

Physiotherapy New Zealand Subscription model design





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1. Introduction

1.1. Background

Physiotherapy New Zealand (PNZ) is now a unified organisation, and it needs to consider whether its revenue model is still appropriate and what changes it might need in the future. The PNZ Executive requested a review of membership subscriptions, building from the previous 2018 report.

1.2. Approach

PNZ requested assistance from Maven Consulting to undertake the review and develop the paper for the Executive. We took the following approach:

- We reviewed the previous paper produced in 2018
- We updated the core data that the paper relied upon and gathered additional data
- We held a workshop with the PNZ Executive to discuss the key parameters and issues for the paper to address
- We developed an early draft of the paper which the PNZ leadership team reviewed and gave feedback on
- We held a workshop with the Branch and Special Interest Group Leaders representing the wider membership to further discuss the key parameters and issues for the paper
- We developed a further draft paper for review, feedback, and finalisation by the PNZ Chief Executive and leadership team.

1.3. This paper

This paper presents:

- A summary of the recommended opportunities for change in the membership subscription model
- A summary of key facts about PNZ membership, SIGs, payment, and retention
- The principles we have used to inform the analysis and recommendations
- A comparison PNZ's model with other Allied Health Professional (AHP) societies
- A comparison of the options available for change in the subscription model
- We have attached a summary of the current subscription model as an appendix.

We have summarised the Branch and Special Interest Group Leader feedback in boxes and included them where appropriate in the paper.

2. Executive summary

2.1. Key numbers

The key facts about the PNZ membership subscription model are summarised in the following table.

Table 1 Key facts on PNZ subscription model

Membership	Special Interest Groups	Payment	Retention
4,516 members	11 SIGs	80% of members get early bird discount	Advocacy the most valuable service
13 membership classes	\$56 average SIG fee	10 members on hardship instalments	71% coverage of APC
44% full-time	SIG members 20 to 869	4% of members pay pro-rated fees	14% attrition rate
40% part-time	50% of members belong to a SIG	(\$19,752) FY2021 operating deficit	Main exit times, 2 and 7 years
94% of income from full and part-time	Those who belong, belong on average to 1.7		

2.2. Analysis framework

Subscription fee models for an organisation such as PNZ have several option dimensions. Each of these dimensions has a series of sub-options. E.g. overall fee components (membership, SIG, course, insurance, etc) can vary from a completely unbundled approach where all services provided have separate fees through to a completely bundled approach where members pay a fixed fee regardless of the services they use. The subscription model analysis framework we used is summarised in the following diagram.



Figure 1 Dimensions of membership fees

2.3. Summary of analysis

The PNZ membership structures have grown over time to address issues as they occurred. While the overall structure is largely ad-hoc, it operates effectively, and the membership understands how it works.

The subscription model structure is consistent with other AHP societies. PNZ is therefore not in an anomalous situation.

Most of the membership (84%) producing most of the income (94%) splits more-or-less evenly between full-time (44%) and part-time (40%) members. On face value, this provides an equitable split of membership according to the hours worked. While there have been suggestions to change the definition of full-time / part-time away from the Statistics NZ definition or potentially create additional categories, there are no significant drivers for change, and it is unclear what additional value PNZ would receive.

There are apparent contradictions between surveys of hours worked by members and the balance of part-time and full-time members. While the full-time / part-time membership splits 53%/47%, surveyed hours indicate that this should potentially in reality be 64%/36%.

However, regardless of this apparent anomaly, when members self-identify for membership purposes as part-time or full-time, the result is an equitable outcome at face value for the split between part-time and full-time members.

Major changes to membership structures in a society like PNZ will always create risk. There are often unintended consequences that result in reduced income. There are also winners and losers in the membership from any changes, meaning that some members will see change in structure as an increase in fees by stealth. We have not identified any changes where we believe the value would exceed the risks of the changes.

As we have analysed the membership subscription model, we have therefore recommended minimal change to the existing model. Of the 19 opportunities we identified, there are three opportunities that we believe PNZ should implement:

- standardising the fee proportions to enable PNZ to build fee equity in the membership fees levels as well as providing a basis to apply fees increases (or decreases) fairly across all members
- continuing to standardise SIG costs, allow SIGs to set fees that match their activities and aspirations, and ensure that each SIG operates on a breakeven basis – this will encourage SIGs to operate more effectively while ensuring financial sustainability
- enhancing policies regarding matching revenue to costs to ensure it remains a financial going concern – this would provide stronger guidance around calculating fee levels and ensuring long run financial sustainability.

Implementing the three changes will leave PNZ with:

- A membership fee structure with fixed proportions between membership type. Any overall fee increase or reduction will be shared across all members proportionately, ensuring equity
- A policy foundation for ensuring that income and expenses are balanced in the context of maintaining prudent reserves
- Effective, breakeven financial operation of SIGs.

How PNZ would manage its income, expenditure, and reserves is summarised in the following diagram.

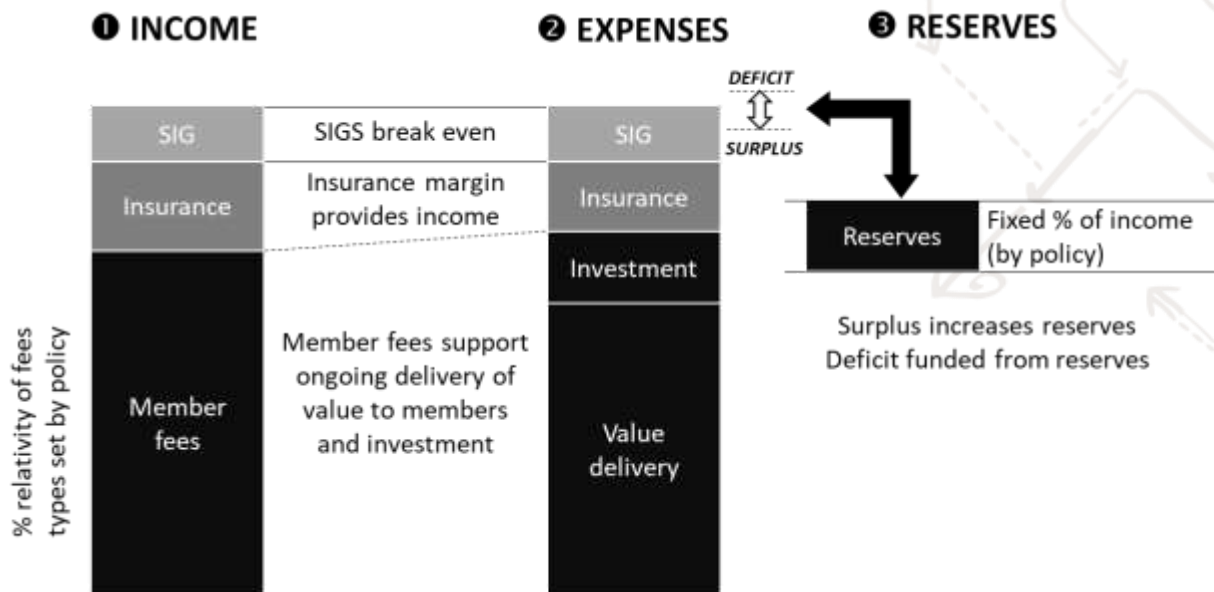


Figure 2 Management of income, expenses, reserves

2.4. Opportunities identified

The following table summarises the opportunities we have analysed, those we recommend for implementation, those that PNZ could investigate further, and those that we have rejected.

Table 2 Opportunities identified – to implement, investigate, or reject

Dimension	Implement	Investigate	Reject
Membership types		#2: Increasing the graduate discount to three years #3: Creating a post-graduate membership category #4: We recommend that PNZ investigate how it might address equity with Māori and Pacific physiotherapists in the membership model	#1: Reducing membership types
Fee components			#5: More pay-per-service #6: One or more SIGs bundled in base fee
Base fees level	#7: Enhancing policy on matching fees to income #9: Standardising the relative fee settings	#11: Creating multiple part-time membership types	#8: Changing the relative fee settings #10: Altering the definition of part-time #12: Long term rate reductions (e.g. like AA)
Special Interest Group fees	#14: Continuing to standardise SIG costs across PNZ and	#15: Extending honorarium payments	#13: Creating a tiered approach to standardise SIG fees

Dimension	Implement	Investigate	Reject
	ensuring that each SIG operates on a breakeven basis	outside elected officers	(e.g. bronze, silver, gold)
Discounts			#16: Altering the nature of the early bird discount #17: A discount for corporate payers of membership fees
Easy payment			#18: Altering easy payment terms
Payment times			#19: Altering payment time regime

2.5. Impact on subscription model

The overall impact on the subscription model of the proposed changes is summarised below.

