeable, and are receiving a standard of education as good as anywhere in the world.

The Education Committee of the Medical Council has four major areas of responsibility: the approval of medical schools; education, training and supervision during a doctor's probationary year; pre-vocational education and training; and vocational education and training.

The committee itself is designed to be representative, including a mix of medical professionals and educators from all levels of the system and different parts of the country, plus a resident doctor.

Accreditation visit to Otago Medical School

In March 1999 the Australian Medical Council visited the Otago Medical School which was last accredited in 1994. The result of the accreditation visit was to be announced in August 1999.

Probationary period

New Zealand graduates

Newly graduated doctors taking up their first job are in their most formative years. In recognition of their unique needs, the Council employs a network of intern supervisors whose job it is to cater specifically to these doctors - to relate 'one on one' wherever possible to facilitate their adaptation to work. Intern supervisors frequently also supervise integration of overseas trained doctors who have passed NZREX.

There are 35 intern supervisors based in hospitals around the country and they meet together once a year.

During the year the committee finalised and distributed written guidelines for all parties involved in the supervision of first year doctors. Informal feedback and follow-up by staff have shown the guidelines to be welcome.

An enjoyable role for the committee is accreditation visits to hospitals to review whether a suitable learning environment is being provided for new graduates. Visits are three-yearly and the information-sharing opportunities are invaluable. Six hospitals had accreditation visits during 1998: Western Bay Health; Lakeland Health; Queen Elizabeth Hospital; Eastbay Health; Taranaki Healthcare and Tairawhiti Healthcare.

The committee believes the Clinical Training Agency funding for new graduates' positions in hospitals and health services is too low, and continues to lobby the Agency. Hospitals themselves take the view that the price paid for the first year doctors does not make these doctors sufficiently attractive for them to increase the number of first year doctors they will employ. As a result, there are not enough positions and about 10% of new graduates are lost to Australia every year, many never returning to New Zealand. The committee is concerned at this continuing drain of new doctors and believes a realistic funding would help resolve the problem (the New Zealand subsidy is low compared to some other countries).

Overseas trained doctors entering the New Zealand workforce

Concerns continue about the performance of overseas trained doctors who have passed NZREX, once in their probationary year. A committee study produced evidence to show that the transition of a significant percentage (10 to 20%) into the local workforce is unsatisfactory from the point of view of the public, the employer and the individual doctor.

The committee has advocated a voluntary supervised clinical bridging programme, akin to that of a trainee intern, which would lead to faster assimilation and development of the required work-based skills. This would give assurances to employers and confidence to the Medical Council and the public that the probationers can practise safely. In the latter part of the year, Ministry of Health officials began to consider the problem, but progress on this issue is slow.

Pre-vocational and vocational years

There were three major reviews during the year affecting medical education which have involved the committee: the Hospital and Health Services review report of Resident Medical Officer training in February 1999; the Strategic Medical Workforce Networking Group paper on a structure for Medical Postgraduate and Vocational Training in New Zealand and the Clinical Training Agency report addressing training and funding issues for postgraduate years one and two.

In response to the CTA review, the committee advocates flexibility, all-round general experience and the one-with-one model continuing for first and second year doctors.

A detailed response to the Strategic Medical Workforce Networking Group on behalf of the Council was begun. It emphasised regional networks for coordinating postgraduate training; a national committee for planning the medical workforce and a full time director of training/Chief Executive Officer to advocate training. The Council's stance is in broad agreement with many other key players and the Council would be prepared to host the National Committee if necessary.

Recognition of vocational branches

In the previous year the Council recognised the existing branches of medicine (some with slight name changes) and approved four new ones. The Council expected the Order In Council with the complete schedule of branches to be amended in January. There was a delay while more information was provided to the Minister, and the Order will now be amended later in 1999.

There will soon be consultation with the vocational branches on a process for the Council to assess smaller branches seeking recognition, such as breast medicine, accident and medical, musculoskeletal medicine and career medical officers. The thinking of the Education Committee is that small groups can be recognised, provided they are affiliated or associated with larger vocational groups which can assist them with matters like educational expertise and recertification. The Council will consider the results of consultation and formulate policy early in 2000.

Summer Studentship

The seventh Medical Council summer studentship, valued at $5,000, was awarded to Yvonne Anderson, fourth year medical student at Otago University for her project "Treatment Interventions In An Internal Medical Service – What Proportions Are Evidence-Based?"

There has been very little research into evidence based medicine in New Zealand over the past ten years. Thus, the project was thought to be topical, and of clinical value in the New Zealand setting. The study by Yvonne Anderson (assisted by Dr Andrew Bowers) examined principal treatment interventions in the acute internal medical service of Dunedin Public Hospital. It showed that of the interventions studied, 52% were supported by evidence from systematic reviews or randomised controlled trials, 43% were based on convincing non-experimental evidence, and 5% were without evidence, utilising a formalised database search strategy.

