

# Annual Report 2019



 **pharmacy**council

Te Pou Whakamana Kaimatū o Aotearoa

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# 3,832

Practising pharmacists  
at 30 June 2019

↑ 1.2% from previous year

# 225

New pharmacists registered  
over the last year

↓ 13% from previous year

# 243

Intern pharmacists registered  
over the last year

## The Pharmacy Council

Level 8, Kordia House  
109 Willis Street, Te Aro  
Wellington 6011  
New Zealand

PO Box 25137  
Wellington 6140  
New Zealand

Phone +64 4 495 0330  
[enquiries@pharmacycouncil.org.nz](mailto:enquiries@pharmacycouncil.org.nz)  
[www.pharmacycouncil.org.nz](http://www.pharmacycouncil.org.nz)

## At a glance

**55.5%**

The proportion of practising pharmacists under the age of 40

↑ 0.9% from previous year

**12**

Cases investigated by Professional Conduct Committee (PCC)

**66.2%**

The proportion of practising pharmacists that are female

**2**

Cases heard at the Health Practitioners Disciplinary Tribunal (HPDT)

**7.84**

Practising pharmacists per 10,000 population

**24**

Cases from Health and Disability Commissioner (HDC) managed

↓ 47% from previous year

# Chair and Chief Executive report

**The Pharmacy Council is pleased it had another successful year ensuring it met its requirements to a high standard, whilst also reviewing and implementing right touch regulation principles to the highest priority areas.**

This has meant Council is able to confidently assure the public it is safe through competent and fit pharmacist practise.

We appreciate pharmacists are increasingly being recognised and included as critical members of the integrated health team. Throughout 2018/19 Council has continued to test its regulatory tools and their application to ensure these effectively support pharmacists without compromising public safety.

In the 2018/19 financial year we also maintained our focus on research and engagement opportunities to ensure we understand how the profession is changing. This is essential to enable us to stay ahead of the change and develop proactive regulatory responses to ensure patients benefit from pharmacists practising to the full capacity of their scope. In addition, we registered just under 4,000 practising pharmacists and addressed complaints where pharmacists had not maintained standards.

## Environmental Changes

During the year there were several new or significant changes in the pharmacy sector and/or regulatory requirements. The key changes that had an impact on Council's work included:

- An evergreen community services contract was negotiated and implemented that has seen considerations focus on local commissioning and tighter focus on the requirements of the District Health Boards from community pharmacies.
- Ministry of Health consultation on the Therapeutic Products Bill, including mechanisms to increase patient access to medicines. This included proposed changes to supply of therapeutic products by pharmacists outside the traditional pharmacy premises and the supply of pharmacy only medicines by other professions within their scope of practice.
- Amendments to the Health Practitioners Competence Assurance Act 2003, including changes that help the disciplinary processes, and also encourage greater collaboration between regulatory authorities and accountability of performance.

The Health & Disability review (see <https://systemreview.health.govt.nz/about/terms-of-reference/>) is underway and is expected to help in reshaping the health sector to be more efficient and effective.

## Key Changes Implemented

Some key developmental decisions Council has made and successfully implemented in the year include:

- Removal of intern written examination requirement, after confirmation that the examination was assessing competencies already assessed in one or both of the intern training programme and the Assessment Centre Objective Structured Clinical Examination.
- Council statement outlining its expectations for clinical pharmacists integrated into the General Practice environment.
- To support its considerations of complaints and notifications, Council merged the functions of three committees into one (now called Competence and Fitness to Practise Committee) which will facilitate greater understanding of the significant risk associated with pharmacists' practice and increase decision-making efficiency.
- The Council medicines reclassification process is now formally embedded into the Medsafe Medicines Classification Committee submission pathway. Council will have much greater input into determining what training requirements may be necessary for pharmacists when a prescription medicine is reclassified to enable supply by pharmacists.



Council also made progress on several important areas of our work programme, including:

- Exploratory work and understanding of whether current recertification requirements provide sufficient assurance of competence. Further phases of the work will happen in 2019/20.
- We provided a comprehensive and effective response to the Therapeutic Products Bill consultation. Several proposed changes will cause Council to review and amend a number of its regulatory tools. To ensure this can be done effectively Council's submission focussed on influencing the Bill accordingly.
- We have worked with the profession to help determine whether the proposal to regulate Pharmacy Accuracy Checking Technicians is necessary and is the best option to offset risk associated with their pharmacy practice activities. The test case will be presented to the Ministry of Health in 2019/20.

### Operations Successfully Maintained

Aside from responding to change and enhancing several areas of its business Council has also successfully:

- Assured the 'accredited status of four education programmes and successfully accepted 206 interns to pharmacists following assessment centre processes
- Delivered two Assessment Centres in collaboration with the Pharmaceutical Society
- Managed 24 complaints
- Reviewed and changed several standards, e.g. Code of Practice for General Practice Based Clinical Pharmacists, Joint statement with

the Nursing and Midwifery Councils, and the Combined Telehealth and Supply of Pharmacy Services over the Internet Statement

- Maintained appropriate and credible financial management systems (including enhancements to financial reporting and timeliness).

### Financial Outcome

Council has achieved a better financial outcome than expected. A deficit of \$265,606 was incurred versus the budgeted deficit of \$316,681.

### Thanks

Our sincere thanks to Mark Bedford, who has been a member of Council for well over nine years and Chair for the last three years. His contribution has been enormous to Council and the profession more widely. Mark was superb at ensuring a collaborative approach to all decision making. To support effective succession planning and to support myself as Chair, Mark stepped aside in April 2019. He remained a Council member pending the Minister of Health's decision on appointments.

Iain Buchanan has recently resigned from Council, although his term ended in December 2018. Iain stayed in his role up to the end of the financial year, pending a new appointee. His unwavering focus on patient safety and the provision of high quality health care through pharmacies and pharmacists has been central to the discharge of Council's duties.

Finally, our thanks to the Council members, to the Council operational team who continue to strive and to deliver the best always, and the many pharmacists that have worked for Council through various short term contractual arrangements.



**Dr Jeff Harrison**  
Chair

**Michael A Pead**  
Chief Executive



A woman with dark hair, wearing a white lab coat, is shown in profile, reaching up to a high shelf in a pharmacy. She is holding a white box. The shelves are filled with various boxes of medicine. On the left side of the image, there are several orange circles of different sizes. The text 'What and who is the Pharmacy Council?' is overlaid on the image, underlined.

## What and who is the Pharmacy Council?

# The Council members

Although all member terms expired during 2018, most members remained in office until their successors were appointed by the Minister of Health in August 2019.



**Arthur Bauld**

(Ngāti Wai/Ngāpuhi/Te Rarawa/  
Ngāti Toa/Ngāti Raukawa)  
DipPharm, RegPharmNZ.  
17 December 2015 to current.



**Iain Buchanan**

B.Pharm, RegPharmNZ.  
17 December 2015 to July 2019.



**Jeff Harrison**

BSc Hons (Pharmacy), PG Dip Clin  
Pharm, PhD (Surgery), PG Cert (Clin Ed),  
(Deputy Chair, May 2018 to April 2019,  
then Chair). 8 November 2012 to current.



**Mark Bedford**

DipPharm, RegPharmNZ,  
AFNZIM (Chair – December  
2015–April 2019).  
1 October 2009 to August 2019.



**Lynnette Flowers**

QSM. Lay member.  
17 December 2015 to  
August 2019.



**Marie Bennett**

Dip Pharm Distinct, MNZCP, FPS,  
RegPharmNZ. (Deputy Chair  
appointed April 2019)  
November 2012 to August 2019.



**Viv Gurrey**

Lay member.  
November 2012 to August 2019.



**Jeff Galt**

(as an independent advisor)

B.Com (Hons). Finance Assurance  
and Risk Management Committee  
(FARMC) Chair.  
April 2016 to current.

**Council members are appointed by a process outlined in the HPCAA (the Act) and confirmed by the Minister of Health for an initial two or three year term and with the possibility of renewal for two more terms.**

The Pharmacy Council comprises eight appointed members, six pharmacists and two lay members. The Chair of the Finance Assurance and Risk Management Committee attends Council meetings as an Independent Member.

The role of the Pharmacy Council is to ensure that the requirements of the Health Practitioners Competence Assurance Act 2003 (the Act) are met. Council members set the organisation's strategic direction and monitor the performance of management. The Minister of Health appoints Council members, and the Council is accountable to the Minister and the public in the performance of its functions.

In the period 1 July 2018 to 30 June 2019 five full Council meetings were held in Wellington. Additionally, the Council met for two special meetings via teleconference and made several decisions (outside of meetings) via an Electronic Resolution process. Committees of the Council also met throughout the year.

Our role is supported by our Mission and Vision, which we have aimed to achieve through six strategic themes. The Mission, Vision and Values are as stated in the Council's Organisational Strategy 2016–2020. See our website [www.pharmacycouncil.org.nz/About-us/Vision-Mission-Strategies](http://www.pharmacycouncil.org.nz/About-us/Vision-Mission-Strategies).

**Council is represented on a number of key sector bodies:**

Organisation	Council Representative
Pharmacy Sector Strategy Group (PSSG) (formerly Heads of Schools and Professional Organisations in Pharmacy (HOSPOP))	Chair and CE
University of Auckland School of Pharmacy, Board of Studies	Manager, Qualifications and Competence Assurance
Pharmacy Accuracy Checking Technicians Advisory Group	Manager, Policy and Standards
Health Regulatory Authorities of New Zealand (HRANZ)	Chief Executive and/or Registrar
National Annual Agreement Review (NAAR)	Chief Executive and Manager, Policy and Standards
Compounding Advisory Group	Manager, Policy and Standards



# Our functions

**Our primary role is to protect the health, safety and wellbeing of the public through ensuring pharmacists are competent and fit to practise.**

To meet this primary role, the Act defines several functions (section 118), the Pharmacy Council is required to deliver. The Council's 2016-2020 organisational strategy then defines the extent or priority of work required by the Council to meet the functional requirements to an appropriate standard.

We deliver the defined functions (section 118) under the following four broad categories:

## Assurance of Qualifications and Competence

We prescribe the qualifications for each scope of pharmacist practice. We accredit and monitor the educational institutions and degrees, courses of study and programmes that deliver these qualifications. We set the recertification requirements for pharmacists to provide assurance of ongoing competence.

## Scope and Standards

We determine the scopes of practice for pharmacists, set competence standards and the *Code of Ethics*, outlining the level of skill, professionalism and ethical behaviour expected. We describe pharmacy practice standards, protocols and set programmes to ensure the ongoing competence of pharmacists.

## Organisational Support

We continue to focus on operational improvements and efficiencies, as well as promoting education and training in the profession and public awareness of our responsibilities.

## Registration, Complaints and Discipline

We authorise the registration of interns, pharmacists and pharmacist prescribers, consider applications for annual practising certificates and maintain the register of pharmacists.

