



Fees and Levy review Board Overview

December 2023



**Social Workers
Registration Board**
Kāhui Whakamana Tauwhiro

Why are we proposing changes?

The current fees and levy were last assessed in 2021, and costs have increased significantly

- Since 2021 SWRB has managed cost pressures reflecting increases in external costs, and prioritisation. This has enable us to deliver our regulatory programme over the last three years.
- When forecasting future costs the funding for our regulatory activity is not sufficient, despite our efficiency gains. The main factors are increase in volume (eg complaints) and fixed costs (external costs such as rent, software licences etc).
- The proposal does not seek new staffing for regulatory roles but reflects business needs to where regulatory roles have been added over the last three years, but where we do not have a long-term funding pathway.
- For example, bringing legal advice inhouse was initially met through savings on legal fees but due to the sustained volume of activity we need a long term solution.



Holding sustainable Reserves



- In June 2022 the Board agreed to an updated Financial Reserves Policy which set sustainable levels of Reserves held by SWRB to protect from any unforeseen events or significant and sudden drops in revenue streams for the Board.
- This must be taken into account when setting SWRB fees and levies. Current projections show SWRB is at the bottom of the Reserves range and dropping lower in the out years. This is not sustainable in the medium to longer term.

Note: outyear reserves retain some of the crown project funding which will reduce

Current fees were set according to 2021 costs

- Since 2021 SWRB has managed cost pressures reflecting increases in external costs, and prioritisation.
- Modelling shows that current fee levels are not sufficient to recover the cost of delivering current and future regulatory activity.
- The level of increase is not out of line with those experienced by other agencies.
- The fees are not seeking to recover past cost pressure



Guiding the process



The fees and levy proposals have been set in accordance with Treasury and Office of Auditor General guidance



This guidance is clear that fees and levies should be charged for specific activities.



For example: a Disciplinary levy should be charged to cover disciplinary costs, and should not be cross subsidised by other fees, such as a Practising Certificate

Assumptions



We have used a number of underlying assumptions for the financial projections for the out years 2024/25 and 2025/26. These include:



2% Consumer Price Index (Inflation) for costs (2025-27 Reserve bank estimate)



2% wage increases per year



5% rent increases per year



\$200k for SOI commitments/Strategic projects – these include:

information/education campaigns for social workers which we haven't been able to undertake

iMIS upgrades which are required to ensure we manage our registration and complaints systems



Note: projections are indicative to estimate our costs over the next 2-3 years, and set fees that recover those costs and ensure minimum equity levels are met.

Assumptions - Volumes

- The financial projections are based on volumes of social workers applying for practising certificates
- These included assumptions of:
 - 9000 Practising social workers paying practising fees and disciplinary levy
 - 510 new local registrations per year
 - 150 overseas applicants per year

Volumes	2023/24	2024/25	2025/26
Practising certificate fee (annual)	8,880	9,000	9,000
Registration application Fees (Australia and NZ only)	510	510	510
Overseas application fees	100	150	150

Note: The projections for Practising social workers volumes in 2023/2024 model is lower than currently is costed in the 2023/24 Budget approved by the Board. We remain confident that we will achieve the budgeted volume, but for the purpose of the modelling exercise we have taken a prudent approach to operate from a lower volume base.