Medical Workforce Survey – The 1998 New Zealand Medical Workforce Survey attracted a 97% response rate this year, 2% higher than last year. The survey seeks to provide good quality information on the medical workforce over time and in comparison with other countries.

The major findings were:

- Size of workforce: 8491 doctors were in active employment, an increase of 3.2% from 1997
- Demographics: women were 31.3% of the workforce, up 1.1% from 1997. Maori doctors at 2.3%, and Pacific Island doctors at 1.0%, continue to be markedly under-representative of the general population.
- Work by vocational group: the fastest growing areas since 1990 have been anaesthetics, diagnostic radiology, emergency medicine, general practice, internal medicine, paediatrics, psychiatry and general surgery.
- Geographical distribution: in local authority regions, full-time equivalent general practitioners ranged from 27 up to 189 per 100,000 population. The rate was highest in secondary urban areas (104), followed by main urban areas (95) and areas with less than 10,000 people (70).
- Overseas trained doctors: the proportion of doctors who obtained their primary medical qualification in another country was 33.7%, the same as in 1997 but much higher than Australia at 18%.

Doctors with temporary registration were surveyed for the first time in March 1998. The estimated number of temporary registrants was 283 or 3.2% of the total active workforce, compared to 1.1% of the 1996 Australian workforce. Forty-four percent were women. The average time in New Zealand is ten months with most temporary doctors (84%) providing services under supervision in public hospitals.

A full summary report of the Medical Workforce Survey 1998 was published in May 1999 and sent to all registered medical practitioners in New Zealand.

Discipline Activities arising from the 1968 Act

A number of existing proceedings that had been commenced but not completed before the new Act came into effect on 1 July 1996 continued as if that Act had not been passed.

Medical Practitioners Disciplinary Committee (MPDC)

The transition period for the MPDC as it completed its functions under the Medical Practitioners Act 1968 is almost at an end. At 1 April 1998, the MPDC had two outstanding charges to be heard. The first of the charges was withdrawn in June 1998 following completion of High Court proceedings. The second charge was heard in October 1998 and the MPDC found the doctor guilty of conduct unbecoming a medical practitioner. The Committee's findings have been appealed to the Medical Council of New Zealand.

This brings to a close the MPDC's role under the 1968 Act. Apart from two doctors whose terms of conditions imposed by the Committee do not end until March 2000, the Committee has ceased to function.

Preliminary Proceedings Comittee

The Preliminary Proceedings Committee (PPC) had two files still open at 1 April 1998, both involving maintaining a watching brief on court cases. During the year both files were closed, one because the complainant did not wish to proceed, and the other because the Privy Council overturned the doctor's conviction for manslaughter.

Medical Council (constituted under the 1968 Act)

The Medical Council (as constituted under the 1968 Act) was not required to hear any charges and none are now awaiting hearing. However, a number of appeals were still to be disposed of:

- Four appeals against decisions of the Medical Practitioners Disciplinary Committee (MPDC) were awaiting action at the beginning of the year and one was received during the year. In these cases Council ruled in one that it had no jurisdiction to hear the appeal, in another dismissed the appeal (leaving the MPDC decision intact) and in the third upheld the MPDC decision, Council adding a further finding of conduct unbecoming and imposing more penalties. Two appeals were still outstanding at 31 March 1999.
- Seven appeals against Council decisions (on appeals against decisions of the MPDC) were with the High Court. Subsequently, one was allowed, two were discontinued, and one was withdrawn at the last minute. In the latter case the court declined Council's request to reinstate the original conditions imposed by the MPDC which had expired during the long delay caused by the doctor's other applications to the court. Council was however awarded costs of $1,500 in respect of the abandoned appeal. The three remaining appeals were still awaiting hearing at the close of the year.

Report of the Medical Practitioners Disciplinary Tribunal

Members and officers of the Tribunal at 31 March 1999

Mr P J Cartwright *(Chairperson)*

Mrs W N Brandon *(Deputy Chairperson)*

Panel of Medical Practitioners

Dr F E Bennett

Dr R A Cartwright

Dr I D S Civil, MBE

Dr J C Cullen

Professor B D Evans

Dr R S J Gellatly

Dr J W Gleisner

Dr A M C McCoy

Dr J M McKenzie

Dr M J P Reid

Professor Dame Norma Restieaux

Dr A D Stewart

Dr A F N Sutherland

Dr B J Trenwith

Dr D C Williams

Dr L F Wilson

Panel of Public Members

(One is appointed by the Chairperson for the purposes of each hearing)

Mr P Budden

Ms S Cole

Mr G Searancke

Mrs H White

Office of the Tribunal

Ms G J Fraser *Secretary*

Mrs D M Haswell *Administrative Assistant*

26 The Terrace

P O Box 5249, Wellington

Tel (04) 499 2044

Fax (04) 499 2045

During this year under review, the Tribunal received 24 charges, 19 from Complaints Assessment Committees and five from the Director of Proceedings from the Health and Disability Commissioner's Office.