We protect patients and the public and uphold public confidence in pharmacy. We do this by considering the cases of pharmacists who may not be meeting the required professional, clinical and ethical standards.



# Council's operational team

The Pharmacy Council's workplan is enacted by a team employed either full time or part time (7 of the 16 being part-time), and some hold more than one role. From time to time contractors are employed to assist in periods of high workload or to bring specific expertise to a project.



Michael Pead (Chief Executive)



Owain George (Registrar)

## Assurance of Qualifications and Competence

### Manager Qualifications and Competence Assurance

Provides oversight of Council processes to assure initial and ongoing competence, including accreditation of education programmes and pharmacist recertification requirements.

### Advisor, Assessments and Projects

Responsible for the quality of Council assessments, including the Objective Structured Clinical Examination (OSCE) Assessment Centre.

## Scope and Standards


<b>Manager Policy and Standards</b>	Sets, reviews and monitors standards for pharmacy practice and for the prescription and accreditation of qualifications and scopes of practice.
<b>Project Pharmacists x 2</b>	Undertakes research, analysis and reporting for policy and standards projects.
<b>Practice Advisor</b>	Undertakes research, analysis and reporting for policy and standards projects. Monitors and provides advice on the competence of individual pharmacists.

## Registrations, Complaints and Discipline

<b>Registrar</b>	Overall responsibility for the regulatory functions under the Act.
<b>Senior Case Manager</b>	Receives information from health practitioners, employers and the Health and Disability Commissioner relating to the competence of health practitioners. Manages procedures for complaints, fitness to practise and notifications, and assists with registration and competence procedures.
<b>Registrations Officer (Notifications and Complaints)</b>	Assists the Registrar and Senior Case Manager in the implementation of procedures relating to Registrations, Fitness to Practise and Complaints.
<b>Registrations Officers x 2</b>	Manages the annual practising certificate renewals process and applications for pharmacists seeking registration in New Zealand or returning to practice in New Zealand.

## Organisational Support

<b>Manager Finance and Performance</b>	Manages the finance team and is responsible for the overall financial and accounting policies and procedures.
<b>Accounts Assistant</b>	Processes day to day accounting tasks including accounts payable and receivable, payroll, general accounts and registrations assistance. Provides support to the Manager Finance and Performance.
<b>Executive Assistant</b>	Provides support to the Chief Executive and Council and manages the office resources.
<b>Administrative Assistant</b>	Provides support to the Executive Assistant and operational team.



# Who are the profession that we assure the public about?

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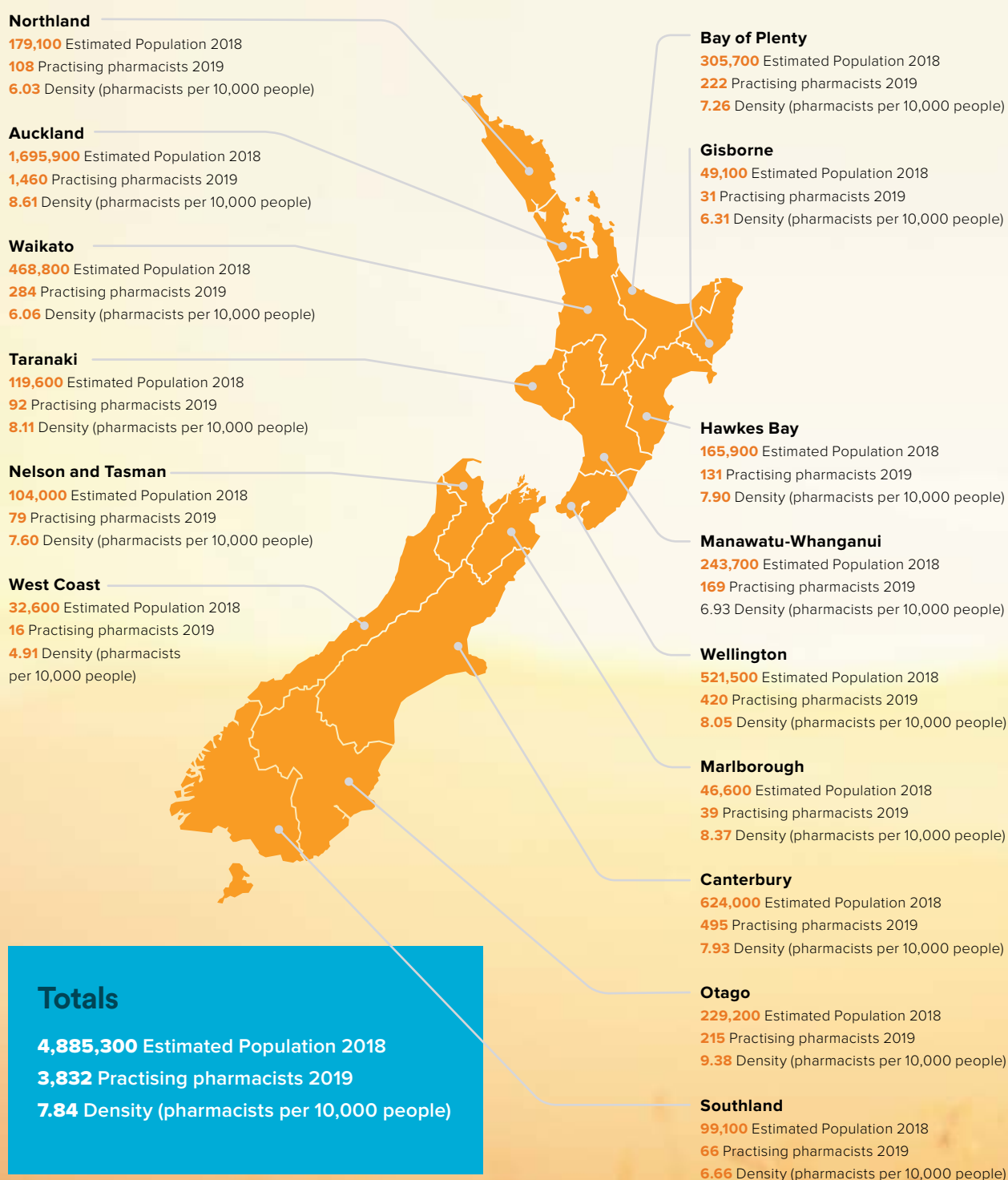
Under the Act we are required to maintain a register of pharmacists. We use the information gathered by the online application form to provide statistics about the demographic and geographic spread of pharmacists across New Zealand in an annual report.



## As part of the Annual Practising Certificate (APC) application, pharmacists are given the opportunity to complete a workforce survey.

The data contained in this survey is then used to develop a demographic profile of the pharmacy workforce.

This heat map shows the workforce density for New Zealand regions. The density is based on the number of practising pharmacists (as at 30 June 2019) per 10,000 population. The population data is based on estimated population data for 30 June 2018 (Stats NZ). The map shows considerable variation in the workforce density. This could be further exacerbated given the lower population density in rural regions.

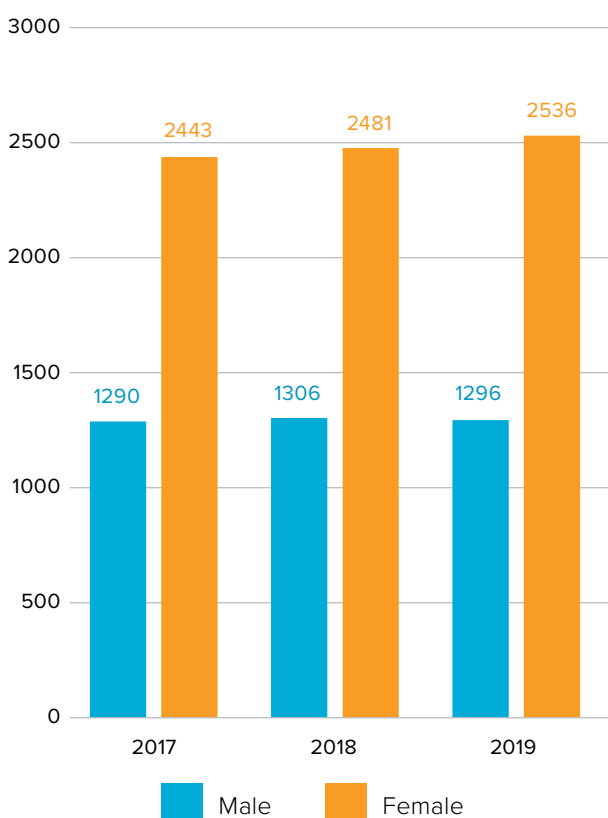


## Gender and age

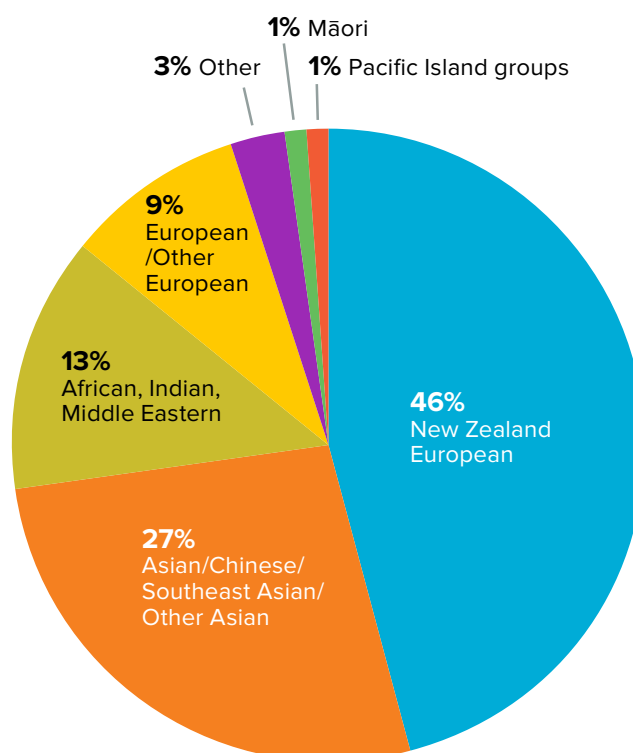
Age	Male	Female	Total
20–29	321	720	1,041
30–39	360	725	1,085
40–49	207	477	684
50–59	209	431	640
60–69	163	174	337
70–79	33	9	42
80–89	3	0	3
<b>TOTAL</b>	<b>1,296</b>	<b>2,536</b>	<b>3,832</b>

The following graph shows the change in gender distribution of practising pharmacists from 2017-2019:

### Gender of practising pharmacists



### Ethnicity



## Trends and observations

Further workforce demographic material can be found on the Council's website.

OUR RESULTS AGAINST OUR  
FUNCTIONAL REQUIREMENTS

# Assurance of qualifications and competence

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The Pharmacy Council determines the scopes of practice for pharmacists and prescribes the qualifications required for each.