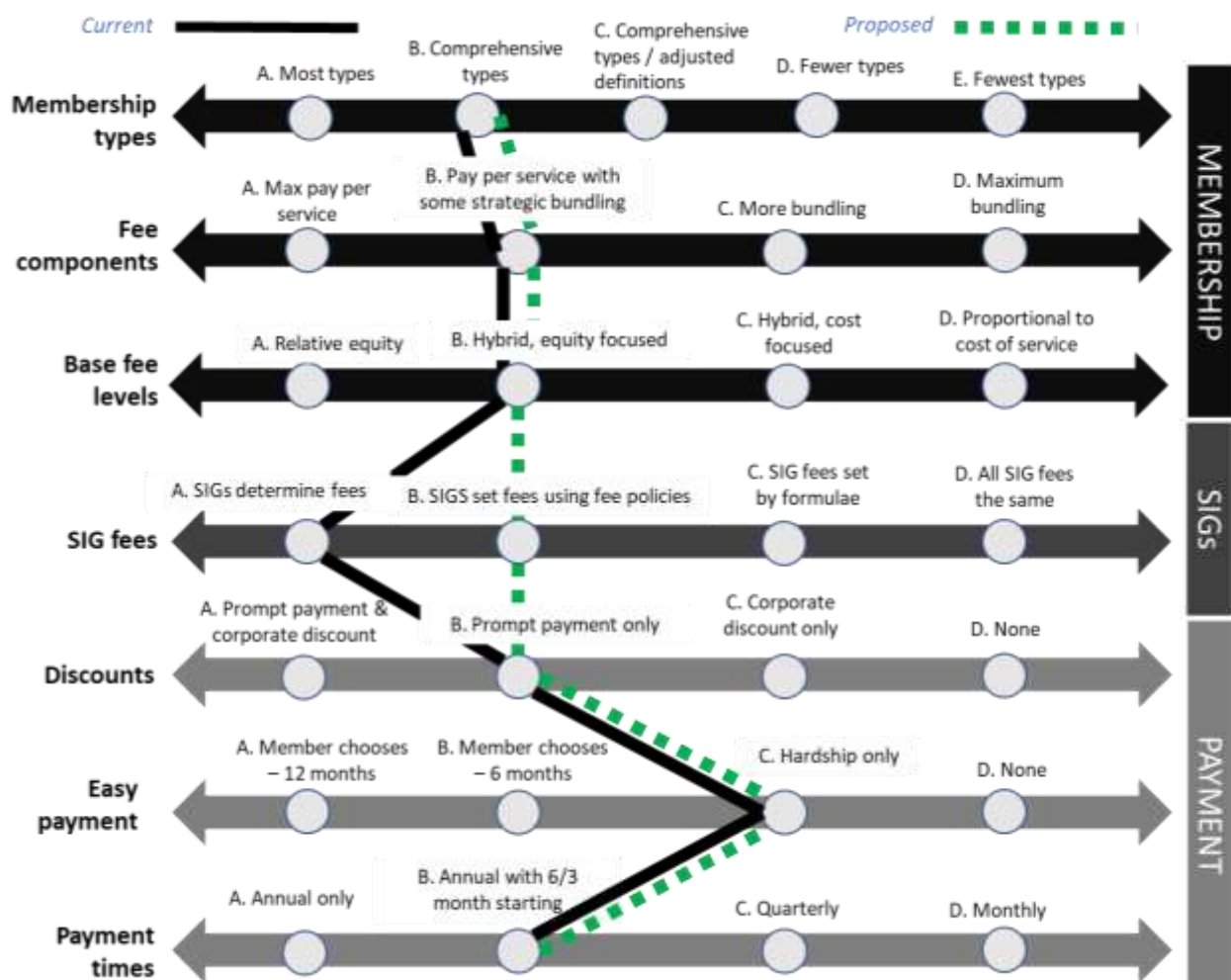


Figure 3 Options analysed – current state compared with proposed state

As can be seen, we recommend retaining the existing subscription model profile with only minor changes.

3. Key membership information

KEY FACTS ON PHYSIOTHERAPY NEW ZEALAND			
Membership	Special Interest Groups	Payment	Retention
4,516 members	11 SIGs	80% of members get early bird discount	Advocacy the most valuable service
13 membership classes	\$56 average SIG fee	10 members on hardship instalments	71% coverage of APC
44% full-time	SIG members 20 to 869	4% of members pay pro-rated fees	14% attrition rate
40% part-time	50% of members belong to a SIG	(\$19,752) FY2021 operating deficit	Main exit times, 2 and 7 years
94% of income from full and part-time	Those who belong, belong on average to 1.7		

Membership

- As at the end of June 2021, PNZ had 4,516 members
- PNZ has 13 membership classes, compared with four for Osteopaths NZ and up to 14 for Australia physiotherapists
- 83% of PNZ members representing 94% of the membership fee income come from two categories, namely, full-time (44%) and part-time (40%)
- Five categories have less than 80 members – the lowest is affiliate which only has three members
- While the full-time / part-time membership splits 53%/47%, surveyed hours indicate that this should be 64%/36%

Special Interest Groups

- 11 SIGs
- 50% of members belong to one or more SIGs
- Membership of the SIGs varies from 20 for DHB Leaders to 869 for Occupational Health
- On average, those who belong to a SIG, belong to 1.7 SIGs
- Fees for SIGs vary widely from \$20 for PiMH to \$120.75 for PAANZ (including GST)
- The average fee paid (across all membership classes) is \$56 (including GST)

Payment

- 82% of fees paid by 80% of members are paid on time and eligible for the early bird discount
- 10 members are paying in instalments for hardship reasons
- There were 173 pro-rated fees for a six-month period in FY2021 (4%)
- PNZ's consolidated operational deficit for 2020/21 was (\$19,752)

Retention

- Members see advocacy as the most valuable service, followed by insurance, CPD, and then SIGs
 - At the end of 2020, 5,825 physiotherapists had Annual Practising Certificates (APC) – PNZ had 71% of these as members (this has risen from 65% four years ago)
 - 691 of the 4,110 members at the end of 2020 did not renew by the end of the renewal period – 104 indicated they would renew in the year indicating an attrition of 14% per annum
 - Key reasons for not renewing were cost (38%), left the profession (27%), unsure of benefits (23%)
 - There are two key exit times for those leaving PNZ – around two years and seven years into the profession
-

4. Principles to inform subscription fee model

Before we can consider fee options, we require a set of principles to inform how these options might be developed and compared. We have developed a set of principles based on input from the PNZ Executive, PNZ Leadership Team, Membership Leadership Group, and wider analysis.

By their very nature, any set of principles will create tensions – e.g. individual features to encourage equity will make the subscription system more complex to administer. We work through these tensions in the remainder of the paper as we assess the options and identify and analyse potential opportunities for change.

These principles are summarised below along with their rationale.

Table 3 Principles used to inform the subscription fee model

Leadership Group Feedback	
What principles should we use to inform our subscription fee model?	
	<ul style="list-style-type: none"> • Practical to operate • Recruits and retains members • Provides value for money • Has simple fee structure • Matches overall fee levels to PNZ costs • Has no second-class citizens
1. Helps recruit and retain members	A wide membership base in the profession ensures a strong and effective organisation. Fees setting should contribute to recruitment and retention of the different membership types.
2. Matches fees to the value members receive so they can “vote with their wallet”	Members can clearly signal which services they value through what they are willing to pay for – they “vote with their wallet.” PNZ can ensure that fees transparently fund activities of value to members.
3. Bundles fees of selected services to encourage desired behaviours	Bundling can be used to ensure that essential sector strategic services are funded and provided to all members, rather than simply allowing members to “vote with their wallet.”
4. Is simple to administer	Simpler fee structures will result in simpler administration and lower costs for PNZ.
5. Sets fee levels based on transparent policies	PNZ policy specifies it retains a minimum of eight months’ operating expenses plus any outstanding commitments in reserves. Transparent policy should balance fees, costs, and reserves to ensure PNZ remains a financial going concern.
6. Encourages members to join SIGs	SIGs provide major value to PNZ members. Subscription fees should reduce barriers to joining and encourage SIG membership.
7. Encourages members to take leading roles in SIGs and branches	Successful SIGs and branches require effective committees. PNZ should encourage members to be involved in committees.
8. All members have access to all core services	The core PNZ services should be available to all members. PNZ membership should not have any “second class citizen.”
9. Supports equity	The subscription fee model should encourage equity across key groups.

We have referenced these principles in our analysis.

5. Comparison with similar Allied Health Professional organisations

The table on the following pages compares PNZ's fee structure with other Allied Health Professional (AHP) societies in New Zealand and offshore.

Complexity of membership options appears to increase as membership numbers grow

While membership numbers are often not easily available, the larger organisations have similar fees complexity to PNZ. Physiotherapy associations have between seven membership categories (US) and 14 membership categories (Australia). PNZ has 13 equivalent categories.

AHP organisations tailor their base membership fees to the professional and life circumstances of their members, as opposed to just the services provided

Membership types range from student through to full-time practitioners, with some AHP organisations having membership types as diverse as teaching, career break, and spouse. The simplest membership fee structures (e.g. NZ Audiologists) reflect a simpler practice environment.

Each organisation seeks to widen its membership base by ensuring that fees do not prevent students, part-time practitioners, or retired practitioners from being part of the organisation. This provides a steady stream of new members and retains the expertise of non-working practitioners.

Some AHP organisations slowly raise their fees from student to practitioner

The Australian Physiotherapists Association allows fees to increase over four years as students transition to the workforce. PNZ provides for an increase to full fees over a two-year period. This makes it easier for members to pay fees as they start work and their earnings gradually increase.

Most AHP organisations offer professional liability insurance

Most AHP organisations offer professional liability insurance. They can bundle this with member fees (e.g. as for the Australian Physiotherapists Association Public Sector) or charge a separate fee. This is a natural service for AHP organisations to offer as it can gain significant buying power through its size. Member research by PNZ in 2020 showed that an insurance offering was the second-most valued service offering.

Organisations with special interest groups charge extra for these

Different practitioners will have different special interests. Where there exist formal SIGs, AHP organisations charge for these. The charging structure can be simple (e.g. AU\$54 each in the case of the Australian Physiotherapists Association) or more complex, including accounting for professional circumstances (e.g. in the case of PNZ and the American Physical Therapy Association).

The American Physical Therapy Association also charges separately for state membership depending upon on the state (this is the equivalent of a separate charge for branches). There is an online fees calculator to work out the complexities of their model.

Leadership Group Feedback

What should we be learning from other AHP societies?

- The PNZ model is not complex to understand

Few organisations have prompt payment provisions and instalment payments

Only two of the organisations examined encourage on-time payment with prompt payment discounts – PNZ and Occupational Therapy New Zealand. These arrangements encourage earlier payment, helping support the organisation's cash flow as well as encouraging retention.

Some AHP organisations also provide for instalment payments. This enables continuing subscription of members who are under financial hardship.

Table 4 Comparison of fee structure of PNZ with other organisations as of October 2021 (see appendix for more extensive summary of PNZ fees)

Amounts quoted include tax (GST in case of PNZ)	PNZ ¹ pnz.org.nz	Australian Physiotherapists Association australian.physio.org.au	Chartered Society of Physiotherapy (UK) www.csp.org.uk	Canadian Physiotherapists Association physiotherapy.ca	American Physical Therapy Association www.apta.org	Occupational Therapy New Zealand www.otnz.co.nz	NZ Speech-language Therapists' Association speechtherapy.org.nz	Osteopaths NZ www.osteopaths.nz	Association of Dispensing Opticians adon.co.nz	Acupuncture NZ www.acupuncture.org.nz	Paramedics Australasia paramedics.org	NZ Chiropractors Association www.chiropractic.org.nz	NZ Medical Association www.nzma.org.nz
	A. MEMBERSHIP TYPES												
Full-time public sector	\$621 ²	AU\$765 ³	£382	YES ⁴	YES	\$572 ⁵	\$536 ⁶	\$549	\$585	\$770 ⁷	\$31 ₂	\$1,110	\$888 ⁸
Full time private sector		AU\$800 ¹¹											\$732 ⁹ \$624 ¹⁰
Part-time public sector	\$306	AU\$585		YES		\$346 11-25h \$233 0-10h	\$373						\$480 ¹²
Part-time private sector		AU\$600 ¹³											
Spouse												\$555	\$468
Practising oversea			£239	YES									
Non-practising	\$153	\$430 ¹⁴	£175	YES ¹⁵			\$133	\$136	\$100			\$222	
Teaching			£286		YES					\$257		\$555	

¹ Physiotherapy New Zealand – All fees are early bird amounts² Physiotherapy New Zealand – Full time defined as more than 30 hours per week³ Australian Physiotherapy Organisation – Full time defined as more than 18 hours per week.⁴ Canadian Physiotherapists Association – Full time defined as more than 15 hours per week.⁵ Occupational Therapy New Zealand – Full time defined as 26+ hours per week.⁶ NZ Speech-language Therapists' Association – Full time defined as 26+ hours per week.⁷ Acupuncture NZ – 20-year loyalty \$770; 25-year loyalty \$693.⁸ NZ Medication Association – full time practising doctor.⁹ NZ Medication Association – full time public hospital specialist.¹⁰ NZ Medical Association – a General, MOSS, or Vocational Intro doctor.¹¹ Australian Physiotherapy Organisation – Full time private sector without insurance, AU\$1,055pa.¹² NZ Medication Association – part time defined as less than 4 sessions a week or on low income, i.e. less than \$80,000 per year).¹³ Australian Physiotherapy Organisation – Part time private sector with insurance, AU\$775pa.¹⁴ Australian Physiotherapy Organisation – Includes insurance.¹⁵ Canadian Physiotherapists Association – Also have options for maternity / paternity / sick / disability leave.