The Tribunal sat to hear 20 charges during the 1998/99 year, five of these being charges received in the previous year. Eight of the 24 charges received in the year under review are set down for hearings in the 1999 year.

All 20 of the Tribunal's hearings were held in public with interim name suppression for the respondent doctor granted on six occasions. Of these six doctors, two were granted final suppression.

The Tribunal is to publish a booklet this year incorporating a précis of all its decisions. This booklet will be distributed to all medical practitioners who receive a copy of the Medical Council's Annual Report. It is intended to be informative and educational for the profession.

Charges before the MPDT
1 APRIL 1998 - 31 MARCH 1999

Nature of Charges	
Disgraceful conduct	5
Professional misconduct	8
Conduct unbecoming	6
Convictions	3
Alternative	1
More than one	1
Total	24
Source	
Prosecution of charges brought by Complaints Assessment Committees	13
Prosecution of charges brought by Director of Proceedings	2
Charges brought by Complaints Assessment Committees but withdrawn	1
Charges brought by Complaints Assessment Committees but yet to be heard	5
Charges brought by Director of Proceedings but yet to be heard	3
Total	24
Outcome of Hearings*	
Guilty - conviction	3
Guilty - disgraceful conduct	2
Guilty - professional misconduct	2
Guilty - conduct unbecoming	3
Not guilty	7
Charge withdrawn before hearing	1
Not completed	3
Yet to be heard	8
Total	29

• includes five charges received in 1997/98 year

Finance – The attached financial statements cover the year 1 April 1998 to 31 March 1999.

General Council Operations

The Medical Council operated well within budget for the year ending 31 March showing a surplus in the general fund of $1,493,363. The general fund refers to all Council activities except discipline and examinations.

The main factor in the general fund surplus was extra time taken for competency provisions of the Medical Practitioners Act to become operational, and uncertainty about costs involved in the review process. In this year the Council contracted two doctors to assist in policy development and initiate the review processes. Reviews are now under way and will be funded by the Council.

The Council's fees income was $4m for the year, which was greater than anticipated due to an increase in the number of applications for practising certificates and fees paid for temporary and vocational registration.

Increased reserves in line with the Council's prudent reserve policy led to greater interest received on investments, $76,000 higher than last year.

Discipline Fund

This fund showed a surplus of $945,838 for the year ended 31 March. The main contributors were lower than expected expenditure by the Tribunal and by Complaints Assessment Committees, which were below budget by $450,000 and $140,000 respectively. This decrease was primarily due to the fewer than expected cases being referred back from the Health and Disability Commissioner's Office. Total discipline fund income was also up by $200,000.

Costs for transitional proceedings under the 1968 Act are continuing to reduce as would be expected. The Medical Practitioners Disciplinary Committee incurred costs of $92,400.

Examination Fund

Examination fees are set as closely as possible on a cost recovery basis. The examination fund showed a surplus of $28,854 for the year. This was due to the April 1999 exam being brought back into March 1999, resulting in four clinical exams during the year instead of the usual three. In addition the Council has started to build up a reserve to fund a review of NZREX, which is now getting under way.

Refunds

Early in 1998 the Council decided to make available refunds of Annual Practising Certificate fees and disciplinary levies for practitioners who could demonstrate that they had limited income from medicine, that is, not more than $20,000 per annum. This decision was made in order to ease the financial burden for doctors working part-time or those providing voluntary services as they near retirement. One hundred and sixty-eight refunds were made in the year to 31 March 1999. From the 2000/2001 APC year, the Council has adjusted the criteria to include income from any source amounting to not more than $20,000. The Finance and Management Committee continues to monitor this policy.

Reserves Policy

The Council's policy is that reserves approximately equivalent to one year's trading should be held as prudent risk management. Due to surpluses achieved in the past two years, that position has now almost been reached in the general fund, and exceeded in the discipline fund.

Miller Dean Knight & Little

Chartered Accountants

MEDICAL COUNCIL OF NEW ZEALAND
AUDITORS' REPORT
FOR THE YEAR ENDED 31 MARCH 1999

To : Members of the Medical Council Of New Zealand

We were appointed auditors of the Council in accordance with the Second Schedule of the Medical Practitioners Act 1995.

We have audited the attached financial statements which provide information about the past financial performance of the Council and its financial position as at 31 March 1999. This information is stated in accordance with the accounting policies set out in the notes to the financial statements.