Proposed changes strike a balance

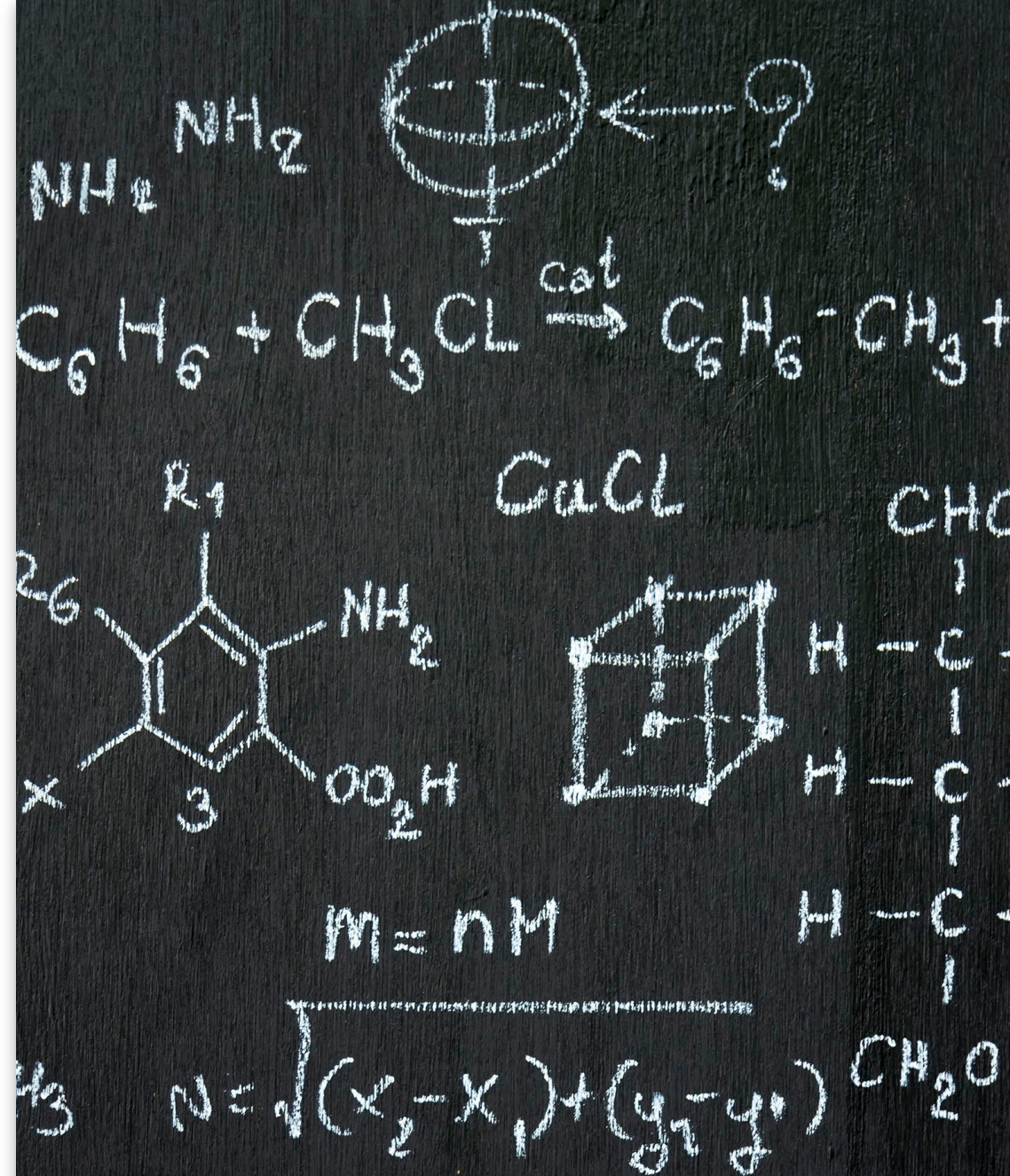
The proposed changes:

1. Set fees and levy that cover our regulatory costs recognising cost pressures over the last three years
2. Enable Reserves to return to the mid-point of the Board's policy
3. Are sustainable and prudent to our regulatory costs



How costs have moved over time (externally)

- SWRB costs have increased by 28% between 2022 and 2023 (excluding crown projects).
- Between 2023 and 2026 our costs are forecast to increase by 8%.
- The proposal brings our fees up to reflect our current and forecast costs



Changes to fees

- Two fees are proposed to be reduced (Return to Practise and Certificate of Good Standing) , and two fees to be increased above CPI to properly recover costs (Disciplinary Levy and Overseas Fees).
- We note that 92% of social workers have registrations fees paid by their employers – pay equity now means fees are factored into NGO contracts.