Council accredits and monitors pharmacy education programmes and education institutions that deliver the prescribed qualifications.

To ensure that pharmacists remain competent to practise, Council sets recertification requirements.

# The year in review

To be eligible to apply for registration in the Pharmacist scope of practice, a person must first complete a Bachelor of Pharmacy, register as an intern pharmacist, complete an intern training programme and pass a Council assessment.

- Four pharmacy education programmes accredited without conditions
- Implementation of new Intern Policy
- Intern written examination ceased after September 2018
- Assessment Centre delivered November 2018 and May 2019
- Knowledge requirements for entry into pharmacist prescriber programme determined by universities rather than Council
- Two Education Forums for providers of accredited pharmacy programmes

## Educational programmes

For New Zealand residents, the first prescribed qualification is a Bachelor of Pharmacy from one of the two Council-accredited university Schools of Pharmacy.

The Council is required by law to accredit and monitor pharmacy educational institutions and education programmes to assure the quality of the education and training. The Australian Pharmacy Council is contracted to undertake evaluation of education programmes against accreditation standards and to provide a recommendation which informs Council's accreditation decision.

Re-accreditation of each pharmacy education programme occurs periodically, usually every three or six years, and each programme is monitored throughout the accreditation period to ensure that it continues to meet the accreditation standards.

The following programmes are accredited by the Council:

- University of Auckland Bachelor of Pharmacy, accredited until June 2023
- University of Otago Bachelor of Pharmacy, accredited until August 2021
- Joint (Auckland and Otago Universities) post graduate pharmacist prescribing certificate, accredited until June 2023
- Pharmaceutical Society EVOLVE intern training programme, accredited until July 2020



## Registration as an intern pharmacist

The second prescribed qualification for pharmacist registration is successful completion of the accredited intern training programme, EVOLVE, which is provided by the Pharmaceutical Society of New Zealand.

Graduates must be registered in the Intern Pharmacist scope of practice prior to entering the intern training programme.

### Intern registrations – year ended 30 June

2018	2019	% Change
236	243	3%

## Council assessments

### Intern pharmacists

In addition to completing the EVOLVE intern training programme, intern pharmacists were, until September 2018, required to pass two Council assessments that were prescribed qualifications for Pharmacist registration. Following a comprehensive review of the intern written examination Council has now removed the written examination from its prescribed qualifications.

The Assessment Centre is undertaken after an intern pharmacist has successfully completed the intern training programme. It is an Objective Structured Clinical Examination that tests knowledge in a practical setting. The assessment comprises ten stations, each with different standardised patients to counsel.

Assessment Centre stations are developed by New Zealand registered pharmacists currently practising in a variety of pharmacy environments and models of patient care. This ensures that the knowledge and skills being tested reflect New Zealand practice.

### Assessment Centre results – year ended 30 June 2019

Assessment Centre	
Assessed	289
Passed	211
Pass Rate	73%

### Intern Assessment Advisory Committee (IAAC)

This committee of the Council provides assurance to the Council that the processes used for each Assessment Centre are valid, consistent and fair, and they have been based on an appropriate range of competence standards. It scrutinises processes as they relate to individual borderline results and considers any complaints and requests for consideration that relate to the assessment.

## Pharmacists from overseas and New Zealand pharmacists returning to practice

The Council prescribes registration requirements for overseas qualified pharmacists and New Zealand pharmacists returning to practice. The examinations and assessment requirements vary depending on where the pharmacy qualifications were attained or the length of time away from pharmacy practice. They include:

- **Knowledge Assessment of Pharmaceutical Sciences (KAPS):** Overseas qualified pharmacists from countries other than Australia, Canada, Ireland, Northern Ireland, the UK and the USA are required to pass this exam as part of the process of applying to practise in New Zealand.
- **Competency Assessment of Overseas Pharmacists (CAOP):** Overseas qualified pharmacists from Canada, Ireland, the UK and the USA are required to pass this examination before registering as pharmacists.

- **Law and Ethics Interview Assessment:** Overseas qualified pharmacists from Canada, Ireland, the UK and the USA must complete a Law and Ethics Interview following a period of supervised practice. This interview is to provide the Council assurance that pharmacists entering New Zealand have sufficient knowledge and understanding of the legal and ethical codes they must comply with within their practice. The interview is delivered by the Council in collaboration with a pool of pharmacists, who help to develop the interview questions and who conduct interviews under contract to the Council. Australian pharmacists can register automatically because of the Trans-Tasman Mutual Recognition Agreement but must complete a competence programme within three months of registering. This programme includes the Law and Ethics Interview. Pharmacists returning to practice and who have been out of New Zealand pharmacy practice for between three and eight years are also required to complete the Law and Ethics Interview following a period of supervised practice.

### Examination and Assessment Results – year ended 30 June 2019

	KAPS <sup>1</sup>	CAOP	Law and Ethics <sup>2</sup>
Assessed	40	18	18
Passed	25	16	18
Pass Rate	63%	89%	100%

## Pharmacist prescriber qualification

As part of its quality improvement processes, Council has initiated a review of the prescriber qualification which has been in place since 2012. The review is anticipated to continue through 2020.

In June 2019, Council determined that universities, rather than Council, should decide what knowledge an applicant to the prescriber programme should have, in advance of commencing their study.

<sup>1</sup> The KAPS examination comprises two papers. Figures represent individual papers sat and passed.

<sup>2</sup> Multiple opportunities are provided to undertake the Law and Ethics interview. Figures represent pharmacists who have undertaken, and eventually passed the interview assessment.

## Assurance of ongoing competence

Annual recertification is the primary mechanism Council employs to be assured that a pharmacist is remaining competent to practise in their scope of practice.

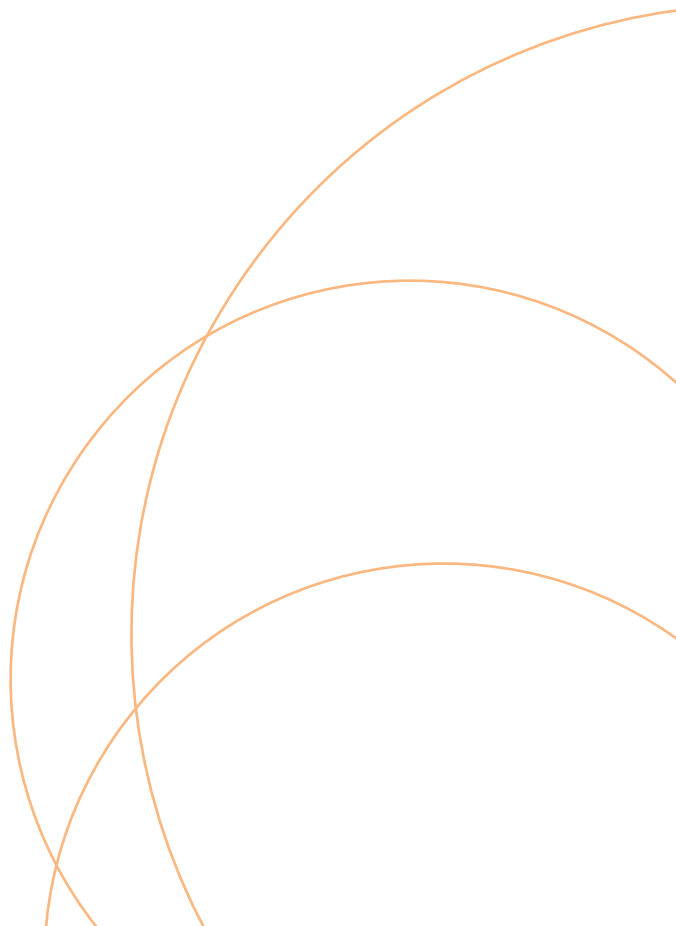
Each year, when applying for an annual practising certificate (APC), a pharmacist must confirm they have met the Council's recertification requirements. Recertification requirements include declarations relating to health and conduct, attestation to minimum hours of practice and participation in an approved recertification programme.

The issue of an APC signals that a pharmacist has provided assurance to the Council they are maintaining their competence and that the Council does not have concerns about the safety of their practice. The Council's recertification framework outlines the continuing professional development requirements that must be met by each practising pharmacist. Additionally, issue of an unconditional APC requires that pharmacists have practised for a minimum of 450 hours over three consecutive years.

Where a pharmacist is deemed to be performing below the required standard, Council may identify specific areas where they need to raise their competence levels. The findings of an individual review may result in the Council ordering the pharmacist to undertake a competence programme to remediate any areas identified.

Pharmacists who completed a three-year learning period in March 2019 were required to have a proportion of their professional development related to cultural competence. Council is pleased to report very high compliance with this new requirement.

Council has embarked on work to update the recertification framework that was implemented in 2013. Our goal is to strengthen assurance to the public that pharmacists are competent for their practice of pharmacy and remain so throughout their careers.





## Looking ahead

- Monitor accredited pharmacy education programmes
- Deliver assessments for registration
- Update recertification framework
- Education Forums for providers of accredited pharmacy programmes
- New contracts for accreditation evaluation and examination services
- Mid-year Continuing Professional Development quality review
- Review of accreditation standards for New Zealand intern training programmes
- Review of pharmacist prescriber qualification
- Quality improvement programme established for intern assessment





# Scope and standards

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The Pharmacy Council sets competence standards, code of ethics and practice codes to strengthen assurance of patient safety and pharmacist competence.

# The year in review

In the area of scopes and standards, it has been another busy year, including:

- Significant research and analysis of the profession (involved engagement with over 200 pharmacists in a variety of roles) is now starting to provide results and the development phase has begun
- A number of safety, medicines and competence messages issued
- Several statements and guidelines issued

## Safety, Medicines and Competence Issues

In the five newsletters issued in 2018/19 we covered the following topics:

### July 2018 newsletter

- Code of Practice for General Practice Based Clinical Pharmacists
- District Health Board's Pharmacy contract
- Applying the Competence Standards and the *Code of Ethics*
- Continuous Quality Improvement
- Media and professional integrity

### October 2018 newsletter

- Sharing lessons from the Competence Standards
- Joint statement with the Nursing and Midwifery Councils
- Update on Code of Practice for General Practice based Clinical Pharmacists
- Handling complaints from the public about pharmacist colleagues

### December 2018 newsletter

- Maintaining patient privacy in a public setting
- Sector quality improvement series – Valid Prescriptions

### March 2019 newsletter

- Quality improvement – Dispensing errors
- A pharmacy's experience of a dispensing error
- Therapeutic Products Regulatory Scheme
- Policy and standards projects: Thank You



## May 2019 newsletter

- Combined Telehealth and Supply of Pharmacy Services over the Internet Statement
- Council and Society Reclassification Framework
- Updated first aid flowchart
- Updated Midwifery statement
- Compounding Advisory Group guidance
- Medicine information leaflets now available in Te Reo Māori
- Providing appropriate information to the public

Throughout the year Council addressed many practice queries from pharmacists and other health professionals. Those relating to practice standards or competences included:

- Process for disposal of controlled drugs
- Requirement to identify dispenser and checker on prescriptions
- Sales of Dispensing Only packs over the counter
- First aid requirements
- Pharmacist vaccinator requirements
- Midwifery prescribing scope queries
- Fraudulent prescriptions being presented
- Who to inform about fraudulent prescriptions
- Vulnerable Children's Act
- Scopes of practice for nurses
- Practitioners prescribing for family members
- Concerns about pharmacist workload
- Labelling requirements for dispensed medicines
- Requirements for pharmacist prescriber registration
- Storage of controlled drugs in rest homes
- Comparative advertising practice
- Pharmacists practising in General Practice
- Discounting/marketing of prescription charges
- How to assist a colleague with frequent near misses
- Supervision requirements
- Employing an overseas registered pharmacist as a technician
- Supply of vaping products by pharmacy

We welcome these queries from the profession as they provide a really valuable source of applicable material for sharing and learning within the profession, effectively enhancing practice standards and reducing patient harm.