Council's Responsibilities
The Council is responsible for the preparation of financial statements which fairly reflect the Council's financial position as at the above date and of its financial performance for the year ended on that date.

Auditor's Responsibilities
It is our responsibility to form an independent opinion on the financial statements presented by the Council and to report our opinion to you.

Basis of Audit Opinion
An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Council in the preparation of the financial statements and whether the accounting policies are appropriate to the Council's circumstances, consistently applied and adequately disclosed.

We conducted our audit in accordance with auditing standards issued by the Institute of Chartered Accountants of New Zealand. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient, reliable and relevant evidence to give reasonable assurance that the financial statements are free from material misstatements, whether caused by error, fraud, or other irregularity. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

In addition to our role as auditors, we provide taxation advice to the Council and have assisted with the preparation of the statement of cash flows. Other than this, we have no other interests in the Medical Council.

Unqualified Opinion
We have obtained all the information and explanations we have required. In our opinion the attached financial statements fairly reflect the financial position of the Medical Council of New Zealand as at 31 March 1999 and the results of its operations and cash flows for the year ended on that date.

Date Of Opinion
Our audit was completed on 15 July 1999 and our unqualified opinion is expressed as at that date.

Miller Dean Knight + Little

Level 5, Southmark House, 203-209 Willis Street, PO Box 11-253, Wellington, NZ. Tel 0-4-385 0862; Fax 0-4-384 3381

Maurice A. Knight CA., A.N.Z.I.M. John W. Little B.C.A., CA.

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 31 MARCH 1999

1. STATEMENT OF ACCOUNTING POLICIES

REPORTING ENTITY

The Medical Council of New Zealand is a statutory body constituted under successive Medical Practitioners Acts, including the Medical Practitioners Act 1968 and, from 1 July 1996, the Medical Practitioners Act 1995.

GENERAL ACCOUNTING POLICIES

These financial statements are a General Purpose Financial Report as defined in the Institute of Chartered Accountants of New Zealand Statement of Concepts and have been prepared in accordance with generally accepted accounting practice as defined in that Statement.

MEASUREMENT BASE

The accounting principles recognised as appropriate for the measurement and reporting of financial performance and financial position on a historical cost basis are followed by the Council.

SPECIFIC ACCOUNTING POLICIES

The following specific accounting policies which materially affect the measurement and reporting of financial performance and financial position have been applied:

(a) **Depreciation** - assets have been depreciated on a straight line basis at the following rates:

Furniture and fittings	10%pa
Office alterations	10%pa
Office equipment	20%pa
Computer hardware and software	33%pa

(b) **Fixed Assets** are shown at cost less accumulated depreciation (Note 5).

(c) **Goods and Services Tax** - These financial statements have been prepared on a GST exclusive basis.

(d) **Legal Expenses and Recovery** - Legal expenses have been accounted for on an accrual basis and include provisions for proceedings still pending. Recovery of legal expenses has been accounted for on a cash basis.

(e) **Income Tax** - The Council is not subject to income tax (Note 2).

(f) **Sundry Debtors** - Sundry debtors are valued at the amount expected to be realised.

(g) **Administration Charge** - This is a levy on the Discipline and Examination Funds to meet overhead costs incurred by the General Fund.

(h) **Interest Received** - Interest owing at balance date has been accrued.

CHANGES IN ACCOUNTING POLICIES

There have been no material changes in accounting policies. All accounting policies have been applied on bases consistent with those used in the previous year.

2. TAXATION

On 20 December 1996 the Court of Appeal found the Medical Council to be exempt from Income Tax. Tax provided for in previous years has been reversed. Tax refunds have been applied for.

3. PAYMENTS IN ADVANCE AND DEBTORS

	1999	1998
Outstanding contribution to workforce survey	38,000	
Other debtors	2,045	4,829
Payments in advance	6,564	6,610
	$46,609	$11,439

4. TERM DEPOSITS

	1999	1998
ANZ Bank	2,096,536	1,472,553
ASB	1,280,056	956,444
BNZ	1,292,324	733,563
Countrywide Bank	1,370,153	1,074,996
Hong Kong Bank	1,228,650	750,000
National Bank	1,286,603	693,215
Taranaki Savings Bank	621,279	300,000
Westpac Trust	1,163,613	1,535,476
Total Investments	$10,339,214	$7,516,247

5. FIXED ASSETS

	Cost 31/3/99	Depreciation For Year 31/3/99	Accumulated Depreciation 31/3/99	Book Value 31/3/99	Cost 31/3/98	Accumulated Depreciation 31/3/98	Book Value 31/3/98
Computer	266,829	43,561	191,508	75,321	396,705	357,342	39,361
Furniture and fittings	246,796	16,310	149,326	97,470	214,602	133,015	81,587
Office alterations	225,671	22,547	80,525	145,146	223,584	57,977	165,606
Office equipment	174,791	23,993	77,006	97785	114,979	76,916	38,066
	$914,087	$106,411	$498,365	$415,722	$949,870	$625,250	$324,620

6. WORKFORCE SURVEY

Workforce survey costs include only the direct costs to produce the statistical data. Staff and overhead costs are not included.

