

3 February 2023

## 2023/24 APC Consultation Feedback Response

This document is part of the Pharmacy Council's (the Council) response to the 2023/24 Annual Practising Certificate (APC) fee consultation process and should be read in conjunction with the latest APC fee media release published on Council's website.

We summarised the consultation process and feedback received for you and responded to most frequently asked questions and concerns.

We believe that healthy and constructive conversations can lead to positive outcomes for the profession of pharmacy. Feedback received helped us to realise where we can improve.

We heard that we could be more transparent, and this document is a part of our response to:

- be more transparent in the communications we share publicly,
- grow understanding about our role as the regulator, and what that entails,
- increase opportunities for meaningful engagement with you.

We also heard that we could provide clearer information about the strategic workplan or financial statements. We agree we could do better with this and will focus on improving the way we present information coming from the Council in the future.

To make it easier to navigate through this document, we divided it into these six sections:

1. [About us](#)
2. [What is the basis for an APC consultation? What does it mean? Why should I bother to respond?](#)
3. [Consultation process and timeline](#)
4. [Survey](#)
5. [Questions and responses](#)
6. [Frequently Asked Questions and Council's responses](#)
  - [How can pharmacists continue to afford their APC fees in these hard times?](#)
  - [What benefits do pharmacists get for paying the APC fees?](#)
  - [Why doesn't Council advocate for the profession?](#)
  - [Why can't Council reduce the fee for part time workers?](#)
  - [Why are Council's APC fees so high?](#)
  - [What is the reason for the fee increase?](#)
  - [Can Council provide more information and more transparency on budget expenses?](#)
  - [Why doesn't Council help the struggling workforce and decrease the fee instead?](#)
  - [Why doesn't Council consider the cost of inflation before making the decision about increasing the fee up?](#)
  - [Do Te Tiriti obligations need to be costly, time and resource consuming?](#)
  - [Does Council raise APC fee to adjust their revenue?](#)

## About us

The Council is the regulatory body charged under the Health Practitioners Competence Assurance Act 2003 (HPCAA) with assuring the public that registered pharmacists in Aotearoa New Zealand are practising safely.

Every regulatory process, work programme and developmental project we undertake must have a clear alignment with Council's published strategic objectives, i.e., to minimise the risk of harm and to maximise the competence of pharmacists throughout their career, not just at the point of graduation ([read Council's Strategic Plan](#)).

## What is the basis for an APC consultation? What does it mean? Why should I bother to respond?

Council is one of 18 Responsible Authorities (RAs) established and accountable under the HPCAA. This legislation was enacted in 2003 for the purpose of assuring the public of New Zealand that the registered health professionals they interact with daily are fit and competent to practice throughout their professional careers.

The fees and levies charged by RAs under the HPCAA are forms of 'secondary legislation' and are therefore subject to a formal consultation process before they can be amended.

We appreciate no-one likes fee increases. The greatest value of the consultation process is engaging with the pharmacy profession on Council work and the priorities of that work.

There were a number of submissions which did engage in our workplan in terms of verifying whether:

- the scope of the 'business as usual' and 'developmental work' Council has planned for the period covered by the proposed fee collection will adequately fulfil all its statutory functions under s118 of the HPCAA,
- there might be an opportunity to reshuffle Council's priorities or even for other sector organisations to take the lead in a debate that could potentially mean lowering the costs of regulatory delivery for Council and therefore lower the fees for practitioners.

## Consultation process and timeline

**Tuesday, 6 December 2022** – Consultation launched on Council's proposed 2023/24 APC fee increase.

- The consultation document was delivered via email to 5,601 recipients (i.e., pharmacists, pharmacist prescribers, non-practising pharmacists, interns, key agencies, and professional membership associations).
- As the pharmacists' representatives and advocacy bodies, all the professional membership organisations were invited to meet with Council to discuss the consultation prior to making their formal submissions. We were pleased to have the opportunity to meet with some and engage in valuable conversations.

**Monday, 16 January 2023** – consultation period closed with 181 responses received (176 were from pharmacists / pharmacies and 5 were from professional membership associations).

Not unexpectedly, most respondents were from Auckland, Canterbury, and Wellington regions, but we were also pleased to note a good representation from smaller cities and rural areas. Most respondents listed their primary practice type as Community Pharmacy.