## Statements and Submissions

Regular review of guidelines and statements is vital to ensure content is current and accurate. Key updates during the year included:

- Statement on Telehealth and Supply of Pharmacy Services over the Internet
- First Aid Flowchart and Q&A
- Midwives and Pharmacists: Collaborative roles and responsibilities
- New statements issued:
  - Position Statement 'Council Expectations for Pharmacists Practising in Clinical Roles in General Practice'
  - Council Expectations of Pharmacists on the use of Electronic Cigarettes/Vaping for Smoking Cessation.
- Collaborative statement published:
  - Pharmacists and Nurses: Roles and Responsibilities

The Council is a member of the Repeat Prescribing Policy for General Practice working group, led by the New Zealand Royal College of General Practitioners. This is a particularly exciting project that has the potential to make an extremely positive impact, both on patient safety through access to repeat prescriptions in a nationally consistent manner and through prescription quality improvement systems as well as a more consistent approach to repeat prescribing for practitioners of all scopes: medical, nursing or pharmacist. The Council's Manager, Policy and Standards contributed to an article relating to this work programme which has been accepted for publication in The Journal of Primary Health Care.

Our standards work programme, included:

### **The Pharmacy Council Medicines Reclassification Process**

In the previous financial year work began on Council's medicines reclassification process. The process has now been approved by Medsafes' Medicines Classification Committee and included in its formal process. A core part of the process is collaboration between Council and the Pharmaceutical Society to determine whether training of any kind is required for pharmacists when a medicine is reclassified for supply by pharmacists without a prescription. Council has published the framework it followed to make this determination.

### **Therapeutic Product Regulatory Scheme**

The Council made an extensive submission to the Ministry of Health on the draft Therapeutic Products Bill (TPB). Its submission was written for the purposes of helping policy makers get the changes right for the requirements of future health practice. Our submission was limited to offering views only on those issues relevant to our regulatory role, issues about patient safety and the roles and responsibilities of pharmacists. Where the TPB related to pharmacies, our submission focussed on how this related to pharmacist practice in the context of patient safety.

## **Looking ahead**

- Understanding and development of likely changes to standards resulting from Therapeutics Products Regulatory Scheme
- Ongoing review of the Competence Standards to incorporate feedback from our research programmes into pharmacist roles, areas of practise and competence standards mapping work programmes undertaken during the 2018/19 year
- Development and implementation phases of our Pharmacist Roles of Responsibility project. This is likely to include consultation and publication of Council standards for pharmacists practising in such roles
- Development and Implementation phases of Council's Error Reporting and Quality Improvement project
- Implementation phase of the review of the Medicines Management Framework
- Continuation of Council's risk classification work programme, utilising complaint case taxonomies and analysis of other sector data
- Continuation of Council's work programme identifying competencies to mitigate identified risks
- Implementation phases of our risk/competence matrix for pharmacist practice
- Presentation of the Pharmacy Accuracy Checking Technicians (PACT) regulation test case to the Ministry of Health



# Registration, complaints and discipline

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# The year in review

- Registration and recertification were successfully completed 'online'
- Further phases of business capability improvements were undertaken, including online registration for Australian Pharmacists wanting to register under Trans-Tasman Mutual Recognition (TTMR) route
- 243 graduates registered in the Intern Pharmacist scope
- 225 new pharmacists
- 20 pharmacists in the Pharmacist Prescriber scope

- 3,832 pharmacists received APCs
- 41 pharmacists had conditions placed on their scope of practice

Key complaints and disciplinary activities included:

- 115 informal queries or concerns regarding pharmacists' practice or conduct were received and responded to
- 24 formal complaints from the Health and Disability Commissioner (HDC) were managed
- The Complaints Screening Committee (CSC) triaged six formal complaints, while five new complaints were referred for investigation by the Professional Conduct Committee (PCC) (in addition to six ongoing investigations)

## Registration

### Movements on and off the practising register

The Council authorises the registration of health practitioners under the Act and is responsible for maintaining the Register of pharmacists.

As at 30 June 2019, there were 5,208 pharmacists on the Register

Register numbers as at 30 June	2015	2016	2017	2018	2019
Practising pharmacists	3,502	3,577	3,718	3,787 <sup>3</sup>	3,832
Non practising pharmacists	1,112	1,132	1,068	1,095 <sup>4</sup>	1,133
Intern pharmacists	235	238	234	236	243
<b>TOTAL</b>	<b>4,849</b>	<b>4,947</b>	<b>5,020</b>	<b>5,118</b>	<b>5,208</b>

<sup>3</sup> Includes 20 pharmacist prescribers

<sup>4</sup> Includes 2 pharmacist prescribers

The following table shows the numbers registered, by registration route, from 2015–2019:

Registrations route	2015	2016	2017	2018	2019
Graduates (New Zealand and Australia)	194	206	204	234	200
TTMRA (Australia)	4	9	8	15	8
REQR (Canada, Ireland, Northern Ireland, UK, USA)	12	9	13	8	11
Non REQR (other overseas)	7	6	4	2	6
<b>TOTAL</b>	<b>217</b>	<b>230</b>	<b>229</b>	<b>259</b>	<b>225</b>

Changes for the last year include:

- The number of practising pharmacists at 30 June 2019 increased to 3,832; up 45 (1.2%) from 30 June 2018. This is the smallest annual increase in the last four years (average annual increase 2.3%; range 1.2 to 3.9%)
- 225 new registrations were processed.
- 102 pharmacists returned to practice.
- 150 pharmacists were removed from the Register. The reasons for removal were personal requests, Council revisions and the death of three pharmacists.

## Conditions

Placing a condition on a pharmacist's scope of practice is one mechanism to ensure safe practice for various reasons e.g. a return to practice policy requirement or on an individual basis. During the year, 41 pharmacists had conditions placed on their scope of practice for at least part of the year.

Conditions placed at time of application because of policy	
Supervision – overseas qualified	11
Supervision – return to practice (>3 years)	14
Limited scope – practice excludes provision of direct-patient services	3
Conditions placed (case-by-case)	
Health	2
Not compliant with recertification requirements	5
Interim measure (section 69 of the Act)	1
Health Practitioner Disciplinary Tribunal order	2
Ongoing conditions placed prior to 1 July 2018	
Health	1
Competence	1
Health Practitioner Disciplinary Tribunal order	1
<b>TOTAL</b>	<b>41</b>



# Complaints and discipline

## Health, competence, fitness to practise and conduct

The Act provides the Council with the framework and mechanisms to act when information is received that raises concerns about a pharmacist's practice or wellbeing with the potential to compromise public health or safety. This information may be disclosed to the Council directly by the pharmacist, or it may be conveyed to the Council either informally or formally from a range of sources; e.g. members of the public, pharmacists, health practitioners, employers, government health sector organisations.

In the year ending 30 June 2019 a total of 115 informal and 59 formal concerns regarding pharmacist practice or conduct were received by Council.

Most informal<sup>5</sup> concerns were resolved by Council Practice Advisors contacting the pharmacist concerned, clarifying the situation and providing advice so the situation could be appropriately managed between both parties. In many instances the member of the public needed reassurance and information regarding current pharmacist practice, such as medicine out of stocks, emergency supply provisions, prescription charges and supply requirements. We continue to encourage pharmacists to ensure they communicate effectively with their patients and the public to prevent misunderstandings. In many cases the pharmacist had provided best practice patient information, but the patient just required reassurance from the Council that the pharmacist had provided the correct advice. Others, which remained unresolved, or were more serious in nature, were referred to HDC or were managed through formal Council processes.

Some of the pharmacy practice concerns from the public handled by the Council over the 2018/19 year included:

- Overcharging for prescriptions
- Incomplete prescriptions
- Dispensing errors
- Short supplied medication due to national shortages
  - poor response to patient complaint
  - pharmacist refusal to dispense last controlled drug repeat within the repeat period annotated on the prescription label

- Absence of explanation regarding generic substitution
- Refusal to dispense medicines
- Internet advertising of medicines
- lack of counselling on medicines
- pharmacy refusal to dispose of returned medicines

During 2018/19, the Council team managed a greater proportion of the 59 formal concerns (including HDC complaints). The full Council considered four cases because of the seriousness of the concerns, three of which resulted in interim orders whilst the matters are being investigated. Council staff have had greater involvement in preliminary enquiries and considering and resolving less cases, leaving more significant decisions to the Council committees. This has also led Council to consolidate the functions of the Health, Professional Standards and Complaints-Screening committees by further delegations to the Registrar and appointing one committee (Competence and Fitness to Practise Committee), to consider the more serious cases from 1 July 2019.

The number of formal concerns managed by Council during the 2018/19 year was down 34% from the previous year. This mainly relates to fewer HDC complaints (down 47% from previous year).

<sup>5</sup> Informal – not put in writing or request to not treat as a formal concern.

## Health and Disability Commission (HDC) Complaints

Formal complaints received by the Council which relate specifically to providing health services to a patient must be referred to the HDC under the provisions of the Act. HDC also receives complaints from patients or consumers directly. HDC will assess, and when appropriate, investigate the complaint. At the completion of this investigation, HDC refers the investigation outcome to the Council and may recommend a specific course of action, for example a review of the pharmacy's Standard Operating Procedures, or a review of the pharmacist's competence.

The total number of cases managed over the period was 24 (26 pharmacists). The Council was advised of 15 new complaints (involving 16 pharmacists) by the HDC during the year. The Council assessed each complaint and agreed on the required course of action. Of the 15 complaints, 9 (involving 10 pharmacists) were resolved during the year. Eight complaints (6 pharmacists) ongoing from previous years were also resolved. The total number of cases resolved for the year was 17 (16 pharmacists) and none of these cases required further formal action.