Amounts quoted include tax (GST in case of PNZ)	PNZ¹ pnz.org.nz	Australian Physiotherapists Association australian.physio	Chartered Society of Physiotherapy (UK) www.csp.org.uk	Canadian Physiotherapists Association physiotherapy.ca	American Physical Therapy Association www.apta.org	Occupational Therapy New Zealand www.otnz.co.nz	NZ Speech-language Therapists' Association speechtherapy.org.nz	Osteopaths NZ www.osteopaths.nz	Association of Dispensing Opticians adonz.co.nz	Acupuncture NZ www.acupuncture.org.nz	Paramedics Australasia paramedics.org	NZ Chiropractors Association www.chiropractic.org.nz	NZ Medical Association www.nzma.org.nz
Associate	\$135	FREE	£119			\$233			\$100		\$96	\$222	\$468 ¹⁶
Associate overseas	\$135	\$155	£223		YES	\$233							
Dual													
Physio assistant	\$90	AU\$115		YES	YES								
Technologist				YES									
Affiliate	\$340	AU\$115	£60	YES									
Senior												\$555	
Retired	\$63	AU\$51	£64	YES	YES	\$92	\$115		\$100		YES	\$222	\$132
Career break / parental leave	Full time \$310.50 Part time \$153		£164									\$222	
Student	FREE	FREE	£42	FREE	YES	\$36	\$50 ¹⁷	\$61	FREE	FREE	\$25	Minimal	
First year	\$261	AU\$475		YES	YES	\$346	\$482	\$275		\$385	\$25		
First two years	\$261	AU\$475								\$385	\$96	\$555	
First three years													\$276 ¹⁸
Scaled first 4 years		Increased annually											
FEE CATEGORIES	13	14	10	10	7	8	6	4	5	5	6	10	8

¹⁶ NZ Medication Association – spouse of a member.¹⁷ NZ Speech-language Therapists' Association – Free for the first year of study.¹⁸ NZ Medical Association – trainee doctor or Resident Medical Officer (RMO)

Amounts quoted include tax (GST in case of PNZ) <div> PNZ¹ pnz.org.nz Australian Physiotherapists Association australian.physio Chartered Society of Physiotherapy (UK) www.csp.org.uk Canadian Physiotherapists Association physiotherapy.ca American Physical Therapy Association www.apta.org Occupational Therapy New Zealand www.otnz.co.nz NZ Speech-language Therapists' Association speechtherapy.org.nz Osteopaths NZ www.osteopaths.nz Association of Dispensing Opticians adonz.co.nz Acupuncture NZ www.acupuncture.org.nz Paramedics Australasia paramedics.org NZ Chiropractors Association www.chiropractic.org.nz NZ Medical Association www.nzma.org.nz </div>													
B. CORE SERVICES (High level assessment only)													
Advocacy	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Networking	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
CPD	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Resources	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Research	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
C. ADDITIONAL SERVICES													
Insurance	add'l	Bundled and add'l	Bundled	add'l		add'l				add'l		add'l	
Special Interest Groups	Ind. mem.	Ind. mem.	Ind. mem.	Ind. mem.	Ind. mem.	Ind. mem.	Ind. mem.						
Sections					OPTIONAL								
Chapters/Branches					REQ'D ¹⁹								
D. PAYMENT ARRANGEMENTS													
Membership year	1-Jan	1-Jan	Varies ²⁰	1-Oct	1-Jan	1-Jun	1-Jan	1-Apr	Unkn	1-Apr	Unkn	Unkn	1 Oct
Prompt pay discount	Early bird 10%	No	No	No	No	Early bird % Unknown	No	No	No	No	No	Unkn	
Payment plans	For hardship Prorated joining 6/3 months		Monthly		Instalment								Prorated joining monthly

¹⁹ American Physical Therapy Association – Chapter fees vary widely based on type of membership and chapter belonged.

²⁰ Chartered Society of Physiotherapy (UK) – Includes monthly fees that are 1/12 of annual fees.

6. Analysis of opportunities for change

6.1. Fee option dimensions

Subscription fees for an organisation such as PNZ have several dimensions. Each of these dimensions has a series of sub-options. E.g. overall fee components (membership, SIG, course, insurance) can vary from a completely unbundled approach where all services provided have separate fees through to a completely bundled approach where members pay a fixed fee regardless of the services they use.

We identified the following key option dimensions for subscription fees for analysis purposes.

- *Fee components* – what levels of bundled and unbundled fees can be set?
- *Membership types* – what categories of membership are there to consider?
- *Base fees level* – how should the base membership fees be set?
- *Special Interest Group (SIG) fees* – how should fees for SIGs be set?
- *Discounts* – what discounts should be available to members and corporate payers?
- *Easy payment plans* – what options are available for payments to be made more easily?
- *Payment times* – when can payments be made and for what period?

These option dimensions are shown below.



Figure 4 Fee option dimensions

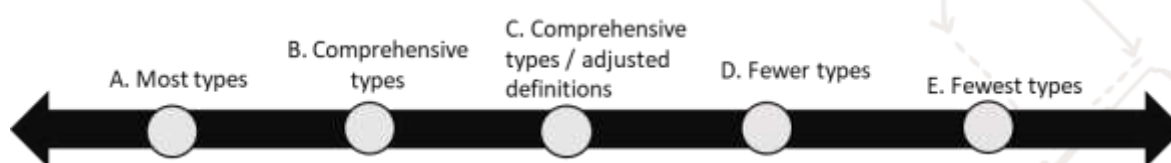
We compare and evaluate the fee option dimensions in the following sections. We identify the opportunities for change and analyse them.

Please note the following about the data used and quoted in this paper:

When we quote a fee to a member, it includes GST, as this is the total cost that our members must pay. When we cite PNZ income, GST is excluded, as this is the actual amount of income available to PNZ.

All statistics unless otherwise noted come from the 2020/2021 financial year (not the membership year).

6.2. MEMBERSHIP: Membership types



Potential option range

Every AHP society has a variety of base membership classes. These range from four for Osteopaths NZ up to 14 for Australian Physiotherapists Association. PNZ currently has 13 (including two classes of career break).

This option dimension describes the classes of membership subscriptions, from few classes to many classes. The following table provides an *example* of the span of options available. (The services components bundled in the fees are examined in the next section.)

Table 5 Example of options for membership types

	A. Most member types	B. Comprehen- sive Types [CURRENT]	C. Comprehen- sive types / adjusted definitions	D. Fewer member types	E. Fewest member types [e.g. Osteopaths NZ]
Full-time	✓	✓	✓	✓	✓
Part-time	✓	✓	✓	✓	
Spouse	✓				
Non-practising	✓	✓	✓		✓
Post-graduate	✓				
Associate	✓	✓			
Overseas	✓	✓	✓		
Dual	✓				
Physio assistant	✓	✓	✓	✓	
Affiliate	✓	✓			
Retired	✓	✓	✓		
Career break	✓	✓			
Student	✓	✓	✓	✓	✓
First year	✓	✓	✓	✓	✓
Second year	✓	✓	✓	✓	
Third year	✓				
Fourth year	✓				
Māori or Pacific	✓				

The key principles that need to be considered are: “1. *Helps recruit and retain members*” and “2. *Matches fees to the value members receive so they can vote with their wallet.*” PNZ needs to have the optimal set of differentiated fee levels to ensure that it can recruit members from different life situations (e.g. full time,

part time, new graduates who find the full fee unaffordable, students) and make it easy for them as they transition between life circumstances.

PNZ wishes to have a membership spread as widely as possible through the profession. Recruiting needs to start from students and so incentives need to be in place for affordable student memberships. Once practitioners leave active service, their value to the profession needs to be recognised and retained. This ideally means providing incentives for retired or non-working practitioners to continue their membership. However, expanding the membership categories leads to greater complexity in processing and managing the categories.

The following table shows the breakdown of the membership categories as at the end of the 2021 financial year and the membership fees paid (excluding GST).

Table 6 Membership categories (FY2021)

Membership Type	Members #	SIGs #	SIG fees (\$)	Insurance #	Insurance fees (\$)	Membership Fees (\$)
Full Time	1,981	1,966	\$97,902	1,472	\$171,002	\$1,055,304
Part Time	1,784	1,597	\$75,020	1,566	\$183,591	\$470,593
First/Second Year	341	157	\$8,709	270	\$29,775	\$76,674
Non-Earner	71	31	\$1,073	31	\$3,611	\$9,402
Overseas Member	42	19	\$1,060	4	\$426	\$5,775
Retired Member	23	7	\$222	4	\$426	\$1,290
Student	252	29	\$157	32	\$664	
Physiotherapy Assistant	4	1	\$25	4	\$449	\$330
Affiliate Member	3	4	\$183			\$739
Complimentary/Honorary	15	7	\$389	20	\$2,178	
Total Membership to 30 June 2021	4,516	3,818	\$184,740	\$3,403	\$392,121	\$1,620,108

83% of the members representing 94% of the membership fee income come from two categories, namely, full-time (44%) and part-time (40%). The remaining member classes cover from student through to retired.

It is unlikely that widening the membership classes will increase membership income to any extent. For example, PNZ created an affiliate class in 2019 – this now has three members.

However, extending the current transition discounts (e.g. first/second year) and creating new transition member types (e.g. post-graduate) may increase retention as members transition through different life stages.