**Thursday, 19 January 2023** – all written submissions in their raw form (anonymised, apart from those from the professional membership associations) were provided to Council members for their review and consideration.

**Tuesday, 24 January 2023** – the Council members met specifically to discuss and debate whether the feedback received provided a compelling argument that the planned work programme for 2023/24 should be adjusted in any way and to make their decision.

The final decision was to approve the proposed increase to the APC fee of 4.1% for the recertification year beginning 1 April 2023.

**Monday, 30 January 2023** – all 181 responders received an email informing them of the Council's decision.

- Following this, a general notification email was sent to those remaining on the original distribution list.
- The New Zealand Gazette [notice](#) was published at 5.00pm.

**Friday, 3 February 2023** – this document was published on Council's website.

## Survey

A Google Form survey was used to collect responses to the 2023/24 APC fee consultation. Five specific questions were posed regarding the 2023/24 APC fee proposal and Council's work programme. The questions, and a summary of the responses received is reflected below and in the FAQ document.

## Questions and responses

This section outlines the questions we posed in the survey along with the summary of the responses received.

### **1. Formal responses to the APC fee proposal. What do you think of the proposal to increase the APC fee this year by \$33.37? Select as many as apply.**

This was a mandatory response section and multiple responses were permitted. The most frequently chosen answers were: "The increase is not acceptable, based on the information provided" (88 responses) and "The increase is not acceptable because I don't want an increase in my fees." (84 responses).

## **2. Which methodology would you prefer for the setting of future APC fees?**

This was a mandatory response section and multiple responses were permitted. The most frequently chosen answers were:

- 143 responses were against a larger percentage increase in year one, but no further increases applied for the following two years as preferred methodology for managing any changes to the future APC fee.
- 117 responses were against smaller annual 'fixed' percentage increase for a minimum of three years as preferred methodology for managing any changes to the future APC fee.
- 80 responders chose no change to the current annual consultation as the preferred methodology for managing any changes to the future APC fee.

## **3. How important do you think the priorities of Council's upcoming work programme are?**

This was a mandatory response section and multiple responses were permitted. The most frequently chosen answers were:

- 57 respondents expressed a neutral opinion on the importance of 'Embedding of Council's Te Tiriti obligations across all its regulatory functions' as well as on 'Operationalisation of in-house accreditation services'.
- 50 respondents felt that the Scope of practice review (with particular focus on medicines management) was somewhat important.
- 50 respondents had a neutral opinion on the importance of 'Socialisation of revised competence standards'.
- 50 respondents felt that 'Positional statements and review of policies' was very important.

## **4. The survey had two open questions providing the opportunity for free form responses:**

- Do you have any specific feedback to share regarding the proposed Annual Practising Certificate (APC) fee? and,
- Do you have any specific feedback to share regarding the Council's work programme? Anything that you would like to see the Council improve or work on?

169 written comments were received as part of the 181 responses to these two questions. The most frequently posed ones have been grouped into key themes so we could provide further clarification. Each theme contains direct excerpts from representative samples of the feedback along with our answers. Please see our response to the feedback received in the Frequently Asked Questions and Council's responses section below.

## Frequently Asked Questions and Council's responses

The questions presented below reflect the most frequently posed comments and concerns we received during the 2023/24 APC consultation process and are provided with Council's responses.

### How can pharmacists continue to afford their APC fees in these hard times?

- "Pharmacists pay rates do not increase in line with increase in APC fees."
- "Cost of running a pharmacy these days are going through the roof, our revenue is not increasing equally, so any cost increase means more struggle and stress."
- "Wages of pharmacist continue to be low compared to other health professions. In these hard times where the turnovers are dropping, we cannot afford extra outgoings."
- "It is becoming increasingly expensive to register as a pharmacist each year, especially compared to our ability to earn."

We are acutely aware of the inflationary impact on the pharmacy sector and understand the challenges being faced. In understanding the cost pressures within the sector Council had made a conscious decision not to propose an increase for 2023/24 equivalent to the current inflation rate (i.e., over 7%) preferring to take part of the burden of inflationary risk on behalf of the profession, and monitor its activities accordingly.