At 30 June 2019 there were a total of 7 cases (10 pharmacists) that remained ongoing. One case, involving four pharmacists, (started in 2016-2017) and the HDC report for this is pending.

The majority of complaints related to pharmacy practice, e.g. dispensing and labelling errors, non-adherence to Standard Operating Procedures and lack of clinical checking. All except one of the resolved cases required further involvement by Council e.g. review of Standard Operating Procedures, confirming HDC recommendations have been completed, discussion regarding standards of practice expectations, and providing educational support to maintain practice standards.

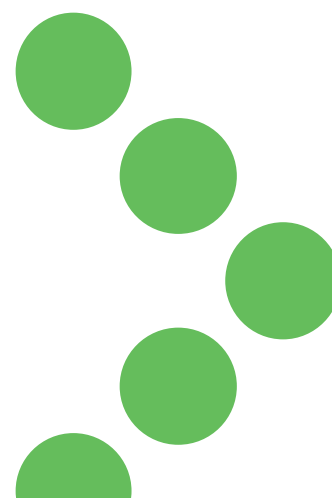
## Complaints Screening Committee (CSC)

Formal complaints received by the Council which do not relate specifically to the health of a patient were assessed by the Council's Complaints Screening Committee (CSC) which has delegated authority under section 17 of Schedule 3 of the Act. The Committee determined what, if any, action/s were appropriate to be taken in response.

The CSC does not have the authority to investigate a complaint and must decide on one of the following steps:

- Take no further formal action against the pharmacist – the Committee will usually provide feedback to the pharmacist by way of an educational letter or a telephone conversation
- Refer the pharmacist to the Council's Health Committee
- Refer the pharmacist to the Council's Professional Standards Committee to consider a competence review
- Refer the complaint to an independent Professional Conduct Committee for further investigation

The CSC triaged complaints or concerns received during the year relating to 7 pharmacists (6 separate cases, one involving 2 pharmacists). These included concerns about effective control of a pharmacy, practising without a current Annual Practising Certificate, dispensing errors/competence, lack of clinical checking, professional misconduct and alleged breaches of the *Code of Ethics*.





**Complaint/concerns triaged by the Council Complaints Screening Committee.**

Source of complaint	Outcome				
	Total	No Further Action	Educational Letter	Monitoring	Professional Conduct
Employer/peer	1		-	1	
Regulatory / governmental organisations	3 <sup>6</sup>	-	2	-	2
Professional Conduct Committee	2	-	-	-	2

## Health monitoring

### Health Committee

The Health Committee is appointed by the Council and has the power to carry out functions and duties in respect of sections 48 to 51 of the Act by way of a Council delegation under section 17 Schedule 3 of the Act.

The Council received 31 health disclosures (involving both physical and mental health conditions) from pharmacists and intern pharmacists during the year. Most did not require further action, but four pharmacists remain subject to low-level monitoring.

#### The Committee

- Considers notifications made under section 45 of the Act, concerning pharmacists who may be unable to perform the required functions of a pharmacist because of health conditions.
- Orders an independent medical assessment.
- Monitors and assess their performance.
- Places or modifies conditions on the pharmacist scope of practice to ensure safe practice or if necessary, suspends the pharmacist's registration.

Depending on the nature of the case, the Council (Health Committee or Council):

- Placed or maintained a condition on the scope for five pharmacists (one new added in the last 12 months).
- Continued or entered into, a voluntary agreement with nine pharmacists (two new).
- Initiated low level monitoring with review at time of practising certificate renewal for two pharmacists.

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<sup>6</sup> One case involved 2 pharmacists.

## Competence

When the Council receives a notification about a pharmacist's competence or receives information that raises concerns about the pharmacist's competence, the Council makes inquiries into the matter, before determining whether a formal competence review is required.

The Council made further enquiries into the competence of four pharmacists during this period, and:

- Decided to include a practice visit as part of the enquiries into four pharmacists.
- Took no further formal action but ensured that support was in place (four pharmacists).
- Entered a voluntary agreement with the pharmacist to manage identified competence risk (one pharmacist).

### Competence Review Team

A number of pharmacists have been appointed as competence reviewers by the Council, whose role is to:

- Assess the competence of the pharmacist being reviewed against the six competence standards. (Set by the Council, the standards are a written description of the skills, knowledge and attitudes a pharmacist must demonstrate to be deemed competent.)
- Determine whether a pharmacist is practising to the required standard of competence when concerns have been raised about their competence to practise.

There were no competence reviews ordered during this year.

### Competence Programme

If having reviewed a pharmacist's competence, the Council considers that the pharmacist is not practising at the required level of competence, the Council may order the pharmacist completes a competence programme.

- Two pharmacists were subject to individual competence programmes during the year (set following a competence review in previous year); with one of the pharmacists completing the requirements of their programme during the year.

## Conduct

### Professional Conduct Committees

Professional Conduct Committees (PCC) are independent committees appointed by the Council and have statutory responsibilities and powers as set out under sections 71- 83 of the Act.

#### The Committee(s)

- Investigates concerns or complaints relating to professional conduct which have been referred from the Council with respect to professional conduct issues.
- Investigates notices of conviction received by the Council from the registrar of a court (section 67 of the Act).

#### On completing its investigation, the PCC must make:

- A determination to:
  - take no further action; or
  - lay a charge with the Health Practitioners Disciplinary Tribunal; or
  - submit the matter for conciliation; or
- A recommendation to Council that it:
  - reviews the competence of the pharmacist; or
  - reviews the fitness to practise of the pharmacist; or
  - reviews the pharmacist's scope of practice; or
  - refers the matter to the police; or
  - directs that the pharmacist be counselled.

## Professional Conduct Committee investigations

Nature of Issue	Number of Investigations (13 – in total)	Status/Outcomes of Investigations
Concerns about standards of practice, legal and professional obligations, unprofessional conduct, practising without a current Annual Practising Certificate, breaches of patient privacy	4 – new 7 – from previous years (including one case investigating 37 pharmacists)	2 – HPDT (both to be heard. HPDT and Recommendations to Council (one case involves charges against 4 pharmacists) 9 – Not completed at 30 June 2019
Conviction against the Land Transport Act 1998	1 – new	ongoing
Conviction against the Misuse of Drugs Act 1975	1 – from previous year	1 – Not completed at 30 June 2019

The APC fee includes a Discipline Levy so that the Council can meet the costs for PCC investigations and any Act hearings. When charges are found against the pharmacist, costs are awarded so that Council recovers a proportion of the costs incurred by the PCC investigation and the HPDT hearing. The proportion of cost awarded varies for each case.

## Health Practitioners Disciplinary Tribunal (HPDT)

### The Tribunal

- Independent of the Pharmacy Council;
- Set up under section 84 of the Act;
- Hears and determines disciplinary proceedings brought against health practitioners, including pharmacists;
- Has the Chair, three pharmacists and one layperson selected for each Tribunal hearing.

The HPDT heard charges against two pharmacists between 1 July 2018 and 30 June 2019, both brought by Professional Conduct Committees. In each case, the charges were established resulting in both pharmacists being censured, conditions imposed and PCCs and HPDT costs being awarded. The HPDT has published its decisions and the summaries and full decisions are available on the HPDT website.

The following table summarises the HPDT decisions made in 2018/19:

HPDT Summary 2018/19	
Number of pharmacists heard by HPDT	2
Tribunal costs and disbursements incurred	\$73,283
Professional Conduct Committee costs and disbursements incurred	\$205,484
Total PCC and HPDT costs used by the HPDT to determine costs to be awarded	\$278,767
Overall percentage of PCC and HPDT costs used by the HPDT to determine costs to be	20% awarded
Total costs awarded by HPDT	\$55,374
Fines charged	\$3,000
Total costs and fines awarded by HPDT	\$58,374

# Organisational support

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# The year in review

- Improved online process for APC 2019 with new registrant views and administration screens
- Completion of registration online systems
- Improved stakeholder engagement using technology to facilitate more effective communication channels (practitioner portal conversion of DNN sites to WordPress)
- Employed the services of a media training and communications specialist organisation to assist the Council with its Media Management Strategy
- Supported the Council and operational team in ongoing professional development with Leadership Conferences, Leadership Coaching, Strategic Planning workshops, Media Management Training, PCC training delivered (to members), Data Analysis Training and Business Writing. Conducted Strategic Planning workshops for the combined Council and operational teams
- Built the framework for implementation of a new Financial Management Information System (FMIS) from 01 July 2019

## Finance Assurance and Risk Management Committee (FARMC)

FARMC is a committee of the Council that assists in ensuring financial accountability and risk management.

As part of the wider Council work plan, FARMC met five times during the year to consider, amongst other things, the monthly financial statements and annual accounts, review the risk management of the organisation (including the Council's fraud control plan, insurance,

policy statements, business continuity plans, health and safety, councillor professional development and the gift and operational team conflicts of interest registers).

FARMC is charged with making suitable enquiries to satisfy itself that the processes and policies of the Council are fit for purpose, and to make the appropriate recommendations to the Council.

### Looking ahead

- Further enhancement to Council processes to ensure effective stakeholder engagement
- Implementation of Xero FMIS and Spotlight Reporting tools
- Integration of refreshed strategic plan with financial and management reporting systems to lay the foundations for early adoption of statutory Statements of Service Performance reporting from 1 July 2020
- Business Capability Improvement Programme (BCIP) implementation of further phases
- Client Management System (CMS) using Office 365 tools
- Integration of CMS with the Qlik business information platform
- Office 365 deployment across the organisation to include committees (PCC, IAAC etc.)
- Improved security of platforms with Multi Factor Authentication
- Improved Business Capability recovery process





# Our financial performance

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## Our financial performance 2018/19

The Pharmacy Council has returned an operating deficit of (\$265,606) for the year ended 30 June 2019. This result is achieved against a budget deficit of (\$316,681). The better than planned deficit is due to the timing of disciplinary cases, project related external costs moving into the next financial year, insurance claim proceeds received against costs incurred through Council's occupation of temporary premises following the 2016 Kaikoura earthquake and offset by revised accounting treatments for the ongoing lease commitment for 80 The Terrace.

### Accumulated Funds

The Council's Accumulated Funds are separated into a General Fund and a Disciplinary Fund. The separate funds provide greater transparency to stakeholders and the net movement in each Fund is shown in Note 20 of the financial statements.

The Council's Accumulated Funds total \$2,338,038. The General Fund has a retained balance of \$1,758,011 and the Disciplinary Fund has a retained balance of \$580,027.

### Total APC Fees

For the APC year commencing 1 April 2019, the total APC fee which comprises the APC fee and Disciplinary Levy increased from \$792.65 to \$793.62 (GST inclusive). Operational costs are reflected in the General Fund and disciplinary costs are reflected in the Disciplinary Fund.