We discuss the opportunities for change below.

Opportunity #1: Reducing membership types

It is difficult to reduce membership types once they have been created. However, paying membership classes (i.e. excluding student and honorary) of less than 300 could be considered for removal. This would include half the membership classes:

Leadership Group Feedback

What membership types should we have?

- PNZ model is not complex
- Could remove the physiotherapy assistant membership
- Physiotherapy assistant title is not current terminology²¹
- Could add post-graduate membership type
- Could add spouse rates
- Could spread new graduate fees to three years
- Have one membership type for all [minority view]

²¹ Currently being addressed with Ministry of Health

- Non-earner – 71 @ \$153 pa
- Overseas – 42 @ \$135 pa
- Retired – 23 @ \$63 pa
- Physiotherapy assistant – 4 @ \$90 pa
- Affiliate – 3 @ \$340 pa

These classes include currently bring PNZ income of \$17,500 pa.

If PNZ removed non-earners it would no doubt lose many of these members. While they may re-join once they are working again, this seems less likely as they would have lost contact with PNZ in the meantime.

Removing retired members would send a wrong signal to the membership base. However, we understand that some retired members are in fact working as physiotherapists.

We note also that that membership numbers in the smaller categories are not increasing.

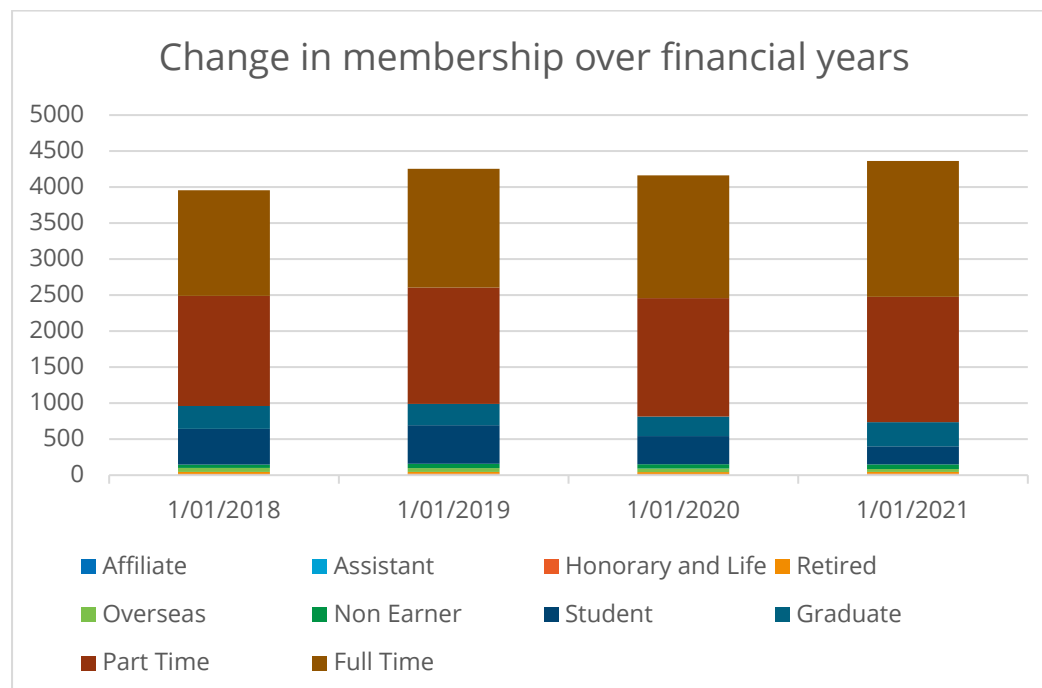


Figure 5 Changes in membership over financial years

The administration overhead for managing a membership class is low. The same processes are followed for all classes of membership. Reducing the number of membership classes would not reduce administrative overhead significantly.

In conclusion, there is little value in removing these membership classes.

Recommendation	
REJECT	We recommend that PNZ not remove any membership classes

Opportunity #2: Increasing the graduate discount to three years

There is an opportunity to extend the graduate fees to potentially retain more graduates. For each year that this option is extended, approximately 170 members would pay a reduced fee of \$261 as opposed to an average (part time/full time) of approximately \$470. This would reduce fees by \$35,000 for the year.

We have no evidence that extending the reduced rate would increase take-up of full membership. Making this change would cost PNZ \$35,000 in annual income.

If PNZ implemented a one-year / two-year / three-year option, the fees would need to be normalised across the years so that the income was the same. This is illustrated in the following table.

Table 7 Graduate fees spread across three years

YEAR	CURRENT				FUTURE SCENARIO			
	Membership	Members	Fee	Total	Membership	Members	Fee	Total
One	Graduate	171	\$225	\$38,337	Graduate	171	\$285	\$48,592
Two	Graduate	171	\$225	\$38,337	Graduate	171	\$285	\$48,592
Three	Full/Part-Time	171	\$405	\$69,101	Graduate	171	\$285	\$48,592
TOTAL				\$145,775				\$145,775

A fee increase of 27% for graduates would enable the fees to be normalised across three years, as opposed to the current two years. However, there are significant challenges in making such a change:

- There would be no reduction in fees for graduates over the three-year period and so it is uncertain whether this would encourage more graduates to join.
- The year three estimate of current fees gained from full/part-time can only be an estimate. There is therefore a risk of decreased income if PNZ makes the change.
- The transition will be difficult – existing arrangements would need to be grand-parented while new graduates paid a higher amount, creating an increase in fees.

PNZ would need more information on membership transitions to determine whether reduced fees income for graduates would improve retention. Simply averaging graduate fees over three years instead of two would create an increase in fees with no reduction in costs for graduates.

Recommendation INVESTIGATE	We recommend that PNZ gather information on graduate membership transitions to determine whether and how to create a three-year graduate membership class
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Opportunity #3 – Creating a post-graduate membership category

It is unclear how many PNZ members are currently undertaking post-graduate studies and how many physiotherapists who are undertaking post-graduate studies would join PNZ if it created a new membership class for post-graduates.

If someone is undertaking post-graduate studies full-time, they could retain membership of PNZ as a non-earner. If they were working part-time, they would still receive the value of a part-timer from PNZ. It is difficult to see how a specific post-graduate membership could work.

PNZ would need more information on those taking post-graduate studies before making any change.

Recommendation INVESTIGATE	We recommend that PNZ gather information on those undertaking post-graduate studies to determine the impact of creating a post-graduate membership category.
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Opportunity #4 – Addressing equity with Māori and Pacific physiotherapists

PNZ's strategic plan includes supporting equity for Māori with the key goals of:

- Tae Ora Tinana equitable and respected partner in PNZ (a double hulled waka)
- Cultural Safety embedded in PNZ and Tae Ora Tinana relationship
- PNZ members are supported to deliver culturally safe services
- Physiotherapy achieved primary health funding; focus improved access for Māori.

The 2020 member survey concluded that there was no significant difference between ethnicities in terms of how they valued PNZ membership. However, given that it surveyed existing members, it could provide no information on barriers for non-members becoming members.

PNZ therefore needs to better understand how it can support equity for Māori using the membership model. There are several potential options for this – for example:

- Creation of new membership classes to support Māori
- Rebates for Māori on membership fees and SIG fees
- More targeted services from PNZ solely for Māori.

At the membership model level, the most straightforward way is to provide a set of discounts across all fees for those who self-identify as Māori. However, this kind of approach typically rewards those who least need the assistance to achieve equity (i.e. those who are already members and value their membership).

Equity through the membership model will require PNZ to engage carefully with Māori, both members and physiotherapists who are not members. This could occur by explicitly adding items in the strategic plan to engage with Tae Ora Tinana regarding equity around membership and SIGs and facilitating membership of Tae Ora Tinana.

PNZ also needs to address equity for Pacific people. PNZ must start by understanding its base of Māori and Pacific practitioners, their engagement, and barriers to engagement in PNZ.

Leadership Group Feedback

How should we best preserve equity for our membership?

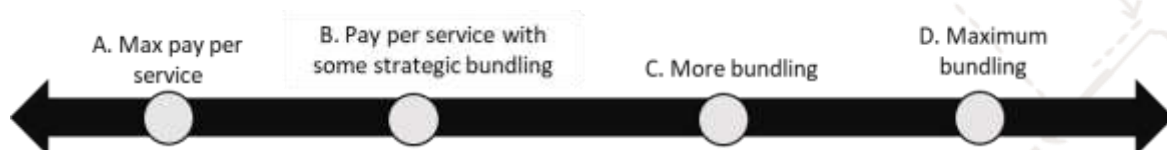
- Retain part-time categories
- Could add post-graduate category
- Should address equity for Māori and Pacific in the future – this will require more work and consultation
- Could look at long term membership fee reductions
- Nuance wording of membership classes to reduce ambiguity (e.g. parental leave as part of non-earners)

Recommendation

INVESTIGATE

We recommend that PNZ investigate how it might address equity with Māori and Pacific physiotherapists in the membership model

6.3. MEMBERSHIP: Fee components – “pay-per-course” versus “all-you-can-eat”



Potential option range

Fee components can vary from a completely unbundled approach where members pay for each quantum of value received (e.g. members pay for publications and SIGs separately), through to a completely bundled approach where members pay a single fee regardless of the services they access. (This option range addresses the question of bundling SIGs.)

Evaluating fee component sub-options requires an understanding of what members value. This enables us to map perceived value to a fee component. The following table summarises potential fee component options along with a mapping to perceived value received by the members. This perceived value is in order of priority as surveyed for the 2020 year.

Table 8 Example of options for fee components

	A. Maximum pay per service – “pay per course”	B. Pay per service with some strategic bundling [CURRENT]	C. More bundling	D. Maximum bundled – “all you can eat”		
FEE COMPONENTS						
Separate annual fee components	Membership Branch SIG NZJP Physio matters	Membership SIG	Membership Extra SIGs (i.e. some bundled in membership)	Membership		
Per event payments	Insurance Course Conference Job vacancies	Insurance Course Conference Job vacancies	Insurance Course Conference Job vacancies	Course Conference Job vacancies		
FEE COMPONENT VALUE						
2020 survey	How members would pay for these for each option (included in membership fee or pa per service)					
Advocacy (88%)	Membership	Membership	Membership	Membership		
Insurance (82%)	Pay per service	Pay per service		Pay per service	Pay per service	
CPD (82%)			Membership		Membership	Membership
Access to SIGs (76%)						
Website (67%)						
Publications (64%)						
Branches (52%)						
Marketing (51%)						
Resources (50%)						
Supt for Māori (42%)						
Find a Physio (22%)						

The key principles that must be considered are: “2. *Matches fees to the value members receive so they can vote with their wallet,*” and “3. *Bundles fees of some services to encourage desired behaviours.*” We must balance these two principles to ensure that services bundled in the membership fee and those paid for separately are appropriately balanced.