As the regulator of the pharmacy profession, we can offer an opinion, but we cannot expect our views on issues that are not under our mandate to necessarily be considered or acted upon. Our mandate and our areas of expertise do not make us the authoritative or expert on service design, management of pharmacy funding / cost models, or advocacy on behalf of pharmacists for better working conditions and/or remuneration adjustments.

The Ministry of Health is leading a wider debate within the health sector around how to address workforce issues you raise. We would encourage pharmacists to reach out to their various membership organisations and associations to seek support and advocacy on such critical issues.

Each year when considering our workplan, and the APC income required to support that, we aim to minimise our outgoings wherever practicable, which impacts on the revenue required for cost recovery. Council has recently been subjected to a performance review led by an independent consultancy, engaged by the Ministry of Health, that did not raise any concerns that Council was working outside its mandate or over delivering, so to speak, and therefore causing inefficient expenditure. We also compare our workload and fees with other similar regulators to assure ourselves that we are doing the right things and keeping it as effective and efficient as possible (i.e., keeping our expenditure in check).

### What benefits do pharmacists get for paying the APC fees?

- "There are no benefits or value that comes from paying fees."
- "Council doesn't provide any support."

- “Every year we pay more in fees and get less support from the Council.”

We would like to dispel the myth that pharmacists are paying the APC fee to receive a ‘membership’ package from the Council. The benefit of successful regulation of the profession is a workforce deemed competent and fit to practice and which poses no significant risk to the health and safety of the public.

The services pharmacists provide require a highly skilled and competent health professional. The risk of an error can be significant, potentially life threatening to members of the public. It means we, as the regulator, need to be confident that the competence standards for pharmacists are as high as is needed, to minimise the risk of serious health and/or loss of life occurs to any member of the public.

Our registration and recertification processes provide assurance that those who receive and maintain an APC, are fit and competent to deliver pharmacy services. This is the most important value of our work as a regulator and is a foundational element that cannot be compromised.

Everything Council does focuses on making pharmacist registration, recertification (and where necessary, disciplinary) requirements and processes as hassle free as possible, without compromising the health and safety of the public of Aotearoa New Zealand.

All decisions made by Council (including financial ones) are made with the alignment of our two key strategic objectives in focus - that is the mitigation of risk of potential harm and maximising the ongoing competence of the profession.

Council is committed to promoting a better understanding of its regulatory role and the benefits our role provides for the profession of pharmacy in Aotearoa New Zealand.

### **Why doesn't Council advocate for the profession?**

- “Council does nothing to advocate for pharmacy and pharmacists.”

Quite simply Council has no advocacy role, that is the role of professional associations, which many of you have joined.

Council does, however, support many debates within the profession that may lead to public safety concerns. We have no role or ability to influence remuneration levels, however we recognise the risk it could cause for public safety when morale are impacted and we offer opinion to relevant organisations.

We would encourage all pharmacists to reach out to the various membership bodies to access professional support and advocacy services.

Our objective moving forward is to help develop a better understanding of what you can expect in your engagement with Council and to minimise confusion within the profession about Council's role as regulator of the profession.

### Why can't Council reduce the fee for part time workers?

- “There should be a reduced fee for those who work part time, locum or even those who take parenteral (sic) leave and are wanting to come back into the profession.”

We've listened to the feedback and heard that a more flexible approach to fee setting might be preferred by the profession, especially when considering workforce shortages and economic pressures within the profession.

Reduced fees / payment flexibility has been a recurring theme during APC fee consultations and was discussed again by Council when making its decision for the 2023/24 APC fee. The reality is that the cost of professional regulation is fixed whether a pharmacist works for only ten hours or fifty hours plus a week.

We understand on the face of it, how offering greater flexibility might seem a simple fix for those seeking it, however it's simply not practicable for the scale of the organisation and the number of practitioners affected. The collection of the full year APC fee funds Council's entire budget for the recertification year and the administrative costs associated to implementing the issuing of multiple APC periods.

In addition, the flexible payment options would add a significant level of cost to Council's operations that would, under the cost recovery model, simply have to be passed through to the total APC fee collection each year.