### APC Fees

APC Fees are received from interns and pharmacists and represent 73 percent of total revenue for 2018/19. The APC fee covers all operational and policy setting costs.

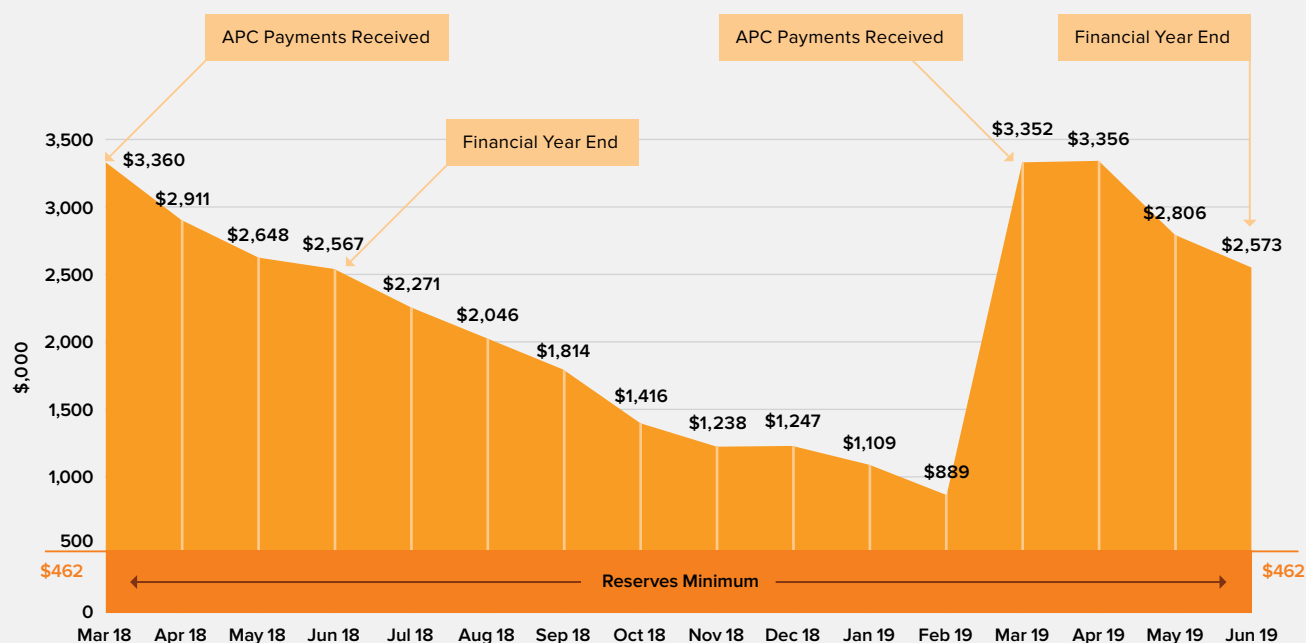
### Disciplinary Levy

The Disciplinary Levy is charged to fund the costs of Professional Conduct Committees and Health Practitioners Disciplinary Tribunal hearings. The Disciplinary Levy is currently set at \$93.61 (GST inclusive) and represents 10 percent of the total income for 2018/19.

### Projected 2019/20

Financial projections indicate the Council will operate a deficit budget for 2019/20, largely due to external project and disciplinary costs originally expected to occur in 2018/19, along with costs associated with maintaining a new integrated IT platform and increased staffing levels to manage the work programme. Subject to consultation on any proposed fee increase, the Council also forecasts a small deficit in the following year while maintaining reserve levels for any unforeseen events. The Council will continue to review financial projections and consult with pharmacists on any proposed fee increase.

## Bank Balance / Reserves Minimum



## Bank Balance and Reserves Minimum

The Council's financial year and APC renewal year are not aligned. APC funding is received and recognised in full before the financial year end but relates to the renewal period from 1 April to 31 March of the following financial year. This annual funding cycle and associated cash flow must sustain Council's workplan, disciplinary caseload and general operations until the next APC renewal round in March of the following financial year.

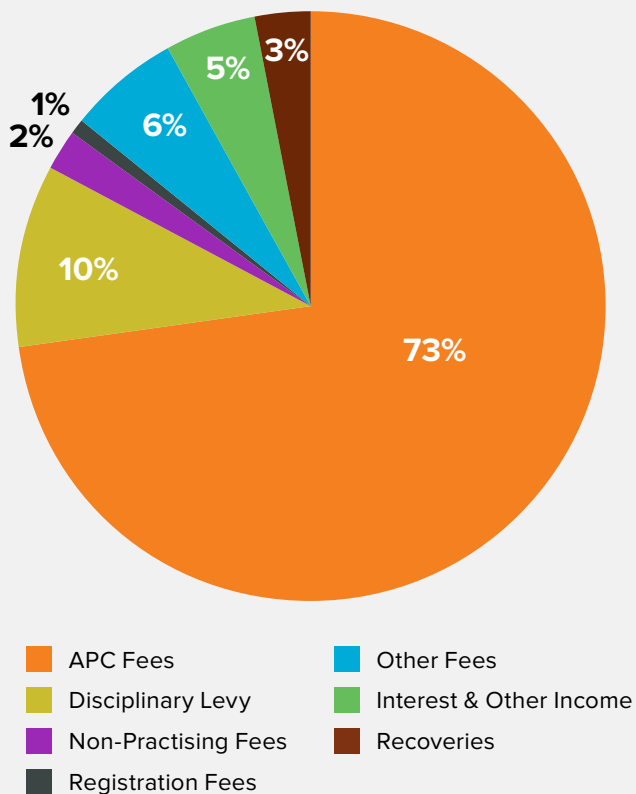
Due to the timing of APC renewals and, at the end of its financial year, Council reserves and cash balances are substantial and progressively reduce in the eight months that follow. It is critical in the months before APC renewal that the Council has enough cash remaining to satisfy its stated minimum reserves policy and fund its operations (i.e. it can fund operations up to and prior to receiving cashflows from the new APC renewal year).

For 2018/19 Council policies set the minimum reserve levels of \$261,926 for its General Fund and \$200,000 for its Disciplinary Fund. The General Fund Reserve policy is based on the average of one month's budgeted operational costs over the coming two years and the Disciplinary Fund Reserve is based on being able to meet any unplanned costs of significant disciplinary cases.

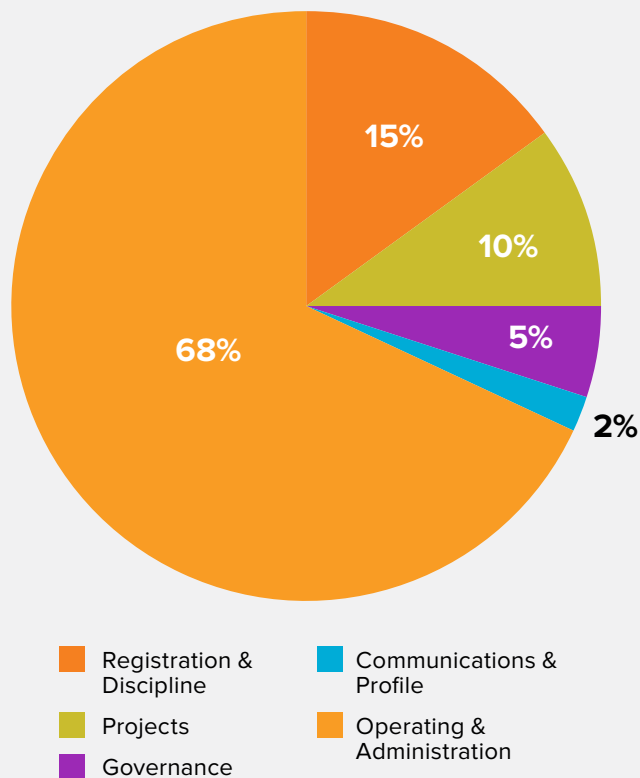
The graph above shows that Council's cash balances were higher than the minimum reserves level at the February 2019 low cash point. This higher cash balance was due to deferred project costs and lower than expected disciplinary costs during the year.

The Council has budgeted for an overall deficit in 2019/20 to redress this shift in costs between the two years.

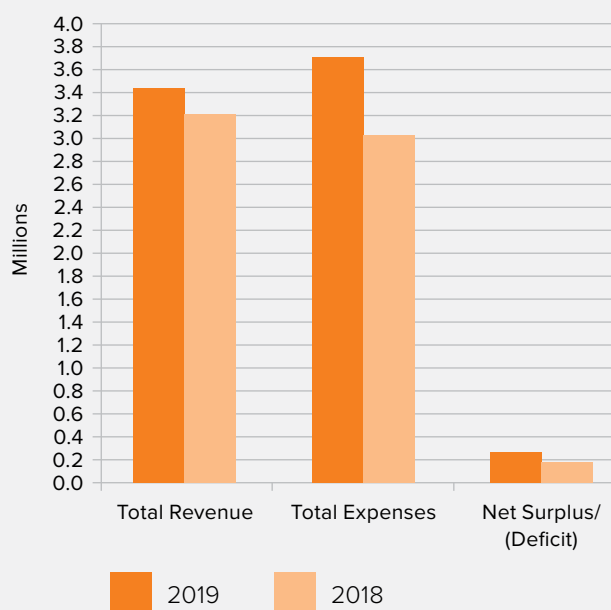
2019 Revenue



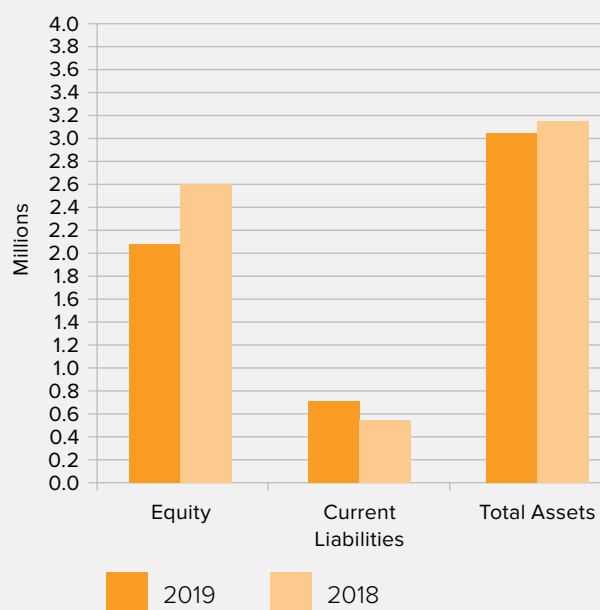
2019 Expenditure



2019 Financial Performance



2019 Financial Position



## Statement of Comprehensive Revenue and Expenses

Pharmacy Council of New Zealand For the Year ended 30 June

	Notes	2019 \$	2018 \$
<b>Revenue from non-exchange transactions</b>			
Annual Practicing Certificate fees		2,502,454	2,427,513
Disciplinary levies		349,724	384,036
Disciplinary recoveries		53,818	110,873
		2,905,996	2,922,422
<b>Revenue from exchange transactions</b>			
Registration fees		37,383	43,553
Non-practising fees		82,129	83,555
Overseas pharmacist fees		43,424	31,087
Other fees	6	171,566	32,600
Interest income		56,077	51,459
Credit card recoveries		39,789	42,213
Other income	7	100,677	179
		531,045	284,646
<b>Total revenue</b>		<b>3,437,040</b>	<b>3,207,068</b>
<b>Expenses</b>			
Registration and discipline	8	575,687	571,765
Projects		357,818	217,503
Governance		171,235	216,641
Communication and profile		80,876	60,280
Operating and administration	9	2,517,030	1,964,678
<b>Total expenses</b>		<b>3,702,646</b>	<b>3,030,867</b>
<b>Total (deficit) / surplus for the year</b>		<b>(265,606)</b>	<b>176,201</b>
<b>Total comprehensive revenue and expense for the year</b>		<b>(265,606)</b>	<b>176,201</b>

These financial statements should be read in conjunction with the notes to the financial statements.



