



ANNUAL REPORT and ACCOUNTS

2010 - 2011



Kaunihera Whakanaoaiwi

Hon. Tony Ryall
Minister of Health
Parliament Buildings
WELLINGTON

It is with much pleasure that I present the seventh annual report of the Osteopathic Council of New Zealand.

This report highlights the Osteopathic Council's activities for the seventh year since the Council was established following the enactment of the Health Practitioners Competence Assurance Act (2003) (HPCA Act). It also contains the audited accounts for the year ending 31 March 2011.

Chairperson's Report

2010 / 11 was another productive year for the Osteopathic Council of New Zealand (OCNZ) and one that heralds significant change for the future.

The OCNZ has for three years been in a co-hosting arrangement with the Health Regulatory Authorities Secretariat (HRAS), with four of the other smaller regulatory authorities (Dietitians, Optometrists, Chiropractors and Podiatrists). During the financial year the HRAS partner regulatory authorities undertook a review of the arrangements and structure of the entity. The OCNZ has been increasingly concerned by the increasing costs of the co-hosting arrangement. After considering the outcome of the review the OCNZ decided to leave the arrangement and negotiated a contract for service with the Occupational Therapy Board of New Zealand (OTBNZ) to provide a registrar and secretarial services required to administer the Health Practitioners Competence Assurance Act (2003) (the Act).

An important milestone for the profession was the implementation of a second scope of practice, Scope of Practice for Osteopaths using Western Medical Acupuncture (WMA) and Related Needling Techniques. The WMA scope, with the associated clinical code of practice, will help ensure that patients can have confidence in the competence of those that are registered in the scope to incorporate needling techniques into their practice. Eligible registrants completed the 'grandfathering' process and a number of other registrants have already obtained the prescribed qualification from AUT University in Auckland, the Post Graduate Certificate in Western Acupuncture.

Council Meetings

In the 2010-2011 financial year the Council had 5 Council meetings in Wellington. Much of Council business is conducted by sub-committees who conduct their work by teleconference.

The Council had a full complement of members during the period. I would like to express my thanks to all Council members for their contributions during the year. The members were:

Sharon Awatere – Osteopath from Napier

Matthew Cooper – Osteopath from Wellington

Emma Fairs – from Christchurch (appointed September 2010)

Martin Lambert – Osteopath from Auckland

Stiofán Mac Suibhne (Chair) – from Christchurch

Clive Standen – Osteopath from Auckland

Dee Taylor (Deputy Chair) - Osteopath from Christchurch

Caryl Blomkvist – Layperson from Whanganui

Sharon Lambert – Layperson from Tauranga

Assessing Clinical Competence

Ensuring that all osteopaths who are seeking registration in New Zealand are competent to practise is an important function of Council.

Overseas osteopaths who wish to practise in New Zealand must have an osteopathic qualification approved by Council (minimum equivalent to New Zealand Qualification Authority level 7 bachelor's degrees) and sit a clinical assessment. Achieving an IELTS test score of 7.5 is a requirement for those whose first language is not English and/or those who completed their osteopathic qualification in a language other than English.

The OCNZ in partnership with the Australian & New Zealand Osteopathic Council (ANZOC) worked during the year to develop a new common overseas assessment process for Australia and New Zealand.

The existing assessment process had served the New Zealand profession well for many years but it was time to review the process and adopt best practice in assessing clinical competence. The professional associations lobbied to have the process reviewed to help remove unnecessary barriers to overseas trained osteopathic graduates entering the register. Experts in clinical assessment have advised the OCNZ that one off 'high stakes' assessment processes are no longer defensible as the sole assessment of an individual's competence and a broader range of assessment methodologies is required, including a work-based assessment component.

Developing a new overseas assessment process with a work-based assessment component also provided an opportunity for OCNZ to align the accreditation of prescribed qualifications for pre-registration training programmes, the assessment of overseas trained osteopaths and to review the competence assessment process, and continuing professional development / recertification programmes to a common set of capabilities.

Capabilities for Paediatric Practice

The OCNZ considers paediatric patients amongst the most vulnerable group of patients seen in osteopathic practice. At present there is no defined minimum set of knowledge, skills and attitudes determined for this area of practice. Neither does the accreditation process address paediatrics. The OCNZ has identified this area as a priority. There is virtually no information available on osteopathic paediatric practice in other jurisdictions. As a result during the year OCNZ commissioned research to survey the profession to get an understanding of the nature of paediatric osteopathic practice in New Zealand to begin the process of determining a set of capabilities for paediatric practice.