7. RELATED PARTIES

Council members are paid fees for attending to Council and Committee business.
There were no other related party transactions.

8. FOREIGN CURRENCIES

Foreign currency transactions have been recorded at the rate of exchange applicable on the day of completion. There were no settlements due at balance date.

9. RECONCILIATION OF NET SURPLUS WITH THE NET CASH FLOW FROM STATUTORY FUNCTIONS for the year ended 31 March 1999

Surplus / (Deficit) for year	1999	1998
General Fund	1,493,363	1,038,970
Discipline Fund	945,838	1,589,750
Examination Fund	28,854	(86,887)
	2,468,055	2,541,833
Add tax refunded	224,747	422,698
	2,692,802	2,964,531
Add non-cash items – Depreciation (Note 5)	106,411	104,639
– Loss on disposal of assets	1,263	
	2,800,476	3,069,170
Add movements in working capital items		
(Increase)/decrease in debtors and prepayments	(35,170)	87,553
Increase/(decrease) in receipts in advance	(20,687)	(845,392)
Increase/(decrease) in creditors and GST	153,798	(225,057)
	97,941	(982,896)
	2,898,417	2,086,274
Less items classified as investing activity-interest	(714,059)	(636,322)
Net cash flow from statutory functions	$2,184,358	$1,449,952

10. EDUCATION FUND

This fund met the first round of AMC accreditation costs of medical schools. The fund has been disestablished as the Council now provides for all expenditures in its usual budgetary process.

11. SPECIAL PURPOSES FUND

In 1998 the Council established a Special Purposes Fund from the taxes refunded by the Inland Revenue Department. These monies were to enable the Council to meet designated project and research obligations arising from the Medical Practitioners Act 1995 and to provide a risk management contingency fund. The Council now provides for these expenses in its usual budgetary process and the Special Purposes Fund has been disestablished.

12. CONTINGENT LIABILITIES

Complaints have been made to the Race Relations Conciliator's Office. As these are still being investigated it is too early to determine the extent to which the Council could be at risk. Other than this there were no material contingent liabilities at balance date. (1998:Nil).

13. EVENTS OCCURRING AFTER BALANCE DATE

There have been no adjustable or non-adjustable events (as defined in the applicable financial reporting standard) between balance date and the date of completion of the financial statements.

14. COMMITMENTS - OPERATING LEASES

Lease commitments under non-cancellable operating leases;

	1999	1998
Not more than one year	118,269	118,269
Later than one year and not later than two years	118,269	118,269
Later than two years and not later than five years	256,250	354,807
Later than five years		19,712
	$492,788	$611,057

15. FINANCIAL INSTRUMENTS

Financial instruments which potentially subject the Council to credit risk consist principally of bank balances and accounts receivable.

The Council places investments with various recognised banking institutions and is not exposed to any concentrations of credit risk.

Debtors are shown at a fair value.

The estimated fair values of the financial instruments are as follows;

	1999	1998
Receivables	40,045	4,829
Bank-balances	10,601,139	7,891,929
Payables	(843,524)	(666,144)

1 Statement of Financial Position

AS AT 31 MARCH 1999

	1999	1998
CURRENT ASSETS		
Petty cash	200	200
ANZ bank account	261,925	375,682
Sundry debtors and payments in advance (Note 3)	46,609	11,439
Interest accrued	72,417	58,404
Taxation refund due (Note 2)	8,980	233,727
Term deposits (Note 4)	10,339,214	7,516,247
	$10,729,345	$8,195,699
Fixed Assets (Note 5)	415,722	324,620
Total Assets	$11,145,067	$8,520,319
CURRENT LIABILITIES		
Sundry creditors	565,610	453,177
Salaries and holiday pay accrued	61,548	81,732
GST	216,366	131,235
Payments received in advance	2,501,590	2,522,277
Total Current Liabilities	$3,343,114	$3,188,421
CAPITAL ACCOUNT		
General Fund	3,859,574	2,095,769
Discipline Fund	3,931,353	2,617,941
Education Fund (Note 10)		72,517
Examination Fund	9,026	(19,828)
Special Purposes Fund (Note 11)		565,499
	7,799,953	5,331,898
	$11,145,067	$8,520,319