## Statement of Changes in Net Assets

Pharmacy Council of New Zealand For the Year ended 30 June

	Accumulated comprehensive revenue and expense \$	Total equity \$
Opening balance 1 July 2018	2,603,644	2,603,644
Surplus for the year	(265,606)	(265,606)
Other comprehensive income	-	-
<b>Closing equity 30 June 2019</b>	<b>2,338,038</b>	<b>2,338,038</b>
Opening balance 1 July 2017	2,427,443	2,427,443
Surplus for the year	176,201	176,201
Other comprehensive income	-	-
<b>Closing equity 30 June 2018</b>	<b>2,603,644</b>	<b>2,603,644</b>

These financial statements should be read in conjunction with the notes to the financial statements.

## Statement of Financial Position

Pharmacy Council of New Zealand For the Year ended 30 June

	Notes	2019 \$	2018 \$
<b>Current assets</b>			
Cash and cash equivalents	11	323,693	267,470
Investments	12	2,250,000	2,300,000
Receivables from non-exchange transactions		58,724	47,464
Prepayments and other receivables		51,474	43,304
		2,683,892	2,658,239
<b>Non-current assets</b>			
Intangible assets	13	263,195	336,284
Property, plant and equipment	14	54,915	151,619
Work in progress	15	38,997	-
		357,107	487,903
<b>Total assets</b>		<b>3,040,998</b>	<b>3,146,142</b>
<b>Current liabilities</b>			
Accounts payable		75,643	157,452
Other payables and accruals		69,056	141,726
Income in advance	17	-	147,744
Employee entitlements		101,566	95,577
		246,265	542,498
<b>Non-current liabilities</b>			
Provision for onerous lease	23	456,695	-
		456,695	-
<b>Total liabilities</b>		<b>702,960</b>	<b>542,498</b>
<b>Net assets</b>		<b>2,338,038</b>	<b>2,603,644</b>
<b>Equity</b>			
Accumulated comprehensive revenue and expense	20	2,338,038	2,603,644
<b>Total net assets attributable to the owners of the controlling entity</b>		<b>2,338,038</b>	<b>2,603,644</b>

Signed for and on behalf of the Council Members who authorised these financial statements for issue on 11 November 2019:



Chair of Council



Chief Executive

These financial statements should be read in conjunction with the notes to the financial statements.

## Statement of Cash Flows

Pharmacy Council of New Zealand For the Year ended 30 June

	Notes	2019 \$	2018 \$
<b>Cash flows from operating activities</b>			
<i>Receipts</i>			
Receipts from APC fees		2,502,454	2,427,513
Receipts from Disciplinary Levy		349,724	379,436
Receipts from other exchange transactions		327,224	380,931
Receipts from other non-exchange transactions		42,558	105,727
Interest received		56,296	44,529
		3,278,256	3,338,136
<i>Payments</i>			
Payments to suppliers and employees		3,138,377	2,883,392
Interest paid		-	10,608
		3,138,377	2,894,000
<b>Net cash flows from operating activities</b>		<b>139,879</b>	<b>444,136</b>
<b>Cash flows from investing activities</b>			
<i>Receipts</i>			
Sale of property plant and equipment and intangibles		204	-
Redemption of investments		50,000	-
		50,204	-
<i>Payments</i>			
Purchase of property, plant and equipment and intangibles		133,860	208,300
Investments in short term deposits		-	2,300,000
		133,860	2,508,300
<b>Net cash flows from investing activities</b>		<b>(83,656)</b>	<b>(2,508,300)</b>
<b>Net cash flows from financing activities</b>		<b>-</b>	<b>-</b>
Net increase in cash and cash equivalents		56,223	(2,064,164)
Cash and cash equivalents at 1 July 2018		267,470	2,331,634
<b>Cash and cash equivalents at 30 June 2019</b>	<b>11</b>	<b>323,693</b>	<b>267,470</b>

These financial statements should be read in conjunction with the notes to the financial statements.

## Notes to the Financial Statements

Pharmacy Council of New Zealand For the Year ended 30 June

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### 1. Reporting entity

The reporting entity is the Pharmacy Council of New Zealand ("the Council"). The Council was established under the Health Practitioners Competence Assurance Act 2003 on 18 December 2003 and commenced operations on 18 September 2004.

The Council is a statutory body and has a duty to protect the public and promote good pharmacist practice. The Council is responsible for the registration of pharmacists, the setting of standards for pharmacists, accreditation of education programmes and ensuring pharmacists are competent to practise.

These financial statements have been approved and were authorised for issue by the Council Members on 11 November 2019.

### 2. Statement of compliance

The Financial Statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand ("NZ GAAP"). They comply with Public Benefit Entity International Public-Sector Accounting Standards ("PBE IPSAS") and other applicable financial reporting standards as appropriate that have been authorised for use by the External Reporting Board for Public Sector entities. For the purposes of complying with NZ GAAP, the Council is a public sector public benefit entity and is eligible to apply Tier 2 Public Sector PBE IPSAS on the basis that it does not have public accountability and its expenditure is less than \$30m.

The Council has taken advantage of all applicable Reduced Disclosure Regime ("RDR") disclosure concessions.

### 3. Changes in accounting policies and disclosures

The accounting policies adopted in these financial statements are consistent with those of the previous financial year.

### 4. Summary of accounting policies

The significant accounting policies used in the preparation of these financial statements as set out below have been applied consistently to both years presented in these financial statements.

#### 4.1 Basis of measurement

These financial statements have been prepared based on historical cost.

#### 4.2 Functional and presentational currency

The financial statements are presented in New Zealand dollars (\$), which is the Council's functional currency. All financial information presented in New Zealand dollars has been rounded to the nearest dollar.

#### 4.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the Council and revenue can be reliably measured. Revenue is measured at the fair value of the consideration received. The following specific recognition criteria must be met before revenue is recognised.

## Revenue from non-exchange transactions

### *Disciplinary levies*

Disciplinary levies and fines are recognised as revenue at the time of invoicing.

### *Annual Practising Certificate (APC) fees*

APC revenue is recognised in full upon the commencement of the practising year to which it relates. Revenue from the provision of other services is recognised when the service has been provided. Where provision of services is extended over a period the stage of completion is estimated and revenue recognised when the degree of service has been provided.

### *Disciplinary recoveries*

Disciplinary recoveries represent fines and costs awarded to the Council by the Health Practitioners Disciplinary Tribunal (HPDT). The amount awarded represents a percentage or a portion of the Professional Conduct Committees (PCC) and HPDT costs.

Once awarded by the HPDT, disciplinary recoveries are reflected in the accounts at the time those costs were incurred and at the amount determined by the HPDT.

## Revenue from exchange transactions

### *Overseas pharmacist fees*

Overseas pharmacist fees include the Application for Initial Consideration, Competency Assessment of Overseas Pharmacists and Knowledge Assessment of Pharmaceutical Sciences fees.

### *Other fees*

Other fees include the Written Examination (qualification revoked with effect from 12 November 2018), Certificate of Identity, Transfer within Register and Interview Assessment fee.

### *Interest income*

Interest revenue is recognised as it accrues, using the effective interest method.

### *Other income*

All other revenue from exchange transactions is recognised when earned and is reported in the financial period to which it relates.

## 4.4 Financial instruments

Financial assets and financial liabilities are recognised when the Council becomes a party to the contractual provisions of the financial instrument.

The Council ceases to recognise a financial asset or, where applicable, a part of a financial asset or part of a group of similar financial assets, when the rights to receive cash flows from the asset have expired or are waived, or the Council has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party; and either:

- the Council has transferred substantially all the risks and rewards of the asset; or
- the Council has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

### Financial assets

Financial assets within the scope of PBE IPSAS 29 Public Sector (PS) Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets. The classifications of the financial assets are determined at initial recognition.



The Council's financial assets include cash and cash equivalents, short-term investments, receivables from non-exchange transactions and receivables from exchange transactions.

#### **Impairment of financial assets**

There has been no impairment of financial assets for the year ended 30 June 2019.

#### **Financial liabilities**

The Council's financial liabilities include trade and other creditors (excluding GST and PAYE) and employee entitlements.

All financial liabilities are initially and subsequently recognised at fair value (plus transaction cost for financial liabilities not at fair value through surplus or deficit).

#### **4.5 Cash and cash equivalents**

Cash and cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

#### **4.6 Short term investments**

Short term investments comprise term deposits which have a term of greater than three months and therefore do not fall into the category of cash and cash equivalents.

#### **4.7 Property, plant and equipment**

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. Where an asset is acquired through a non-exchange transaction, its cost is measured at its fair value as at the date of acquisition.

Depreciation is charged on a straight-line basis over the useful life of the asset. Depreciation is charged at rates calculated to allocate the cost or valuation of the asset less any estimated residual value over its remaining useful life:

- Leasehold Improvements      10 years
- Furniture & Fittings          10 years
- Office equipment              5 years
- Computer equipment         3 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and are adjusted if there is a change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset.

#### **4.8 Intangible assets**

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition.

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite. The Council does not hold any intangible assets that have an indefinite life.

Intangible assets with finite life are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits or service potential embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

The amortisation expense on intangible assets with finite lives is recognised in surplus or deficit as the expense category that is consistent with the function of the intangible assets.

The amortisation periods for the Council's assets are as follows:

- Website 3 years
- Computer Software 3 years

#### 4.9 Leases

Payments on operating lease agreements, where the lessor retains substantially the risk and rewards of ownership of an asset, are recognised as an expense on a straight-line basis over the lease term.