We discuss the specific fee component value as identified in the 2020 survey below as to what can be unbundled and what should remain bundled.

Advocacy (88%)

Members see advocacy as the most valuable service from the fees. This is a baseline value that all professional societies deliver and should remain as part of the base membership fee.

Advocacy cannot be unbundled.

Insurance (82%)

Members see insurance as a high value item and 80% of paying members already opt in for this. This has a fixed cost per each member that opts in.

If PNZ insurance was bundled into the fee, the 20% that do not opt in for insurance would experience a fee increase in the order of \$106 per annum with no extra value. The larger commercial practices who arrange their own insurance would also feel disadvantaged.

It would be difficult to adjust the fee each year as underwriting conditions change without members feeling that a fee rise was occurring. Insurance should remain pay-per-service.

Insurance needs to remain unbundled.

Continuing Professional Development (CPD) (82%)

Members pay for CPD on a pay-for-usage basis. CPD is tailored for those who wish to have the service and delivered through the SIGs. It is therefore largely a variable cost depending on usage.

While PNZ could bundle some CPD into a base fee, the large variation in CPD requirements across a physiotherapist's career would make it challenging to determine what could be bundled. Bundling in courses that physiotherapists are already willing to pay for would be seen by members as a fee increase.

Bundling CPD into the base fees would create major challenges for PNZ to administer and ensure that it was not disadvantaged financially. It is likely that PNZ would need to make regular adjustments in fees while the system settled down. This would be difficult to administer.

CPD should remain pay-per-service.

Special Interest Groups (SIGs) (76%)

Members pay for SIGs on a pay-per-service basis. As members see SIGs as providing high value, members are clearly happy to pay extra for them. Bundling even one SIG would result in a rise in fees for everyone. Those who did not use these services (currently 50% of the membership) would see this as a rise in fees. Those who value these services (50%) already would receive these services at a slight discount – those who do not use the services would be subsidising them.

The bundling of SIGs was a major discussion point for the Executive and for the Branch and Special Interest Group Leaders workshops. We consider SIGs in more detail under the opportunities below.

Leadership Group Feedback

Other input ...

- Advocacy is critical
- Members do not always understand what they get for their membership
- Some feel that PNZ is less for the members now that ACC has made membership compulsory
- PNZ is providing increased value as a united organisation
- Unsure how membership can direct what PNZ does

PNZ website (67%)

It is difficult to make the PNZ website operate on a pay-per-service basis. This would involve separating the advocacy value on the website from other aspects. It would increase the complexity of the website, requiring a "paywall." This would result in members feeling that they had to pay extra for basic membership value.

This is contrary to the principle of "8. All members have access to all core services." The PNZ website should remain bundled.

Publications (64%)– NZJP

Unbundling the provision of NZJP would inevitably result in fewer copies printed and distributed. This would impact the registered journal subscription level and therefore the value of the journal for publishing. Reduced subscriptions would also impact the status of the profession and therefore the ability of PNZ to advocate for its members. Some members could choose to just be NZJP subscribers rather than joining PNZ, reducing membership fees.

NZJP should remain bundled into the membership fee.

Publications (64%) – Physio Matters

Unbundling Physio Matters would reduce PNZ's ability to communicate with its members and perform its core advocacy role.

Physio Matters should remain bundled into the membership fee.

Branch (52%)

Branches provide local activities for PNZ members. These include networking (social) events, webinars, and presentations. Activities vary across the branches depending on size, leadership, and member interest.

Membership of a branch is optional with 80% of PNZ members opting into a branch. As PNZ members pay no additional fee for membership of a branch, not opting in makes no practical difference to their membership and the services they can receive.

PNZ funds branch activities from general operations and budgets for branches on a per capita basis. Branch activities cost in the order of \$30,000 per annum. They were previously funded on a capitation basis of \$10 per member.

If branches were unbundled from the membership fee members not opting-in would see an average saving of \$10 from their annual fee, a very minor saving.

Those not opting into a branch would be excluded from networking and local education activities. Their engagement with PNZ would be reduced and their use and perception of PNZ services would be reduced. Branch activities would be impacted. This would contribute to some members leaving.

PNZ would still need to fund branch activities but would have reduced funds to do this. For example, if branch membership was levied at \$10 per member opting in, an 80% level of members opting-in to a branch would reduce PNZ's income by \$9,000 per annum (based on 900 members not opting-in to a branch).

Membership of a branch should remain bundled into the membership fee.

Marketing (51%), support for Māori (42%), and "Find a physio" (22%)

Most members would consider these services as part of the basic advocacy and membership support. Unbundling these would be difficult and would result in push-back from members.

Based on this analysis we have identified two key opportunities for change:

- More pay-per-service – are there services that should be unbundled from the membership fee?
- One or more SIGs bundled in base fee.

We discuss these below.

Opportunity #5: More pay-per-service

The key informing principle is “2. Matches fees to the value members receive so they can vote with their wallet.” Applying this principle will tend to drive towards the maximum unbundled options. This enables members to choose the value they wish to receive and accordingly fund it. It enables PNZ to price and fund activities according to members willingness to pay.

The current fee arrangements have grown over time in a decentralised environment. They therefore reflect a closer match of perceived member value to costs of service provided, i.e. the fees paid for a SIG reflect the costs of running the individual SIG, course fees reflect the costs for branches to operate the courses.

Members would perceive any further unbundling of services as members needing to pay for something that they once received for free.

Recommendation	<ul style="list-style-type: none"> • We recommend that PNZ do not extend the current scope of pay-per-service.
REJECT	

Opportunity #6: One or more SIGs bundled in base fee

SIGs are critical for the healthy operation of the physiotherapy profession, but currently only 50% of members belong to a SIG. There are two key principles that have bearing on the subscription fee approach to SIGs, “3. Bundles fees of some services to encourage desired behaviours,” and “6. Encourages members to join SIGs.”

The major bundling opportunity that PNZ has stated it wishes to investigate is that of the SIGs – this was reinforced in both the Executive and Branch and Special Interest Group Leaders workshops. This would involve bundling access to one SIG, several SIGs, or all SIGs into the base fee.

Membership of SIGs

The following tables summarise SIG memberships and fees paid.

Table 9 SIG memberships by membership type

Membership Type	PNZ Members	Members of SIGs	
Full Time	1,981	1,109	56%
Part Time	1,784	1,057	59%
First/Second Year	341	17	5%
Non-Earner	71	24	34%
Overseas Member	42	17	40%
Retired Member	23	7	30%
Student	252	26	10%
Physiotherapy Assistant	4	1	25%
Affiliate Member	3	2	67%
Complimentary/Honorary	15	6	40%
TOTAL	4,516	2,266	50%

As can be seen, only 50% of members belong to one or more SIGs.

The following table shows the total memberships of SIGs by member types.

Table 10 SIG memberships by SIG

SIG membership	Full Time	Part Time	First / Second Year	Non-Earner	Overseas Member	Retired Member	Student	Physiotherapy Assistant	Affiliate Member	Complimentary / Honorary	Total
Cardio	64	68	12		1					1	146
DHB Leaders	17	9									26
Neuro	208	216	10	9	2			1			446
Neuro Undergraduate							28				28
NZMPA – Associate – Full Time	103	26	30								159
NZMPA – Associate – Part Time		34									34
NZMPA – Graduate – Full Time	103	25	3	1							132
NZMPA – Graduate – Part Time		39									39
NZMPA – Overseas					4						4
Occupational Health	569	271	23	4	1					1	869
Older Adults	125	195	9	8	1				2		340
PAANZ	144	143	5		2						294
PAANZ – Pro rata	4	2	1								7
Paediatric	83	119	9	2	2	2				1	218
PIMH	41	54	3	1		3	1				103
PWMH	80	153	4	2		2					241
SEPNZ	425	243	48	4	6				2	4	732
TOTAL	1,966	1,597	157	31	19	7	29	1	4	7	3,818

Of the 2,266 members who are members of a SIG, these members hold 3,818 memberships. This means that, on average, those who do belong to a SIG belong to 1.7 SIGs. Therefore, while only 50% of members belong to a SIG, those who do belong to a SIG, typically belong to more than one.

Size and income of SIGs

The fees received from SIGs are summarised below.

Table 11 Fees received from SIG memberships (GST inclusive)

SIG Subscription Analysis Including GST	Full Time	Part Time	First/Second Year	Non-Earner	Overseas Member	Retired Member	Student	Physiotherapy Assistant	Affiliate Member	Complimentary / Honorary	Total
Cardio	\$2,240	\$2,380	\$420		\$35					\$35	\$5,109
DHB Leaders	\$533	\$284									\$816
Neuro	\$5,980	\$6,210	\$288	\$259	\$58			\$29			\$12,823
Neuro Student							\$161				\$161
NZMPA – Associate – Full Time	\$9,345	\$2,470	\$2,730								\$14,545
NZMPA – Associate – Part Time		\$3,150									\$3,150
NZMPA – Graduate – Full Time	\$9,505	\$2,375	\$285	\$95							\$12,260
NZMPA – Graduate – Part Time		\$3,585									\$3,585
NZMPA – Overseas					\$230						\$230
OccHealth	\$21,483	\$10,135	\$831	\$145	\$35					\$35	\$32,665
Older Adults	\$3,125	\$4,875	\$225	\$200	\$25				\$50		\$8,500
PAANZ	\$17,388	\$17,267	\$604		\$242						\$35,501
PAANZ – Pro rata	\$242	\$121	\$60								\$423
Paediatric	\$4,755	\$6,825	\$512	\$115	\$115	\$115				\$58	\$12,495
PIMH	\$820	\$1,080	\$60	\$20		\$60	\$20				\$2,060
PWMH	\$3,170	\$6,075	\$160	\$80		\$80					\$9,564
SEPNZ	\$34,002	\$19,441	\$3,840	\$320	\$480				\$160	\$320	\$58,564
TOTAL	\$112,588	\$86,273	\$10,015	\$1,234	\$1,219	\$255	\$181	\$29	\$210	\$448	\$212,451

The fees for SIGs vary widely from \$20 for PIMH to \$120.75 for PAANZ (including GST). The average fee paid (across all membership classes) is \$56 (including GST). Membership of the SIGs varies from 20 for DHB Leaders to 869 for Occupational Health. Average membership is 318.