The accompanying notes on pages 31 to 34 form part of these financial statements

Tony Levi

President

Sue Doocey

Chief Executive

2 Consolidated Statement of Financial Performance

FOR THE YEAR ENDED 31 MARCH 1999

	1999	1998
INCOME		
Fees received	6,793,017	7,410,280
Interest	714,059	636,322
Other income	250,241	343,703
	$7,757,317	$8,211,740
EXPENDITURE		
Audit fees	11,500	13,500
Other payments to auditors	2,000	2,000
Depreciation (Note 5)	106,411	104,639
Fees paid to Council Members	328,007	284,707
Loss on disposal of fixed assets	1,263	
Other administrative costs	4,709,162	5,134,142
Rent	130,919	130,919
	$5,289,262	$5,669,907
Surplus for year	$2,468,055	$2,541,833

The accompanying notes on pages 31 to 34 form part of these financial statements.

3 General Fund

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 MARCH 1999

	1999	1998
FEES RECEIVED		
Annual Practising Certificates	3,391,250	2,818,572
Other certificates	23,940	22,125
Registration applications	442,740	372,476
Vocational registration eligibility interviews	146,383	178,585
Income from fees	$4,004,313	$3,391,758
OTHER INCOME		
Administration fee - Discipline Fund (Note 1)	100,000	100,000
Administration fee - Examination Fund (Note 1)	60,000	60,000
Interest received	365,094	288,406
Sales of Medical Registers and sundry income	56,277	55,203
Workforce survey	39,707	39,730
Income from other sources	$621,078	$543,339
Total income for year	$4,625,391	$3,935,097
Less expenses from schedule	3,132,028	2,896,127
Net surplus for year	$1,493,363	$1,038,970

The accompanying notes on pages 31 to 34 form part of these financial statements

4 General Fund

SCHEDULE OF EXPENSES FOR THE YEAR ENDED 31 MARCH 1999

		1999	1998
ADMINISTRATION AND OPERATING EXPENSES			
Agents fees - registration interviews		23,111	24,354
	- Vocational Registration interviews	107,526	138,835
Audit and accounting fees		8,000	10,000
Depreciation (Note 5)		106,411	104,639
General, archives, cleaning, electricity, and equipment hire		132,803	107,611
Legal expenses and other consultancy		71,852	152,088
Media and public relations		147,412	111,210
Medical workforce survey (Note 6)		6,262	24,266
Office communications incl printing and stationery		214,632	229,303
Projects		16,270	56,912
Rent		118,269	118,269
Staff costs		1,370,048	1,089,111
Total administration and operating expenses		$2,322,596	$2,166,598
COUNCIL AND COMMITTEE EXPENSES			
Council	- Fees	193,490	173,598
	- Expenses	139,069	110,454
Finance and Management	- Fees	6,988	6,013
	- Expenses	3,172	2,297
Health	- Fees	29,616	19,581
	- Expenses	98,858	91,474
Issues	- Fees	8,673	4,509
	- Expenses	4,450	137
Education	- Fees	38,189	47,426
	- Expenses	176,535	220,458
Professional Standards	- Fees	23,944	13,207
	- Expenses	52,141	11,688
Registration	- Fees	27,107	20,373
	- Expenses	7,200	8,314
Total Council and Committee expenses		$809,432	$729,529
Total expenditure		$3,132,028	$2,896,127

The accompanying notes on pages 31 to 34 form part of these financial statements

5 Discipline Fund

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 MARCH 1999

	1999	1998
REVENUE		
Fines imposed, costs and mentoring recovered	154,257	253,906
Interest received	333,632	328,050
Levies received	2,065,425	3,302,570
Total revenue	$2,553,314	$3,884,526
ADMINISTRATION AND OPERATING EXPENSES		
Administration fee (Note 1)	100,000	100,000
Audit fees	4,500	4,500
General administration and operating expenses	38,261	31,377
Legal opinions	6,969	3,238
Total administration and operating expenses	$149,730	$139,115
1995 ACT PROCESS		
COUNCIL AND TRIBUNAL EXPENSES		
Complaints Assessment Committees		
- Fees	312,252	410,418
- Expenses	432,187	425,538
Total Complaints Assessment Committees expenses	744,439	835,956
Medical Practitioners Disciplinary Tribunal		
- Administration	163,485	144,144
- Hearing fees	145,481	81,058
- Other hearing expenses	173,645	124,797
Total Medical Practitioners Disciplinary Tribunal expenses	482,611	349,999
Total 1995 Act Process	$1,227,050	$1,185,955
1968 ACT TRANSITIONAL PROCEEDINGS		
COUNCIL AND COMMITTEE EXPENSES		
Medical Council		
- Discipline fees	32,459	95,089
- Discipline expenses	26,881	78,159
- Preliminary Proceedings Committee		6,075
Total Medical Council expenses	59,340	179,323
Medical Practitioners Disciplinary Committee	92,426	482,065
Legal expenses	73,294	300,367
Mentoring and expert witnesses	5,636	7,951
Total transitional proceedings (1968 Act)	230,696	969,706
Total expenditure	$1,607,476	$2,294,776
Net surplus for year	$945,838	$1,589,750