We want to reassure you that the way the fee setting is currently managed is based on the most cost-effective option possible.

### Why are Council's APC fees so high?

- “Fees are not comparable to other health professions, and I don't believe there is a genuine explanation for this, and if there is a genuine explanation, this is very poorly communicated to those who must pay the fees.”
- “We pay higher fees than almost every Health care profession without the compensation.”

A Government decision over twenty years ago determined that health professions in Aotearoa New Zealand should be self-regulating. The costs of regulatory delivery across the health sector are therefore borne by all health professionals.

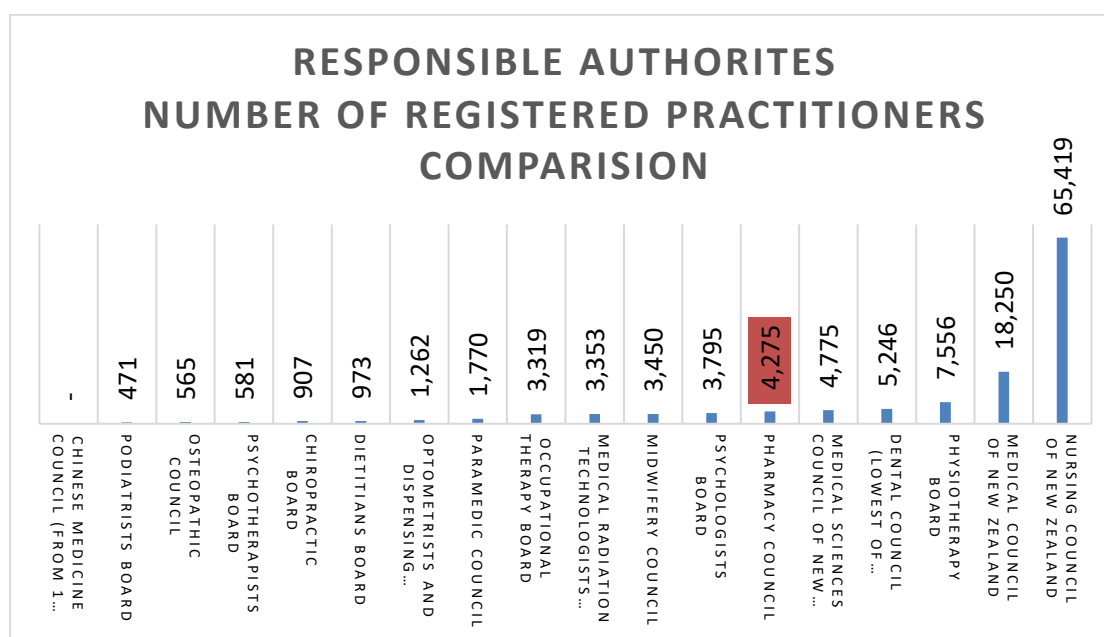
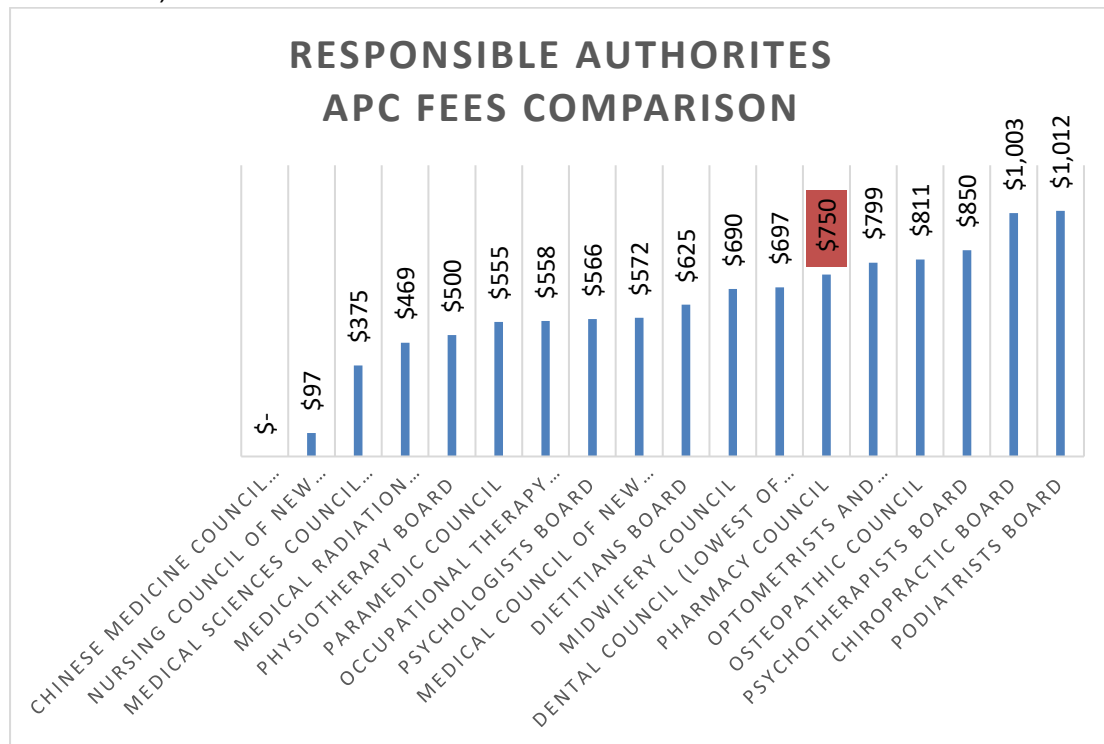
Council receives no other funding to support delivery of its regulatory functions and is not able to access commercial lending to support its cashflow requirements throughout the year.