The findings will help inform policy development and initiate debate within the profession and with stakeholders. OCNZ will communicate the findings to the profession to help bring forward initiatives to ensure this vulnerable patient group is well served by the osteopathic workforce.

Continuing Professional Development

There were no mandatory CPD activities scheduled by OCNZ in 2010 / 11 financial year. The CPD programme helps ensure that osteopaths maintain their competence. Each year every osteopath is required to complete 25 approved CPD credits and maintain an up-to-date first aid certificate. Council is keeping the programme under review and is particularly keen to integrate the best practice approaches from the new overseas assessment process. Major changes to the CPD scheme will not be made until further developments have been made on the scope of practice review and the overseas assessment / competence assessment, clinical preceptorship and mentoring programmes developed.

Scope of Practice

Council has been engaged in an ongoing review of the scope of practice. In July 2010 a discussion paper was published on the proposed reforms.

In November 2010 Council held a follow up event from the 2009 symposium on scope of practice reform in Wellington on reform of the osteopathic scope of practice within the context of the New Zealand regulatory framework. Representatives of the professional bodies attended from New Zealand, Australia and the UK, NZ Ministry of Health, osteopathic educators and senior students along with regulators from Australia. The meeting report was widely circulated.

The consensus position of the meeting was a need to reform the (general) osteopathic scope of practice to produce a statement that more closely reflects the comprehensive nature of osteopathic practice and the creation of a number of additional vocational and extended scopes of practice to allow individual practitioners to be able develop their skills and clinical interests. The restricted view of practice given by the wording of the current scope may unwittingly be placing practitioners outside the scope where that was not the intention.

It is important that the scopes of practice that are developed reflect the reality of professional life. There needs to be mechanisms for skills and knowledge acquired in practice through post graduate study to be incorporated into one's personal / professional scope. The following areas being identified as initial priorities:

- Child health / Paediatrics
- Gerontology
- Osteopathic Prescribing
- Pain Management
- Rehabilitation / Occupational Health.

As a maturing and diversified profession additional scopes of practice are an important element of public protection. The public ought to be able to use the register to identify practitioners with advanced standing in particular areas of practice so that they can identify osteopaths with the skills and experience most suited to their needs.

A scope of practice schema is under development that will ensure the skill set of the osteopathic profession can continue to evolve to meet the changing needs of society. As a primary healthcare profession, osteopathy must adapt to the changing demographics, in particular to allow an ageing workforce to meet the needs of an ageing population.

APC Statistics

On 31st March 2011 there were 371 Osteopaths in New Zealand with annual practising certificates (a reduction of 13 on the previous year). At the same time there were 556 Osteopaths on the Register, 185 of whom were inactive (those who are registered, but do not have an Annual Practising Certificate). 21 registrations were granted during the year; 17 were Unitec graduates, 4 came from overseas having passed the entry examination (down from 9 in the previous year). 3 registrants were entered under the provisions of the Trans Tasman Mutual Recognition Agreement.

Complaints and Disciplinary Processes

A number of complaints from the public to the Health and Disability Commission were referred to the Council for investigation. During the year the council held 4 competence reviews, one fitness to practice investigation and one professional conduct review. Council has decided to review all disciplinary cases going back to 2004 and produce a report for the profession with the hope that by highlighting areas of practice and behaviours that give rise to complaints, registrants can identify best practice strategies and reduce their likelihood of being the subject of a complaint.

The Osteopathic Workforce

Statistics collated for the 2010 Ministry of Health Workforce Annual Survey show that there were slightly more male (54%) than female osteopaths (46%) working in New Zealand at that time and that more than 80 percent worked in the North Island.

Of the 293 osteopaths who responded to the survey, 56% had UK based qualifications, around 34% had gained their osteopathic qualification in New Zealand and around 12% had gained their qualification in Australia. 82% reported being self-employed.

Nearly 40% of survey respondents indicated that they are aged 50 or over. 15% of those reported that they are over 60. The number of APC holders at year-end showed a net decrease of 13 (384 to 371).