The SIGs therefore vary significantly in their income, costs, and the value they deliver. Members currently choose “with their wallets” to belong to SIGs, and therefore make clear value choices.

Conclusions regarding bundling SIGs in membership fees

Only 50% of members are already voting with their wallets to belong to SIGs. Those that belong to SIGs, belong to 1.7 on average. There is therefore already a high commitment to SIGs by this 50%.

If PNZ desires to increase SIG membership by bundling, it will be penalising those who do not join. If it could achieve an increase in membership of 50% to 65%, there will still be 35% of members who are paying \$56 per annum for a service they are not using

SIGs have widely varying sizes, activities, and cost bases. Any bundling of fees would result in cross-subsidisation. A bundling of a single SIG in the membership fee would result in a \$56 increase in

Leadership Group Feedback

Should we bundle SIG membership into base fees? Part fees or whole?

- SIGs provide major value to members
- Bundling is complex and could create undesirable behaviour (e.g. passive involvement, less incentive for SIGs to break even)

subscription fee. This would be discount for some but an increase in membership for others, depending on the SIGs they belonged to.

If one or more SIGs were bundled, all SIG costs would need to be the same. If they were not, members would bundle the most expensive SIGs with their membership and pay for the cheaper ones as an additional cost.

If all SIG fees were the same (as they would need to be under a bundled arrangement), rather than budgeting for breakeven per SIG, PNZ would need to budget for net breakeven across all SIGs. This would be a complex undertaking with financial risk in ensuring overall breakeven. It would also substitute central control for what are currently “market force” arrangements, whereby each SIG determines its fees and activities depending on its membership base and their needs.

Recommendation REJECT	We recommend that the SIGs remain a fee-for-service component and that PNZ does not bundle them – either fully or partially – into the membership fee
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The greater immediate opportunity for making SIGs more accessible is to standardise the costs across SIGs. Once the SIGs are operating consistently, PNZ can assess the issue again. (See the section SPECIAL INTEREST GROUPS: Special Interest Group fees – “All SIGs the same” versus “SIGs determine their own fees,” below.)

6.4. MEMBERSHIP: Base fees level – “one fee for all” versus “fees vary for life circumstance”



Potential option range

Once the base fee components and the level of bundling is determined, the relative level of the fees and the total fees required must be determined. This then enables PNZ to scale the overall level of fees to fund its activities.

We summarise some example options for fee levels in the following table.

Table 12 Description of example options

	A. Relative equity	B. Hybrid, equity focused [CURRENT]	C. Hybrid, cost focused	D. Proportional to cost of service
A. APPROACH TO SETTING FEES				
Approach	Set the relative fees purely on a proportional basis to give equity to member life situations and the value they will receive	Focus on equity of member life situations and the value they will receive but take some account of cost of services	Focus on cost of services but take some account of equity of member life situations and the value they will receive	Set the relative fees purely on the costs of the services that PNZ is providing, not the value received
B. POTENTIAL PROPORTION BETWEEN BASE FEES				
Full time	100%	100%	100%	100%
Affiliate	50%	55%	75%	100%
FT parental leave	50%	50%	75%	100%
Part time	50%	49%	75%	100%
PT parental leave	25%	25%	50%	100%
1/2 yr. graduate	40%	42%	70%	100%
Non-earner	25%	25%	25%	25%
Retired member	10%	10%	10%	10%
Overseas member	20%	22%	22%	25%
Student	0%	0%	0%	15%
Physio Assistant	15%	14%	14%	15%
C. MEMBER FINANCIAL IMPACT OF EACH OPTION				
Impact	High cross-subsidising between member types	Medium cross-subsidising between member types	Medium/low cross-subsidising between member types	Low cross-subsidising between member types

All membership categories receive value from the membership bundled value. However, this value will depend on their life circumstances. E.g. an overseas member will not receive value for PNZ's advocacy in New Zealand or from the Branches. A part-time physiotherapist only receives benefit from the advocacy in

proportion to the income they receive from physiotherapy. So there is an argument for varying the fee levels based on life circumstance on the grounds of the principle "2. *Matches fees to the value members receive so they can vote with their wallet.*"

There are advantages to having lower fees for students and those entering the workforce. This enables them to experience the value that PNZ provides early without having to commit to paying full price. This is in line with the principle "1. *Helps recruit and retain members.*"

We discuss the opportunities for change below.

Opportunity #7: Enhancing policy on matching fees to income

An AHP society typically manages its fee levels as follows:

- It sets the relative fee levels based on the behaviour that the society wishes to encourage (e.g. make it easy to recruit, reflect life circumstances, etc). The Full-time fee is set at 100% and other membership types as a percentage of the full-time fee.
- The total income required is determined by the activities underway and costs of operation.
- The absolute dollar level of fees is set to cover the costs and maintain adequate reserves.

Therefore, policy needs to be in place to ensure PNZ matches fee charges to income.

The table below summarises PNZ income over the 2019 to 2021 financial years.

Table 13 Income and expenses for PNZ 2019 to 2021

Income and Costs (excl. GST)	2021	2020	2019
Operating income	\$1,863,328	\$1,676,364	\$1,442,411
Symposium / conference income	\$12,500	\$43,877	\$288,445
Other income	\$146,394	\$125,309	\$69,929
Total income	\$2,022,221	\$1,845,551	\$1,800,785
Direct costs	(\$151,513)	(\$5,725)	(\$35,000)
Overhead costs	(\$1,823,287)	(\$1,974,694)	(\$1,808,570)
Total costs	(\$1,974,800)	(\$1,980,419)	(\$1,843,570)
Surplus before tax/(Deficit)	\$47,421	(\$134,869)	(\$42,786)

As can be seen, income is growing (mostly through growing member numbers) while costs remain largely constant. PNZ needs to ensure that over the medium term it can match its expenditure to its income and make sure it is investing in the priorities of its membership.

PNZ currently has one policy in place that effectively ensures adequate fee income to cover expenditure. This is the policy that PNZ must retain eight-months reserves. This policy ensures that over multiple years PNZ's income matches its expenses while providing a prudent reserve. The level of reserves provides a "barometer" as to PNZ being a financial going concern.

It would be beneficial for PNZ to refine this policy. This might occur as follows:

- Separating its baseline operating costs for activities that PNZ considers as investment
- Setting a policy that income must be greater than baseline operating costs by a set proportion to keep the eight-month reserve
- Ensuring that PNZ funds all investment activities from reserves.

Leadership Group Feedback

Other input ...

- How will lockdown affect next year's membership?
- Cannot assume that PNZ membership will continue to grow
- Full-time / part-time / non-earner membership relies on member honesty

An approach such as this would provide more definitive advice to the PNZ Executive about the nature of the budgets that it approves each year.

Recommendation	We recommend that PNZ formalises its policies regarding matching revenue to costs to ensure it remains a financial going concern.
IMPLEMENT	

Opportunity #8: Changing the relative fee settings

PNZ could alter fees for the lower revenue membership classes outside the 83% of the membership (94% of revenue) represented by full and part-time members.

Undergraduate students

The fee for this membership type is currently zero. Many major professional organisations offer free student membership (see comparison table in previous section). There is an opportunity for a nominal fee. However, this would raise little income. E.g. if all students paid a \$30 (including GST) membership this would result in additional income to PNZ of \$6,574 (excluding GST), assuming all current student members retained their membership. This would raise the barrier to membership and slow the movement of students into graduate membership and then into full or part-time membership. We do not recommend charging a fee for students.

Affiliates

The affiliate category has only been in place since 2019 and currently has only three members. PNZ should not consider changes in fees until there are more members.

Physiotherapy assistants

Currently there are only four members in this class. If PNZ is to retain this membership class, it should not consider changes in fees until there are more members.

Retired members

Currently there are only 23 retired members. Changes in fees would result in only minor changes revenue. Any rise in fees for retired members would also be poorly perceived by the profession.

Overseas members

Currently there are only 42 overseas members. Changes in fees would result in only minor changes in revenue.

Non-earner members

Currently there are only 71 non-earner members. Changes in fees would result in only minor changes in revenue. If PNZ is to retain this membership class, any rise in fees for non-earners would be poorly perceived by the profession.

First year/second year graduates

The current fee of \$261 (early bird including GST) for first and second-year graduates is less than half the full fee of \$621 (early bird). However, raising this to 50% of the full fee would only increase revenue by \$50 per member. At 341 members in this class this would raise an additional \$17,000 (excluding GST) per annum but potentially create the risk of losing some graduates.

Leadership Group Feedback

How should we define part and full-time?

- Retain a part-time / full-time model
- Of measures that could be used (e.g. income, billable hours, actual hours), worked hours is simplest
- Complexity of what to measure (income, billable, actual hours, etc) was recognised, but working hours was seen as simplest
- Could change hours cut off to < 30
- Could create three categories (low time / medium time / full-time)

Members would perceive increasing the cost of the lower value membership classes as a fee increase for those not using the services to the same extent. It would create minimal additional income with the loss of some members. If the additional income was applied as a discount to the major categories, it would provide minimal fee reduction.

Recommendation REJECT	We recommend that PNZ only consider changing relative fees settings in context of major changes to membership types.
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Opportunity #9: Standardising the relative fee settings

The proportional differences between fees have been set in an ad-hoc manner. There are two key reasons to standardise the relative fee setting to set percentages of the full-time fee.

- Proportions set by policy enable PNZ to build equity into the membership structure
- Proportions set by policy remove the “horse-trading” that occurs when fee increases or decreases are spread around the membership.

The key question is what the proportions between membership fees should be set to. It should be initially set to the current proportions to avoid a change in fee levels. These proportions are summarised below.

Table 14 Current membership fee proportions

Membership category	Proportion of full time
Full time (>30 hours per week – clinical and management)	100.00%
Full time parental leave	50.00%
Part time (30 hours or less per week)	49.28%
Part time parental leave	24.64%
First and second year graduate (NZ Graduate)	42.03%
Non-earner	24.64%
Retired member	10.14%
Overseas member	21.74%
Undergraduate physiotherapy student	0.00%
Physiotherapy Assistant	14.49%
Affiliate (added in 2019)	54.75%

Recommendation IMPLEMENT	We recommend that PNZ standardise the proportions of the fees, starting initially with the current proportions.
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Opportunity #10: Altering the definition of part-time

94% of membership income comes from full-time and part-time members. Currently PNZ sets part-time fees at approximately half the full-time fees.