The accompanying notes on pages 31 to 34 form part of these financial statements

6 New Zealand Registration Examination Fund

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 MARCH 1999

	1999	1998
REVENUE		
NZREX candidate fees	830,805	676,222
Interest	15,333	19,866
Total Revenue	$846,138	$696,088
ADMINISTRATION AND OPERATING EXPENSES		
Administration fee (Note 1)	60,000	60,000
Audit fees	1,000	1,000
Centre costs (NZ and overseas)	171,015	123,648
Examiners fees and expenses	495,669	478,010
General administrative expenses	6,926	18,003
Honorarium and salaries	70,960	92,900
Total administration and operating expenses	$805,570	$773,561
COMMITTEE EXPENSES		
Committee fees and expenses	11,714	9,414
Total expenditure	817,284	782,975
Net (deficit)/surplus for year	$28,854	($86,887)

The accompanying notes on pages 31 to 34 form part of these financial statements

7 Statement of Cashflow

FOR THE YEAR ENDED 31 MARCH 1999

Cash flow from statutory functions		**1999**	**1998**
Cash was provided from:			
Receipts pertaining to statutory functions	7,111,196		6,847,126
Refund of tax	224,747		432,408
	7,335,943		7,279,534
Cash was also distributed to:			
Payment for Council fees and disbursements and Council office expenses	(5,151,585)		(5,819,872)
Payment of Tax			(9,710)
	(5,151,585)		(5,829,582)
Net cash flow from statutory functions		2,184,358	1,449,952
Cash flow from investing activities			
Cash was provided from:			
Interest received	700,046		634,351
Sale of assets	3,767		
	703,813		634,351
Cash was applied to:			
Purchase of assets	(178,961)		(194,804)
Short term investments	(2,822,967)		(1,715,807)
	(3,001,928)		(1,910,611)
Net cash flow from investing activities		(2,298,115)	(1,276,260)
Net increase/(decrease) in cash held		(113,757)	173,692
Opening cash brought forward		375,882	202,190
Ending cash carried forward		**$262,125**	**$375,882**
Represented by:			
Petty cash		200	200
ANZ bank account		261,925	375,682
		$262,125	$375,882

The accompanying notes on pages 31 to 34 form part of these financial statements.

8 Statement of Movement in Equity

FOR THE YEAR ENDED 31 MARCH 1999

	1999	1998
A) ACCUMULATED FUNDS AND RESERVES		
Balance at 31 March 1998	5,331,898	2,790,065
Add: surplus	2,468,055	2,541,833
Balance at 31 March 1999	$7,799,953	$5,331,898
B) ANALYSIS OF INDIVIDUAL FUNDS		
(1) **General Fund**		
Balance at 31 March 1998	2,095,769	1,259,724
Add: surplus	1,493,363	1,038,970
Less: transfer to Special Purposes Fund 1998		(197,925)
Add: transfer from Special Purposes Fund 1999	197,925	
Less: transfer to Education Fund 1998		(5,000)
Add: transfer from Education Fund 1999	72,517	
Balance at 31 March 1999	$3,859,574	$2,095,769
(2) **Discipline Fund**		
Balance at 31 March 1998	2,617,941	1,395,765
Add: surplus	945,838	1,589,750
Less: transfer to Special Purposes Fund 1998		(367,574)
Add: transfer from Special Purposes Fund 1999	367,574	
Balance at 31 March 1999	$3,931,353	$2,617,941
(3) **Education Fund (Note 10)**		
Balance at 31 March 1998	72,517	67,517
Add: transfer from General Fund 1998		5,000
Less: transfer to General Fund 1999	(72,517)	
Balance at 31 March 1999		$72,517
(4) **Examination Fund**		
Balance at 31 March 1998	(19,828)	67,059
Less: deficit 1998		(86,887)
Add: surplus 1999	28,854	
Balance at 31 March 1999	$9,026	($19,828)
(5) **Special Purposes Fund (Note 11)**		
Balance at 31 March 1998	565,499	
Add: transfer from Discipline Fund 1998		367,574
Add: transfer from General Fund 1998		197,925
Less: transfer to Discipline Fund 1999	(367,574)	
Less: transfer to General Fund 1999	(197,925)	
Balance at 31 March 1999		$565,499

The accompanying notes on pages 31 to 34 form part of these financial statements.