Reduced APC and other Fees

For the third consecutive year the APC was significantly reduced by running down reserve levels in order to comply with the Auditor General's guidance on the reserve levels of health regulatory authorities. In future years the APC will now be set on a cost recovery basis and a separate levy identified for disciplinary processes as permitted by the HPCA Act (2003). The OCNZ has also gazetted an inactive registrants fee. If non-practising osteopaths wish to remain on the register an annual fee will be payable. This will help contribute towards the cost of maintaining the register and reduce the burden on the APC payer.

Osteopathic Council of New Zealand

Financial Reports

For the year ended 31st March 2011

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Osteopathic Council of New Zealand

Statement of Financial Performance

For the year ended 31st March 2011

| | Note | 2011 \$ | 2010 \$ |
|---|------|--------------------|--------------------|
| REVENUE | | | |
| Examination Fees | | 22,571 | 48,222 |
| Interest Income | | 9,865 | 21,027 |
| Other Income | | 655 | 668 |
| Practising Certificates | | 229,961 | 152,975 |
| Recoveries | | 157 | 1,424 |
| Registration | | 18,610 | 13,200 |
| Total Income | | 281,819 | 237,516 |
| Less Expenses | | | |
| Accident Compensation Levy | | 628 | 642 |
| Advertising | | 733 | 695 |
| Audit Fees | | 4,000 | 3,915 |
| Authority Member Fees | | 50,638 | 113,522 |
| Bank Charges | | 9,024 | 5,010 |
| Catering | | 2,708 | 4,258 |
| Chair Fees | | 31,236 | 3,039 |
| Cleaning | | 1,266 | 870 |
| Committee Fees | | 27,336 | 13,173 |
| Computer Software & Support | | 2,576 | 4,238 |
| Conference & Seminars | | 4,013 | 2,622 |
| Contract Fees | | 21,888 | 18,811 |
| Examination Costs | | 4,123 | 53,821 |
| Expensed Equipment | | - | 770 |
| General Expenses | | 540 | 462 |
| Hire of Plant & Equipment | | 2,454 | 2,217 |
| Legal Expenses | | 64,647 | 88,222 |
| Office Expenses | | 1,094 | 313 |
| Personnel and Training Costs | | 91,209 | 78,841 |
| Postage | | 4,853 | 4,364 |
| Printing & Stationery | | 5,308 | 6,398 |
| Professional fees | | 27,510 | 21,902 |
| Publications | | 408 | 8,877 |
| Rent | | 15,286 | 17,912 |
| Repairs & Maintenance | | 145 | 230 |
| Secretariat Operating Costs | | 44,497 | 28,519 |
| Service Charges | | 0 | 1,538 |
| Subscriptions/Memberships | | 37,343 | 4,146 |
| Telephone & Teleconferencing | | 6,060 | 4,044 |
| Travel & Accommodation | | 69,951 | 59,020 |
| Utilities | | 387 | 476 |
| Venue Hire | | 8,716 | 0 |
| Website Expenses | | 2,040 | 15,753 |
| Total Expenses | | 542,617 | 568,620 |
| Net Surplus/(Deficit) Before Depreciation and Amortisation | | (260,798) | (331,104) |
| Depreciation | | 2,614 | 4,316 |
| Amortisation | | 8,363 | 4,883 |
| Net Depreciation & Amortisation | | 10,977 | 9,201 |
| NET SURPLUS/(DEFICIT) | | (\$271,775) | (\$340,305) |

To be read in conjunction with the Notes to the Financial Statements

Osteopathic Council of New Zealand

Statement of Movements in Equity

For the year ended 31st March 2011

| | Note | 2011 \$ | 2010 \$ |
|--------------------------------------|------|-----------------------|-------------------------|
| EQUITY AT START OF PERIOD | | 276,675 | 616,980 |
| Net Surplus/(Deficit) for the year | | (271,775) | (340,305) |
| Total recognised revenues & expenses | | <u>(271,775)</u> | <u>(340,305)</u> |
| EQUITY AT END OF PERIOD | | <u>\$4,900</u> | <u>\$276,675</u> |