Full-time work is defined as greater than 30 hours per week. This is close to the Statistics New Zealand definition of full-time work as being 30 hours or more work a week.²² Both Occupational Therapy New

²² See <http://datainfolplus.stats.govt.nz/Item/example.org/438dbf04-3b3f-446a-b575-2f2df7d6531f#/example.org/ead41c6f-df6e-4afd-bf28-7c307f813bcb/6#>. [Accessed 19 August 2021]

Zealand and NZ Speech-language Therapists' Association define full-time work as 26+ hours per week (the Australian Physiotherapy Association sets this threshold at 18 hours).

The 2020 membership survey indicated the following spread of working hours of full-time and part-time members.

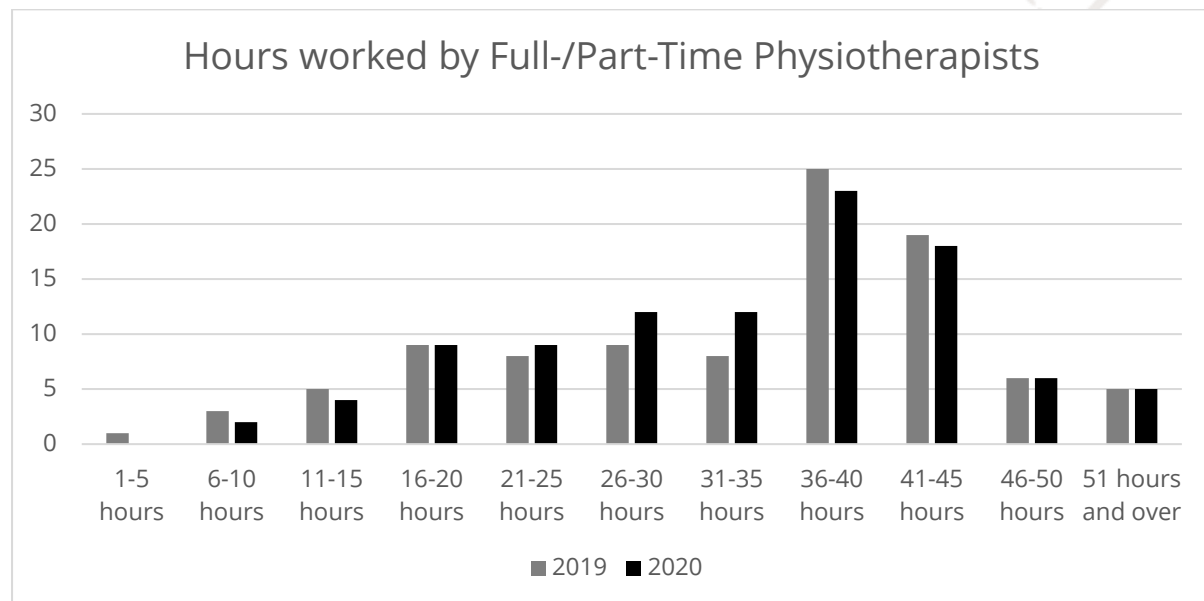


Figure 6 Hours worked per week by full-time and part-time members

According to the survey, 64% of the part/full-time members should be full-time and 36% part-time. The actual proportion by membership class is 53%/47%. Either members are over-reporting hours for the purpose of the survey or under-reporting hours for the purpose of their membership.

If PNZ moved the part-time definition of hours from 30 hours to 26 hours, this would potentially move 377 part-time members to full time. This would create greater equity between the full time and part time categories. If there was no fee change, this could add up to \$103,000 to PNZ income. This could be used to provide an overall reduction of fees of up to 6% if PNZ used the additional income to reduce overall fees.

However, the impact of the change would fall on those less able to pay it. This change also relies on consistency of reporting of hours worked for the survey, which does not seem to currently occur.

Currently the full-time and part-time membership categories are evenly balanced. We have not been able to identify any significant drivers for change to the existing regime. The connection back to the Statistics NZ definition gives it credibility, notwithstanding the apparent inaccurate assessment by members on the hours they work.

Recommendation

REJECT

We recommend that PNZ not pursue changing the part-time / full-time definition.

Opportunity #11 – Create multiple part-time membership types

Members of the Leadership Group suggested that PNZ could create multiple part time membership categories. This would involve a low time / medium time / full time membership structure. This would create a more equitable membership structure than a simple part time/full time structure. We note that no other AHP society has multiple part time categories.

The suggested starting point for the categories could be as follows.

Table 15 Example part-time/full time categories

Category	Definition	2020 Survey
Low part time	0-25 hours per week	24%
High-part time	26-35 hours per week	24%
Full time	36+ hours per week	52%

This approach would provide a balance of the current membership across an approximately 50% / 25% / 25% range. This approach would enable greater equity for members and better matching of value received to money paid for the members working lower hours.

Any change would require significant consultation with the membership. Because of the anomaly between the surveyed hours and the membership types, this would need to include verifying with members what membership type they would have so that PNZ could assess the impact on income.

To ensure that income remained the same it is possible that the new full-time fee may need to rise to compensate a reduction in part-time fees. This would be an increase in fees for some members.

A change of this magnitude would be a high-risk undertaking. It would also impact those SIGs having full-time and part-time fees. PNZ will need to verify that there are major drivers in the wider membership for a change of this magnitude.

Recommendation INVESTIGATE	We recommend that PNZ consult with the membership over changing the part-time and full-time categories to three categories – two part-time and one full-time.
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Opportunity #12 – Long term rate reductions (e.g. like the AA)

The Leadership Group raised the option of a long-term rate reduction. This would provide a discount on rates once someone had been a member for a specified number of years.

There are no drivers for PNZ to take this approach. If someone has been a long-term member, they have established the value they receive from PNZ, and there is no retention reason to offer a discount. The retention surveys have not indicated that this would increase retention. They also indicated the major points for loss of membership were at the two and seven-year mark, before a long-term discount would be applied.

Note that in exceptional cases, the Executive can provide honorary memberships. There is also a retirement membership category.

Recommendation REJECT	We recommend that PNZ make no initiatives to create a long-term member discount.
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6.5. SPECIAL INTEREST GROUPS: Special Interest Group fees – “All SIGs the same” versus “SIGs determine their own fees”



Potential option range

SIGs are critical for the healthy operation of the physiotherapy profession, but currently only 50% of members belong to a SIG.

There are two key principles that have bearing on the subscription fee approach to SIGs, “6. Encourages members to join SIGs” and “7. Encourages members to take leading roles in SIGs and branches.”

We have addressed the issue of whether and how PNZ could bundle SIGs into the base membership fees in the options addressed in “MEMBERSHIP: Fee components – ‘pay-per-course’ versus ‘all-you-can-eat’”. This section addresses how PNZ prices the fees for SIGs. Even if PNZ bundles one or more SIGs into the base membership fees, it still requires policy on how to price additional SIGs not covered in the base fee.

Even if PNZ bundles SIGs into membership fees, PNZ will still need to determine how the SIG fees should be set. We have already noted above that if PNZ bundled a SIGs into the membership fee, all SIG fees subscribed to outside the bundled ones would need to have the same cost to prevent members picking the more expensive ones as bundled as the cheaper ones as pay-per-service.

The following table presents example options for how SIG fees might be set if they are not bundled into membership.

Table 16 Example SIG fee options

	A. SIGs determine fees	B. SIGs set fees using fee guidelines [CURRENT TARGET]	C. SIG set fees by formulae	D. All SIG fees the same [Required if some SIGs bundled]
FEE CONSTRAINTS				
Fees	Break-even			
Continuing professional development	Break-even			
FEE CALCULATION				
Fees	SIGs determine the fees based on own approaches, reserves, and history	PNZ provides standard calculation guidelines for SIGs to use	Each SIG fee is calculated on a set formula based on core characteristics (e.g. membership)	Each SIG has the same subscription fee
Continuing professional development	Budget based on break-even for each event			
Special events or expenditure	Submit business case to PNZ for additional funding for a specific purpose			

Outside of simple pricing there are several things that SIGs can do to seek to increase members. These include:

- Clarity over their offerings when compared to other SIGs
- Clear communication of the offering to PNZ members.

How a SIG defines and communicates its offer is outside the scope of this review. However, the management of fees and costs should encourage more engagement by members (e.g. on committees), increased value for money, and an easier basis for benchmarking between SIGs.

We compared the options below.

A: SIGs determine fees

SIGs could continue to set their own fees based on what they see as being appropriate. This will result in SIGs having different approaches to honorariums and managing expenses. This will create inequity between SIGs for committee members as well as varying levels of value-for-money across SIGs.

B: SIGs set fees using fee guidelines

PNZ could provide a standard set of policies regarding standard costs and how to develop SIG budgets (this is currently in progress). This would ensure equity across all SIGs for committee member honorariums as well as providing good practice advice on costs. It would also enable PNZ to manage budgets on a SIG-by-SIG basis rather than having to deal with the complexity of having a single combined budget and then dealing with the overs and unders between each SIG.

This option also enables PNZ to progress towards standardising other parts of SIG operation – e.g. standardising presentation of the SIG offering to make it easier for members to make decisions about joining SIGs and the value they will receive.

C: SIG set fees by formulae

Setting by formula would involve a calculation of fees based on set characteristics – e.g. membership numbers. This would inevitably result in some SIGs having more funding than required and others having less. This would not be an equitable situation and would result in SIGs subsidising other SIGs. It would also raise the risk of an overall SIG deficit if PNZ could not predict the overall budget and member behaviours.

D: All SIG fees the same

If all SIG fees were the same, larger SIGs would have less money and smaller SIGs would have more money. If SIGs were to continue their activities, SIGs would subsidise other SIGs. It would also raise the risk of an overall SIG deficit if PNZ could not predict the overall budget and member behaviours. This approach also reduces the incentive of SIGs to focus on providing value for money.

The key principle that will drive how SIGs will set fees is “2. Matches fees to the value members receive so they can vote with their wallet.” Applying this principle would mean that there should be minimum subsidising of SIGs from the membership fee and vice-versa. The SIGs would therefore aim to break-even financially. Applying this principle also provides the greatest financial surety for PNZ as it does not need to balance overs and unders across all SIGs.

Leadership Group Feedback

Should we bundle SIG membership into base fees? Part fees or whole?

- SIGs provide major value to members
- We need to encourage people to join SIG (and branch) committees – e.g. by offering financial incentive beyond honorariums
- Bundling is complex and could create undesirable behaviour (e.g. passive involvement, less incentive for SIGs to break even)
- Members should feel obligation to contribute to the profession rather than just determine what they can receive

Funding the SIGs from actual fees set and collected from SIG members provides a strong incentive for SIGs to provide value for money to their members. More active SIGs could justify higher costs with members choosing with their wallets to support the SIGs.