Council Committees at 31 March 1999

The Council appoints committees to deal with its principal activities. Each committee has a minimum of two Council members. Registration decisions must be taken by the whole Council, not delegated.

Registration Sub-Committee

Dr Tony Baird (Convenor)
Dr Mark Adams
Dr Tim McKergow
Dr Tony Ruakere
Dr Ian St George
Mr Henri van Roon

Professional Standards Committee

Dr Ian St George (Convenor)
Dr Mark Adams
Miss Carolynn Bull
Dr Alister Scott
Mr Henri van Roon

Health Committee

Dr Alister Scott (Convenor)
Dr Mark Adams
Miss Carolynn Bull
Dr Tim McKergow

Issues Committee

Dr Tim McKergow (Convenor)
Dr Tony Baird
Dr Alister Scott
Mr Alexander Sundakov
Dr Tony Ruakere

Finance and Management Committee

Mr Alexander Sundakov (Convenor)
Dr Mark Adams
Professor Ian Simpson
Sue Ineson

Education Committee

Members appointed by the Council

Dr Mike Ardagh
Selected from Vocational Branch nominees

Dr Caroline Corkill
Selected from Vocational Branch nominees

Dr Gillian Clover
Selected from Vocational Branch nominees

Dr Mark Davis
Selected from Intern Supervisors

Professor Bill Gillespie
Member of academic staff of Faculty of Medicine, Otago

Dr Jenny Martin
Resident doctor

Council members

Professor Ian Simpson (Convenor)
Miss Carolynn Bull
Dr Ian St George
Mr Henri van Roon

Examinations Committee

Members appointed by the Council

Professor Graham Mortimer
Examinations Director

Dr John Collins
University of Auckland Nominee

Associate Professor Richard Clemett
University of Otago Nominee

Dr Pat Alley
Examinations Co-ordinator, Auckland

Dr David McHaffie
Examination Co-ordinator, Wellington

Dr Peter Rothwell
Examination Co-ordinator, Hamilton

Professor John Morton
Examination Co-ordinator, Christchurch

Dr Jim Reid
Examination Co-ordinator, Dunedin

Dr Mark Davis
Education Committee Nominee

Council members

Dr Tony Baird (Convenor)
Professor Ian Simpson
Mr Henri van Roon

Top, left to right: Registrar **Georgina Jones** and **Dr Tim McKergow** (Issues Committee); Examinations Coordinator **Tone Smith** and **Dr Tony Baird** (Examinations Committee); **Dr Mark Adams** and **Dr Alister Scott** (Health Committee).

Middle, left to right: **Mr Henri van Roon*** and Financial Controller **John de Wever** (Finance and Management Committee); **Dr Ian St George** and Standards Manager **Sandy Gill** (Professional Standards Committee).

Bottom: Education Administrator **Angela Coleman** and **Professor Ian Simpson** (Education Committee).

* Mr van Roon convened Finance and Management Committee until the end of 1998.

Office of the Council at 31 March 1999

Chief Executive	Ms Sue Ineson
Registrar	Ms Georgina Jones
Deputy Registrar	Ms Lynne Urquhart
Senior Secretary	Mrs Stephanie Pett

Registration

Registration Manager	Mrs Jane Lui
Senior Registration Administrator	Mr Sean Hill
Registration Administrator	Ms Gyllian Turner
Registration Administrator	Ms Jey Swami
Registration Administrator	Ms Karen Gardner
Registration Administrator	Mr Philip Girven
Registration Administrator	Miss Diane Latham
Registration Administrator	Mrs Moyra Hall
APC Supervisor (temporary)	Ms Linda Tan

Standards

Standards Manager	Ms Sandy Gill
Education Administrator	Ms Angela Coleman
Examination Administrator	Ms Ritu Nair
CAC Administrator	Ms Kirsty Glen
Professional Standards Administrator	Mr Frank Minehan
Standards Administrator	Miss Kristine Couch
Professional Standards Coordinators (part-time)	Dr John Simpson
	Dr Jocelyn Tracey
Old Council Tribunals Administrator	Mrs Sue D'Ath

Health

Health Manager	Ms Lynne Urquhart
Health Administrator	Ms Jo Hawken-Incledon

Corporate Services

Financial Controller	Mr John de Wever
Information Systems	Mr Bill Taylor
Communications Coordinator	Ms Susan Pattullo
Information Officer	Mr Greg Waite
Office Administrator	Ms Donna Overduin
Customer Services	Mrs Debbie North
Customer Services	Mrs Rita Umaga – Ta'ulelei

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Wellington

Bankers

ANZ Banking Group (New Zealand) Ltd
Courtenay Place branch
Wellington

Auditors

Miller, Dean, Knight and Little
P O Box 11 253
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