To be read in conjunction with the Notes to the Financial Statements

Osteopathic Council of New Zealand

Statement of Financial Position
For the year ended 31st March 2011

| | Note | 2011 \$ | 2010 \$ |
|---|------|----------------|------------------|
| CURRENT ASSETS | | | |
| Westpac Cheque Account | | 41,137 | 130,048 |
| Westpac Cash Management Account | | 347,536 | 36,378 |
| Westpac Term Deposits | | 32,339 | 391,159 |
| Accounts Receivable | | 8,493 | 271 |
| Accrued Income | | 0 | 1,812 |
| Loan to Health Regulatory Authorities Secretariat Ltd | 4 | 5,000 | 5,000 |
| Total Current Assets | | 434,505 | 564,668 |
| NON-CURRENT ASSETS | | | |
| Fixed Assets | 5 | 4,526 | 6,676 |
| Intangible Assets | 6 | 11,868 | 20,231 |
| Investments | | | |
| Investment in Health Regulatory Authorities Secretariat Ltd | 3 | 20 | 20 |
| Total Non-Current Assets | | 16,414 | 26,927 |
| TOTAL ASSETS | | 450,919 | 591,595 |
| CURRENT LIABILITIES | | | |
| GST due for payment | 1(e) | 29,689 | 12,014 |
| Accounts Payable | | 89,617 | 78,343 |
| Income in Advance | | 320,996 | 203,206 |
| KiwiSaver Deductions Payable | | 0 | 850 |
| PAYE Payable | | 0 | 2,099 |
| WHT Payable | | 5,717 | 18,408 |
| Total Current Liabilities | | 446,019 | 314,920 |
| TOTAL LIABILITIES | | 446,019 | 314,920 |
| NET ASSETS | | \$4,900 | \$276,675 |
| EQUITY | | | |
| Retained Earnings | | 4,900 | 276,675 |
| TOTAL EQUITY | | \$4,900 | \$276,675 |

For and on behalf of the Council



Chair
Stiofan Mac Suibhne

Date 15/02/12



Registrar
Andrew Charnock

Date 15/02/12

To be read in conjunction with the Notes to the Financial Statements

Osteopathic Council of New Zealand

Notes to the Financial Statements

For the year ended 31st March 2011

1. STATEMENT OF ACCOUNTING POLICIES

REPORTING ENTITY

The Osteopathic Council of New Zealand is constituted under the Health Practitioners Competence Assurance Act 2003. These financial statements have been prepared in accordance with the Financial Reporting Act 1993.

The Council qualifies for differential reporting as it is not publicly accountable and is not large. The Council has taken advantage of all differential reporting exemptions.

GENERAL ACCOUNTING POLICIES

These financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand on the basis of historical cost. Reliance is placed on the fact that the entity is a going concern.

SPECIFIC ACCOUNTING POLICIES

(a) Annual Practising Certificate Income

Annual Practising Certificate Income is recorded only upon receipt. No Accounts Receivable are recognised and receipts for Annual Practising Certificates issued for future years are shown as Income Received in Advance.

(b) Changes in Accounting Policies

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

(c) Fixed Assets & Depreciation

Fixed Assets are shown at original cost less accumulated depreciation. Depreciation has been calculated over the expected useful life of the assets at the following rates.

Office Equipment 20% - 100% Straight Line

(d) Intangible Assets & Amortisation

Websites have a finite useful life. Websites are capitalised and amortised over their currently estimated useful life of 3 years on a straight line basis.

Costs associated with maintaining websites are recognised as expenses when incurred.

(e) Goods & Services Tax

The Statement of Financial Performance has been prepared so that all components are stated exclusive of GST. All items in the Statement of Financial Position are stated net of GST, with the exception of accounts receivable and payables.

Osteopathic Council of New Zealand

Notes to the Financial Statements
For the year ended 31st March 2011

(f) Income Tax

The Board is registered as a charitable entity under the Charities Act 2005. It is exempt from Income Tax.

(g) Investments

Investments are recognised at cost. Investment income is recognised on an accruals basis where appropriate.

2. CONTINGENT LIABILITIES AND COMMITMENTS

There are no capital commitments at balance date (2010 \$0).

The Council has a current commitment of \$80,220 (2010 \$0) and a non-current commitment of \$80,220 (2010 \$0) to the Occupational Therapy Board of New Zealand in respect of the provision of registration and other services.

At balance date there are no contingent liabilities (2010 \$0).

3. INVESTMENT

The Board has an undivided 1/5th share in the issued share capital of Health Regulatory Authorities Secretariat Limited (HRAS). The consideration of \$20 is not yet paid.

4. RELATED PARTIES

HRAS provides administrative services to the Board on a non-profit cost recovery basis. The cost of those services for the year was \$31,997 (2010 \$28,072).