Proposed fee and levy changes

	Fee/Levy proposed changes	Current fee/levy level (\$ incl GST)		Proposed fee/levy (\$ incl GST) 2024/25
1	Practising certificate fee (annual)	470	CPI only	\$552
2	Disciplinary levy (annual)	135	CPI + 38%	\$219
3	Registration Application fee	360	CPI only	\$423
4	Provisional to Full Registration Application fee from	60	CPI only	\$70
5	Overseas qualification assessment application	540	CPI only	\$635
6	Overseas applicant registration			
	a. Overseas applicant provisional registration competence assessment application fee	345	CPI +171%	\$1102
	b. Overseas applicant full registration competence assessment application fee	345	CPI + 171%	\$1102
7	Certificate of Good Standing or replacement hard copy registration certificate fee (reduction)	70	Reduction	60
8	Return to practise application fee (reduction)	345	Reduction	\$224
	Change in approach			
1	Annual CPI (inflation) adjustments to the fees and disciplinary levy	n/a		n/a

Disciplinary levy and Overseas Fees

- The Disciplinary levy proposal reflects increased costs (volume of complaints) and new costs (in house Tribunal). We have made efficiency gains but they do not offset these cost pressures.
- It is apparent that SWRB receives a higher proportion of complaints against social workers than most of the other regulators we benchmarked against. (for 2022/23 SWRB had a ratio of 1:44)
- Assessment of the costs relating to Overseas Registration Fees has determined that the fee is currently under-recovering for the cost of undertaking the activity, beyond that which would be addressed by a CPI adjustment.

Complaints for 2021/22 year*	Register Size	Complaints	Ratio of complaints to Registered professional
Registered social worker (Practising)	8,680	159	1 : 55
Chiropractor	973	5	1 : 195
Dental practitioner (Practising)	4,925	213	1 : 23
Dietitian	854	0	-
Medical practitioner (practising)	18,784	237	1 : 79
Midwife	3,450	35	1 : 99
Nurse	65,419	355	1 : 184
Pharmacist	4,231	54	1 : 78
Psychologist	4,786	66	1 : 73
Physiotherapist	6,353	27	1 : 235
Optometrist	1,051	7	1 : 150
Teacher	109,441	638	1 : 172

*2021/22 is the best comparable year with information available

SWRB compares favorably to other regulators

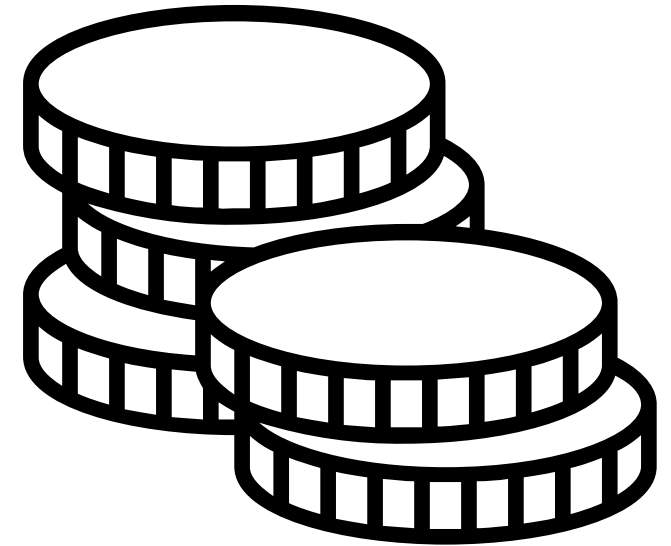
Comparison of fees and Disciplinary Levy (\$ incl. GST)

Professional occupation	Register Size	Current date (Gazetted)	Registration fee (one off)	Practising certificate fee (annual)	Disciplinary Levy (annual)	Total annual (PC & Levy)
Registered social worker			\$360	\$470	\$135	\$605
		Proposed	\$423.00	\$552.00	\$219.00	\$771.00
Chiropractor	973	21 Feb 2023	\$153.00	\$1003.25	0	\$1003.25
Dental Hygienist	415	1 April 2023	\$632.56	\$912.96	\$5.67	\$907.29
Dietitian	854	1 April 2020	\$300.00	\$625.00		\$625.00
Occupational Therapist		31 Jan 2019	\$230.00	\$477.00	\$23.00	\$500.00
Optometrist (dispensing)	1,051	1 April 2023		\$860.00	\$20.00	\$897.00
Pharmacist (non-prescriber)	4,231	27 Feb 2023	\$369.00	\$850.00	\$100.00	\$950.00
Physiotherapists	6,353	1 April 2022	\$500.00	\$500.00	\$70.00	\$570.00