Council's annual budget is funded by the APC fee collection at the beginning of every recertification year (and where possible from within its very limited reserves) and must last a full twelve months until the APC fee collection point in the following year.

To deliver the outcomes of the 13 regulatory functions outlined in s118 of the HPCAA, the 2023/24 APC fee set by Council represents the minimum amount required to meet its statutory obligations.

Only a small number of other health professions are sufficient in numbers that the regulatory load can be spread wider. This is not the case for pharmacy unfortunately.

Larger professions, such as the Nursing Council (around 65,000 practitioners) and Medical Council (around 18,000 practitioners), have lower APC fees because they have the benefit of economies of scale. Pharmacy Council's APC fee is the sixth highest when compared to the 18 other responsible authorities working under the HPCAA (the charts below don't show current Chinese Medicine Council APC fee / practitioners' data as it is currently being established).





## What is the reason for the fee increase?

- “Why not leave it the costs as it is?”
- “I sent a submission last year and no feedback was received as to why there was a fee increase.”

There were two key drivers for Council members in making the decision to increase the 2023/24 APC fee by 4.1%.

1. Additional staffing and resources required to deliver both Council's 'business as usual' statutory obligations (i.e., registration and recertification, health and competency matters, programme accreditation and disciplinary processes), and its strategic review, and development priorities for the year ahead (i.e., developing and embedding Te Tiriti obligations across all of Council's regulatory functions, the transitional space between the old external and new internal accreditation processes, a scope of practice review and work within the sector to enhance the profession's understanding of changes taking effect to the competence standards from 1 April 2024).
2. All businesses are experiencing inflationary pressures and Council is no different. The requirement for Council to remain financially sustainable under the full cost recovery model imposed by its governing legislation is crucial. However, the Council members would like it clearly understood that they made a conscious decision when proposing a fee increase not to impose the full weight of the currently greater than 7% in inflationary pressure but tried to find a mid-point in assuming some of the inflationary risk on behalf of the profession.

## Can Council provide more information and more transparency on budget expenses?

- “Council's financial statements make it difficult to understand what it is spending the money on.”
- “Council needs to be transparent and all pharmacists in NZ need to know what the fees are being used for other than stationery and rental which you changed so should now be lesser charges.”

Yes, we can, and we will. We are aware of how important transparent communication is. We received valuable comments that do mean we need to find better ways of explaining our workplan and the costs related to it.

## Why doesn't Council help the struggling workforce and decrease the fee instead?

- “It's going to [the new fee] put off even more pharmacists considering practicing pharmacy when there is such a shortage. We're in the middle of a workforce shortage and increasing the fee (even slightly) is another obstacle for people to stay or join the workforce.”