All SIGs provide Continuing Professional Development (CPD) opportunities, whether through courses or seminars. If we apply the principle “2. *Matches fees to the value members receive so they can vote with their wallet*” CPD events should be planned to break even – they should not be used as opportunities for the SIG to generate additional income.

We discuss the opportunities for change below.

Opportunity #13 – Creating a tiered approach to standardise SIG fees (e.g. bronze, silver, gold)

PNZ could use a tiered approach (e.g. gold, silver, bronze) to standardise SIG fees across the value they provide. While this approach simplifies SIG costs for members, it creates significant issues:

- How should PNZ define the gold, silver, bronze tiers and what would this communicate to members?
- The fees would not directly match the costs of each SIG. PNZ would need to manage the overs and unders between the SIGs that were over-funded and those that were under-funded. This would create increased administration overhead and increased financial risk for PNZ.
- Some SIGs would provide higher value for money because of the artificial pricing, and some would provide lower value for money.
- PNZ would need to create a complex model to support only 11 SIGs.

Recommendation	We recommend that PNZ not seek to standardise SIG member fees across
REJECT	bands such as gold, silver, bronze.

Opportunity #14 – Continuing to standardise SIG costs across PNZ and ensuring that each SIG operates on a breakeven basis

There are large variations between subscription costs of SIGs – the highest of PAANZ \$120.75 down to the lowest of PiMH \$20 (including GST).

SIGs will inevitably have different cost structures per member. These costs are influenced by the level of activity undertaken by the SIG (more activity increases costs) and the number of members (having more members enables core services to be offered at a lower per-member costs).

PNZ can best influence cost structures by common policy regarding costs (e.g. honorariums). If SIGs set their own fees against consistent policy, this enables them to tailor their activities to what their members are willing to pay for as well as putting immediate pressure on them to provide real value. This approach will match the services to what members are willing to pay for. Ensuring that each SIG breaks even financially also provides the lowest financial risk to PNZ. We note that this process is already underway.

This approach supports the principles “2. *Matches fees to the value members receive so they can vote with their wallet*,” “4. *Is simple to administer*,” and “5. *Sets fee levels based on transparent policies*.” The closer matching of fees to value provided will also support the principle “6. *Encourages members to join SIGs*.”

Recommendation	We recommend that PNZ continue to standardise SIG costs, allow SIGs to set
IMPLEMENT	fees that match their activities and aspirations, and ensure that each SIG operates on a breakeven basis.

Opportunity #15 – Extending honorarium payments outside elected officers

Successful SIGs rely on strong committees. There is an opportunity to investigate providing honorariums beyond just officers to other committee members (currently moving to \$600). If there are four other committee members per each of the 11 SIGs, a \$100 honorarium would cost \$4,400. This is a small amount of money and supports the principle *“7. Encourages members to take leading roles in SIGs and branches.”*

However, extending honorariums to other committee members would also create the precedent for branch committee members. There would be a total of 22 entities with committees. It would create a precedent and it is unclear what difference this would make.

Recommendation INVESTIGATE	We recommend that once the standard honorariums and cost structures are in place, PNZ investigate providing further honorariums to SIG committee members.
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6.6. PAYMENT: Discounts: Prompt payment incentives “everyone pays the same” versus “discounts available”



Potential option range

Prompt payment incentives are not common with AHP organisations. We only identified one other organisation offering a discount for prompt payment, namely Occupational Therapy New Zealand.

PNZ offers an “early bird” fee for prompt payment. The prompt payment discount level of 10% is high compared with current finance rates. (Bond yields are typically less than 3% currently).

The following graph shows the proportion of early bird payments by number and total membership fee (excluding insurance and SIG fees).

Table 17 Early bird fees

Membership Type	Early bird #		Full Rate #		Early bird \$		Full Rate \$	
Full Time	1,618	82%	363	18%	\$871,860	83%	\$183,444	17%
Part Time	1,498	84%	286	16%	\$396,602	84%	\$73,991	16%
First/Second Year	192	56%	149	44%	\$43,576	57%	\$33,098	43%
Non-Earner	53	75%	18	25%	\$7,110	76%	\$2,291	24%
Overseas Member	28	67%	14	33%	\$3,825	66%	\$1,950	34%
Retired Member	18	78%	5	22%	\$986	76%	\$304	24%
Physiotherapy Assistant	2	50%	2	50%	\$157	47%	\$174	53%
Affiliate Member	2	67%	1	33%	\$591	80%	\$148	20%
Total Paying Membership to 30 June 2021	3,411	100%	838	100%	\$1,324,708	100%	\$295,400	100%
	80%		20%		82%		18%	

82% of the fees are paid on time (by 80% of the members). It is not clear how behaviour would change if PNZ altered the early bird fee. However, if PNZ removed the early bird fee, this would be an effective fee increase of 10% on the membership fee. If PNZ set the new fee at the early bird rate, PNZ would lose \$295,400 in fees income from late payers.

Opportunity #16: Altering the nature of the early bird discount

The current early bird discount has become the de-facto fee level for most members. Given the membership's desire to have no fee rises from the unified organisation, we recommend that PNZ retain the current discount structure for prompt payment. This supports the principle of “1. Helps recruit and retain members.”

Recommendation	We recommend that PNZ retain the current discount structure for prompt payment.
REJECT	

Opportunity #17: A discount for corporate payers of membership fees

ACC now requires physiotherapists who deliver ACC-contracted services to belong to PNZ. Private practices therefore need to ensure that their staff delivering ACC-contracted services are members of PNZ. This has led to requests that private practices be given a corporate discount on PNZ fees paid for their employees.

We have been unable to identify any benefits to taking this approach:

- There would be minimal change in administrative effort for PNZ – depending on the nature of the discount structure, this could in-fact add administrative effort.
- PNZ would lose income which it would inevitably need to recover through increased membership fees across the board.
- Other PNZ members paying their own fees would feel disadvantaged if private practices had negotiated a reduction in fees for their own staff. PNZ would face increasing pressure to pass the discounts on to all its members.

We have also not identified any other AHP society which offers this kind of discount.

Recommendation REJECT	We recommend that PNZ not provide a corporate discount.
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6.7. PAYMENT: Easy payment terms



Potential option range

PNZ uses payment instalment plans to help members who have financial hardship. Currently this operates by splitting payments into three equal instalments over a six-month period. There are currently 10 members using this scheme (there were 24 in 2018).

PNZ has offered instalment plans in the past through direct debits. When they were offered widely, those that accepted the option were often not suffering any financial hardship.

Instalment plans have a higher administration overhead than receipt of a single payment.

Retaining easy payment terms for those in hardship supports the principles of "1. Helps recruit and retain members" and "9. Supports equity."

The easy payment instalment plans also provide a means of helping those re-entering the workforce when they need to pay for their APC and for PNZ membership.

Opportunity #18: Altering easy payment terms

Recommendation	We recommend that PNZ continue the current process whereby members provide a formal statement regarding hardship before PNZ agrees to instalment plans.
REJECT	

6.8. PAYMENT: Payment times



Potential option range

PNZ operates a standard membership year for all members starting 1 January. This approach to a fixed year is normal practice for professional organisations. All cash is collected at the beginning of the period when it will be spent. While it does result in uneven cash flows for the organisation during a year, it is administratively simpler than variable start dates for membership with cash collected throughout the year.

Members joining part way through a year have the option to pay six month's fees calculated at 50% the standard annual rate, or three month's fees calculated at 25% time the standard annual rate. This enables physiotherapists to join (and pay fees) earlier than they would otherwise. It also means that they can join later in the year without paying the full year's subscription. This supports the principles of "2. Matches fees to the value members receive so they can vote with their wallet" and "1. Helps recruit and retain members."

In the 2021 financial year there were there were 173 pro-rated fees for a six-month period, \$38,024 total or 2.3% of the membership fees.

Given the small number of pro-rated fees, and the administrative simplicity of the fixed year approach, PNZ should retain this regime.

Opportunity #19: Altering payment time regime

Recommendation REJECT	We recommend that PNZ retain the current annual payment regime with the pro-rated entry option.
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ATTACHMENT: Current fees structure [incl. GST]

Table 18 Current PNZ subscription model as of September 2021 – all fees include GST

A. MEMBER ANNUAL FEE		
Member category	Early bird	Full fee
Full time (>30 hours per week – clinical and management)	\$621.00	\$690.00
Full time parental leave	\$310.50	\$345.00
Part time (30 hours or less per week)	\$306.00	\$340.00
Part time parental leave	\$153.00	\$170.00
First and second year graduate (NZ Graduate)	\$261.00	\$290.00
Non-earner	\$153.00	\$170.00
Retired member	\$63.00	\$70.00
Overseas member	\$135.00	\$150.00
Undergraduate physiotherapy student	\$0.00	\$0.00
Physiotherapy Assistant	\$90.00	\$100.00
Affiliate (added in 2019)	\$340.00	\$340.00
B. INSURANCE		
Insurance	Member	\$98.00
	Undergrad physio student	\$37.00
C. SPECIAL INTEREST GROUPS ANNUAL FEE		
Special Interest Group	Membership class	Annual Fee
Physiotherapy Acupuncture Association of New Zealand (PAANZ) (also has prorated option for joining)		\$120.75
Cardio-Respiratory (CRSIG)		\$35.00
Physiotherapy in Mental Health (PiMH) (Expect to introduce student membership at no fees in 2022)		\$20.00
Neurology Special Interest Group (NSIG)	Member	\$25.00
	Undergrad physio student	\$5.00
Occupational Health Physiotherapy Group (OHPG)		\$35.00
Physiotherapy for the Older Adult (OASIG)		\$25.00
Paediatric Special Interest Group (PSIG) (Expect to introduce graduate membership in 2022)		\$50.00
Sports and Exercise Physiotherapy New Zealand (SEPNZ)	Member	\$80.00
	Undergrad physio student	\$0.00
DHB Leaders		\$30.00
Pelvic Women's and Men's Health (PWMH)		\$40.00
NZ Manipulative Physiotherapists Association (NZMPA)	Graduate	\$95.00
	Associate	\$95.00
	Overseas	\$50.00
	Student	\$0.00
D. OTHER INFORMATION		
Membership year	1 January to 31 December	
Early bird subscription eligibility	If paid by 15 December (for 1 st and 2 nd year graduates, up until 28 February)	
Affiliate members	All affiliate members must be approved by PNZ Executive	
Monitoring	PNZ does not monitor members for eligibility to membership categories	
Prorated memberships	1 Jan to 30 June 100% 1 July to 30 Sept 50% 1 Oct to 31 Dec 25%	
Instalment payments	Full time/part time are eligible – must be paid in full by 31 May	
Payment methods	Credit card, debit card, bank account transfer	