The five shareholding boards in HRAS have each advanced \$5,000 to that company to provide it with working capital.

5. FIXED ASSETS

| | 2011 | 2010 |
|-------------------------------|--------------|--------------|
| | \$ | \$ |
| OFFICE EQUIPMENT | | |
| At cost | 15,569 | 14,323 |
| Less Accumulated Depreciation | 11,043 | 7,647 |
| Total | 4,526 | 6,676 |

6. INTANGIBLE ASSETS

| | 2011 | 2010 |
|-------------------------------|---------------|---------------|
| | \$ | \$ |
| WEBSITE | | |
| At cost | 25,114 | 25,114 |
| Less Accumulated Depreciation | 13,246 | 4,883 |
| Total | 11,868 | 20,231 |

To be read in conjunction with the Notes to the Financial Statements

Osteopathic Council of New Zealand

Notes to the Financial Statements

For the year ended 31st March 2011

7. FINANCIAL MANAGEMENT AGREEMENT

Health Regulatory Authorities Secretariat Limited (HRAS) has been established to provide business management support to the Optometrists and Dispensing Opticians Board, the Dietitians Board, the Podiatrists Board of New Zealand, the New Zealand Chiropractic Board and the Osteopathic Council of New Zealand (collectively 'the entities'). HRAS provides financial management support to each of the entities according to a number of conditions:-

- 1 Each of the entities holds an undivided share in HRAS; that company was formed to provide management support to those entities
- 2 Each of the entities contributed an equal sum to the working capital of HRAS. This amount has been set initially at \$5,000 each
- 3 HRAS is not to make a profit from its business partnership with the entities.
- 4 Each board will be invoiced monthly for an equal amount equivalent to the expenses incurred by HRAS in managing its own business
- 5 Each board will be invoiced monthly for those direct costs and expenses that HRAS has incurred on its behalf
- 6 At the end of the month and financial year HRAS will show a nil financial balance on all its operations.

At 31st March 2011 the HRAS Statement of Financial Position showed net assets of \$100.

8. CHANGE IN RELATIONSHIP WITH HRAS

The entities have agreed that with effect from 1st April 2011 that the Podiatrists Board and the Osteopathic Council will withdraw from the arrangement, although certain limited services will be provided by HRAS until mid July 2011. The shareholding held by the two withdrawing entities will be transferred in equal proportions to the remaining entities.

INDEPENDENT AUDITOR'S REPORT
TO THE READERS OF
OSTEOPATHIC COUNCIL OF NEW ZEALAND'S
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011

The Auditor-General is the auditor of the Osteopathic Council of New Zealand (the Council). The Auditor-General has appointed me, Robert Elms, using the staff and resources of PKF Martin Jarvie, to carry out the audit of the financial statements of the Council on her behalf.

We have audited the financial statements of the Council on pages 6 to 11, that comprise the statement of financial position as at 31 March 2011, the statement of financial performance, and statement of movements in equity for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information.

Opinion

In our opinion the financial statements of the Council on pages 6 to 11:

- comply with generally accepted accounting practice in New Zealand; and
- fairly reflect the Council's:
 - financial position as at 31 March 2011; and
 - financial performance for the year ended on that date.

Our audit was completed on 15 February 2012. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Council and our responsibilities, and we explain our independence.

Basis of opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Council's preparation of financial statements that fairly reflect the matters to which they relate. We consider internal control in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Council;
- the adequacy of all disclosures in the financial statements; and
- the overall presentation of the financial statements.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements. We have obtained all the information and explanations we have required and we believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Responsibilities of the Council

The Council is responsible for preparing financial statements that:

- comply with generally accepted accounting practice in New Zealand; and
- fairly reflect the Council's financial position and financial performance.

The Council is also responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Council's responsibilities arise from the Health Practitioners Competence Assurance Act 2003.

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the financial statements and reporting that opinion to you based on our audit. Our responsibility arises from section 15 of the Public Audit Act 2001 and section 134(1) of the Health Practitioners Competence Assurance Act 2003.

Independence

When carrying out the audit, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the New Zealand Institute of Chartered Accountants.

Other than the audit, we have no relationship with or interests in the Council.



Robert Elms
PKF Martin Jarvie
On behalf of the Auditor-General
Wellington, New Zealand



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