Council is very conscious of the pressures within community pharmacy. We heavily scrutinise our proposed work through our annual planning and budget processes to ensure it is necessary and it is being done as effectively and efficiently as possible.

Hence, we do hope that we minimise expenditure wherever practicable, and therefore the revenue required through the cost recovery approach.

The decision to increase the 2023/24 APC fee wasn't made lightly – it was very carefully assessed against the ongoing business requirements of the Council.

The 2018/19 recertification year was one where a 19% increase to the APC fee was implemented. This was after many years of no increases at all, meaning Council's reserves had dwindled significantly.

Changes in the regulatory landscape over time have added increased workloads for all responsible authorities. Since that time, Council has made a considered effort to apply the barest essential fee increases to keep up with the resourcing required to deliver its regulatory requirements.

The average annual increase over the four years since the 2018/19 fee increase has been 0.74% excluding the 10% rebate (\$70.70) that was given for the 2019/20 year in recognition of the impact of COVID on delivery of Council's workplan that year.

Council gathers data on the pharmacist workforce through the annual recertification process. This data is anonymised and passed to the Director General of Health for workforce planning purposes. The Workforce Demographic Report published annually provides an overview of the pharmacy workforce for the sector and other interested stakeholders.

The report provides insights into the capacity of the workforce. The [most recent data](#) showed that the number of practising pharmacists grew by 1.4 percent over the 12 months to 30 June 2022.

Council is aware that further work is required by the sector to understand the demands and desires of the profession to provide high-quality and safe healthcare to New Zealanders over the long-term. These concerns have underpinned an ongoing debate which the Council has participated in, along with other pharmacy professional bodies.

Again, we encourage all pharmacists to reach out to the various professional bodies for support, give them constructive feedback to help them advocate to government agencies for the profession.

### **Why doesn't Council consider the cost of inflation before making the decision about increasing the fee up?**

- “Council should review the fees carefully when recession and high cost of living have a significant impact on the economy. Council should review expenses in the budget more carefully.”

When we are in a process of making any significant decision, we try to do our best to gather all relevant arguments for and against the considered case, and this time was no different. Cost of inflation was a significant factor in Council's budget debate.

Proposals for fee changes are never made lightly and are carefully reviewed in the context of changes in the operating costs for Council to undertake its regulatory functions. For the 2023/24 APC year we did absorb some inflationary pressure that we were not immune to in our costs.

### **Do Te Tiriti obligations need to be costly, time and resource consuming?**

- “Do Te Tiriti obligations need to be costly, time and resource consuming? Because they don't. Te Tiriti talks about allowing Māori to be Māori and to treat everyone as an individual, with respect and dignity. You do not need a dedicated person on staff, if you have one, to ensure this.”

In its Te Tiriti o Waitangi Policy Statement, Te Pou Whakamana Kaimatū (the Pharmacy Council) recognises its role and responsibilities to meet its social obligations under Te Tiriti o Waitangi.

To meet these obligations, we acknowledge the te reo Māori text and are committed to proportionate universalism. It means that, as Māori have disproportionately worse outcomes across a wide range of health and social issues, then the Council's resourcing, activity, and priority of work needs to reflect that need.

Council recognises that Te Tiriti emphasises the systemic and multileveled approaches needed to improve Māori health and equity and that it is central to Aotearoa New Zealand's health system.

To ensure delivery and operationalisation of the Māori health equity and safety action plan, Council has employed a full-time Māori Health and Equity Senior Advisor.

### **Does Council raise APC fee to adjust their revenue?**

- “With the inflammatory pressure they [Council] have the ability to adjust their revenue by raising our fees.”

Council's annual budget is fully funded by the APC fee collection at the beginning of every recertification year (with some input from its very limited reserves) and this funding must last a full twelve months until the APC fee collection point in the following recertification year.

Council receives no additional funding to support delivery of its regulatory functions and is unable to access commercial lending to support its ongoing cashflow requirements throughout the year. The annual budget proposal is approved by Council members after their decision on the APC fees and there is no opportunity for a “second bite” at gathering the APC fee during the year.

The consequences of not being able to deliver the annual outcomes of the 13 regulatory functions required by s118 of the HPCAA would be unpalatable for both Council and the pharmacy profession.