Note that the disciplinary costs drive the difference in overall total annual costs

SWRB Financial Position

- The changes from 2022/23 in surplus and reserves are because of time limited Crown funded projects (Social work-like and Social Worker Capability Building project).
- The (as yet) unspent revenue is reflected in our reserves, but this is a timing matter as there are costs for the projects duration (time limited).
- The deficit shown for the 2023/24 year is the deficit for our regulatory activities



Proposal: Adjusting for CPI without full consultation

- It is proposed that an annual CPI increases to fees and the disciplinary levy be able to gazetted without full consultation be introduced. This was consulted on as part of the fees review in 2021, but not agreed to by the Board.
- Doing annual CPI adjustments reduces the need for large increases which play catch up to shifts over time. This is especially relevant when CPI is high.
- The Board may choose to undertake consultation on CPI adjustments in future on a case-by-case basis. The proposal creates more flexibility for the Board on when they want to consult regarding CPI changes.

Note: that the SWR Act does not require SWRB to consult on changes, although it is good practice, especially where a proposal relates to the fees and levy for significant change projects or much higher assessment/new fees. The costs in undertaking consultation are included as a cost recovery exercise (ie met by registered social workers or their employers)

SWRB Financial Position

	2021/22 Actual	2022/23 Actual	2023/24 Forecast revenue as at September 2023	2024/25 Indicative	2025/26 Indicative
Revenue (GST exclusive)	\$5,103,694	\$7,965,044	\$5,338,000	\$7,675,436	\$7,835,581
From fees, Disciplinary Levy, Crown funding, and interest & sundry					
Expenses (including staff salaries)	\$5,224,690	\$6,649,194	\$6,722,669	\$7,242,920	\$7,273,136
Revenue less expenses	-\$120,997	\$1,315,850	-\$1,384,669	\$432,516	\$562,445
Reserves	\$566,193	\$1,882,042	\$497,373	\$929,889	\$1,492,334
(To cover short-term variations in revenue and economic shocks)					

*Figure includes: Workforce planning, Government funding and expenses



We propose consultation over December and January

There are two options for undertaking public consultation:

Option 1: Consultation from December 14 until January 28, 2024 (Preferred option)

- If the Board agrees to the consultation being released, it will be made available to the public on December 14. This will run over the Christmas New Years period but with a longer time of 6 weeks, closing on January 28, 2024.
- This will enable the Secretariat to consider and analyse the consultation for a Board decision in early February. It will provide further time for employers and social workers to plan for potential changes in the Practising Certificate round in June 2024. It will also provide further time for any changes to be gazetted and enacted, which is a minimum of two months prior to the practicing certificate round (1 April).
- This is the Secretariat's preferred option.

Option 2: Consultation from January 15 until February 12

- If the Board agrees to the consultation being released, it will be made available to the public on January 15, after the Christmas and New Years break. This will run for 4 weeks, closing on February 12.
- This would mean consultation would not be run over the holiday period, and mean a Board decision would be delayed until likely later in February. This would give less time for employers and social workers to plan for potential changes in the Practising Certificate round in June 2024. It will also mean less time for any changes to be gazetted and enacted.
- This is not the Secretariat's preferred option



Next steps

- Should the Board agree to the Consultation being released we will provide key messages and briefing to the Minister and MSD, and messages including Q&As for Board and Staff ahead of consultation starting
- Key stakeholders (e.g. ANZASW, TWASWA) will be contacted on an in confidence, no surprises basis
- Analysis of consultation will be undertaken and a paper brought to the Board meeting in February
- If agreed to, changes will be Gazetted and put in place for the 2024 Practising Certificate round.

Questions?