#### 4.10 Employee benefits

##### **Wages, salaries, annual leave and sick leave**

Liabilities for wages and salaries, annual leave and accumulating sick leave are recognised in surplus or deficit during the period in which the employee provided the related services. Liabilities for the associated benefits are measured at the amounts expected to be paid when the liabilities are settled.

#### 4.11 Income tax

The Council is exempt from Income Tax. The Council was registered as a charitable entity under the Charities Act 2005 on 30 June 2008 (Registration Number CC29809) to maintain its tax exemption status.

#### 4.12 Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except for receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the Inland Revenue is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flows on a net basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the Inland Revenue is classified as part of operating cash flows.

#### 4.13 Equity

Equity is measured as the difference between total assets and total liabilities. Equity is made up of the following components:

##### **Accumulated comprehensive revenue and expense**

Accumulated comprehensive revenue and expense is the Council's accumulated surplus or deficit since its formation.

## 5. Significant accounting judgements estimates and assumptions

The preparation of the Council's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

### Judgements

In the process of applying the Council's accounting policies, management have made a judgement regarding the joint premises lease for 80 The Terrace that has had a material impact on the financial statements. (see also Notes 9 & 23)

The lease Council has entered with other regulatory authorities at 80 The Terrace, Wellington has meant that all its tenancy occupancy requirements have not been met since February 2017 due to the impact of the November 2016 Kaikoura earthquake. An independently commissioned engineer's report indicated that there were serious issues with the building structure that impacted health and safety issues for staff. Continued discussions with the landlord have been unsuccessful in resolving contractual issues. Council offices subsequently moved to temporary premises. Council confirmed during the year that re-entering the premises at 80 The Terrace is not tenable and subsequently have relocated to a more permanent shared tenancy at 125 Willis Street with the Dental Council. Council continues to seek clarification from the landlord as to their obligations as a PCBU (Person Conducting a Business or Undertaking) under the Health and Safety at Work Act 2015.

### Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

The Council based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Council. Such changes are reflected in the assumptions when they occur.

### Useful lives and residual values

The useful lives and residual values of assets are assessed using the following indicators to determine potential future use and value from disposal:

- The condition of the asset
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- The nature of the processes in which the asset is deployed
- Availability of funding to replace the asset
- Changes in the market in relation to the asset

The estimated useful lives of the asset classes held by the Council are listed in Note 4.7 and 4.8

**6. Other fees income**

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Written Exam Fee	153,576	14,470
Transfer within Register	7,524	7,874
Interview Assessment Fee	6,774	8,734
Certificate of Identity	1,391	1,522
Other Fees	2,301	-
<b>Total Other Fees Income</b>	<b>171,566</b>	<b>32,600</b>

In June 2018, following consultation with practitioners, the fees for the Written Examination were increased from \$520.00 to \$745.20 (inclusive of GST). Candidates for the July 2018 Written Examination (299) paid their fees in June 2018 in advance of the examination.

Written Examination fees reported for the 2018 financial year were for fewer candidates (67) and the reported income for that year also included an accounting adjustment for calculation of GST and a restatement for prior years in the 30 June 2018 financial statements.

**7. Other income**

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Insurance Claim Proceeds	100,472	-
Gain on Asset Disposals	204	-
<b>Total Other Income</b>	<b>100,677</b>	<b>-</b>

As per Note 5, the Kaikoura Earthquake in November 2016 required Council to relocate its operations from its shared premises at 80 The Terrace. The Business Interruption claim for costs associated to this relocation was settled in full and final by Council's insurer in December of 2018.

**8. Registration and discipline Costs**

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Registration	230,642	128,621
Discipline	332,181	413,491
Competence and health	12,864	29,653
<b>Total Registration and Discipline</b>	<b>575,687</b>	<b>571,765</b>

Registration costs in 2019 reflect fees payable directly to the Australian Pharmacy Council on behalf of candidates for delivery of the Intern Written Examination in July 2018.

Disciplinary costs were lower in 2019 due to slower than expected progress of individual PCC and HPDT cases.

<b>Disciplinary Caseload</b>	<b>In Process @ 30Jun18</b>	<b>Opened This Year</b>	<b>Prior Year Cases Closed</b>	<b>Current Year Cases Closed</b>	<b>In Process @ 30Jun19</b>
PCC	7	5	2	0	10
HPDT	2	5	2	0	5
<b>TOTAL</b>	<b>9</b>	<b>10</b>	<b>4</b>	<b>0</b>	<b>15</b>

## 9. Operating and administration

Operating and administration expenses include the following specific expenses:

	<b>2019 \$</b>	<b>2018 \$</b>
Accountancy advice	1,080	6,853
Amortisation costs	142,408	73,543
Audit fees	13,364	11,845
Bank fees	691	774
Bad debts and debt collection	266	77,222
Depreciation	27,779	29,398
Eftpos fees	49,941	54,224
Information technology costs	130,829	110,102
Insurance	i. 14,324	53,668
Interest	-	10,608
Legal costs	20,791	6,343
Loss on write off / disposal of assets	ii. 94,266	-
Premises and occupancy costs	193,547	147,052
Onerous lease provision	ii. 456,695	-
Sundry costs	13,849	9,644
Personnel costs	1,331,474	1,343,547
Printing and stationery	10,902	13,584
Postage and courier	3,533	4,141
Telecommunications	11,290	12,130
	<b>2,517,030</b>	<b>1,964,678</b>

- i. Includes costs incurred in 2018 associated to Council's Business Interruption insurance claim for 80 The Terrace (finalised December 2018)
- ii. Council has made a provision to write off the remaining lease commitment (to 31 October 2023) and the residual value of the original fit-out costs.



## 10. Auditor's remuneration

Baker Tilly Staples Rodway provides audit services to the Council. The audit fees charged for the 2019 audit were \$12,614 (2018: \$11,845).

Non-audit services are not provided by Baker Tilly Staples Rodway.

## 11. Cash and cash equivalents

Cash and cash equivalents include the following components:

	2019 \$	2018 \$
Cash at bank	323,693	267,470
<b>Total Cash and Cash Equivalents</b>	<b>323,693</b>	<b>267,470</b>

## 12. Short-term investments

	2019 \$	2018 \$
Term deposits – Maturing within 12 months of balance date	2,250,000	2,300,000
<b>Total Short-Term Investments</b>	<b>2,250,000</b>	<b>2,300,000</b>

## 13. Intangible assets

2019	Website \$	Software \$	Total \$
Cost	64,229	518,003	582,232
Accumulated depreciation	59,877	259,160	319,037
<b>Net book value</b>	<b>4,352</b>	<b>258,843</b>	<b>263,195</b>

2018	Website \$	Software \$	Total \$
Cost	64,229	448,684	512,913
Accumulated depreciation	53,348	123,281	176,629
<b>Net book value</b>	<b>10,881</b>	<b>325,403</b>	<b>336,284</b>

Reconciliation of the carrying amount at the beginning and end of the period:

2019	Website \$	Software \$	Total \$
Opening balance	10,881	325,403	336,284
Additions	-	69,320	69,320
Disposals	-	-	-
Amortisation	6,529	135,879	142,408
<b>Closing balance</b>	<b>4,352</b>	<b>258,843</b>	<b>263,195</b>

**14. Property plant and equipment**

<b>2019</b>	<b>Computer Equipment \$</b>	<b>Furniture and Fittings \$</b>	<b>Leasehold Improvements \$</b>	<b>Office Equipment \$</b>	<b>Total \$</b>
Cost	107,360	82,351	-	27,303	217,014
Accumulated depreciation	84,946	57,586	-	19,568	162,100
<b>Net book value</b>	<b>22,415</b>	<b>24,765</b>	<b>-</b>	<b>7,735</b>	<b>54,915</b>

<b>2018</b>	<b>Computer Equipment \$</b>	<b>Furniture and Fittings \$</b>	<b>Leasehold Improvements \$</b>	<b>Office Equipment \$</b>	<b>Total \$</b>
Cost	109,250	76,530	157,040	26,653	369,473
Accumulated depreciation	99,531	54,282	48,379	15,662	217,854
<b>Net book value</b>	<b>9,719</b>	<b>22,248</b>	<b>108,661</b>	<b>10,991</b>	<b>151,619</b>

Reconciliation of the carrying amount at the beginning and end of the period:

<b>2019</b>	<b>Computer Equipment \$</b>	<b>Furniture and Fittings \$</b>	<b>Leasehold Improvements \$</b>	<b>Office Equipment \$</b>	<b>Total \$</b>
Opening balance	9,719	22,248	108,661	10,991	151,619
Additions	18,869	5,821	-	650	25,340
Disposals	-	-	94,266	-	94,266
Accumulated depreciation	6,173	3,305	14,395	3,906	27,779
	<b>22,415</b>	<b>24,765</b>	<b>-</b>	<b>7,735</b>	<b>54,915</b>

**15. Work in progress**

Work commenced during the year on the Compliance Management System component of Council's Business Capability Improvement Plan. At balance date this work had not yet reached the status of a minimum viable product and was not capitalised. Completion of this key element has been planned and budgeted in the new financial year. (2018: \$Nil)

## 16. Related party transactions

Total fees paid to Council members for attending to Council, Council sub committees (FARMC, PCC, and CSC) and working party meetings and participating in other forums, as disclosed below:

	2019 \$	2018 \$
Councillors Fees*	119,693	127,081
Councillors Expenses	28,188	37,553
	<b>147,881</b>	<b>164,634</b>
*Fees paid to Councillors		
A Bauld	7,627	7,950
M Bedford ±	48,684	56,529
M Bennett	9,669	9,945
I Buchanan	8,124	9,770
L Flowers	6,619	7,933
J Galt*	13,725	9,948
V Gurrey	5,635	7,880
J Harrison ±	19,610	7,563
L Te Karu	-	9,564
<b>Total fees paid to Council members</b>	<b>119,693</b>	<b>127,081</b>

Certain council members are also practising pharmacists and deal with the Council on the same basis as other pharmacists.

\*Appointed as independent Chair of FARMC (Finance, Assurance and Risk Management Committee) and attends Council meetings.

± J Harrison took over the role of Council Chair from M Bedford in April 2019.

There were no other related party transactions (2018: nil).

### Key management personnel

The key management personnel, as defined by PBE IPSAS 20 PS Related Party Disclosures, are the members of the governing body which is comprised of the Council Members, Independent FARMC Chair, the Chief Executive, Registrar, Manager Policy & Standards, Manager Qualifications & Competence Assurance and the Manager Finance & Performance, which constitutes the governing body of the Council.

The remuneration paid to Council Members is set out above. The aggregate remuneration of key management personnel and the number of individuals, determined on an FTE basis, receiving remuneration is as follows:

	2019 \$	2018 \$
Total remuneration	755,155	780,770
Number of full-time equivalents (FTE)	5.2	5.3

Remuneration and compensation provided to close family members of key management personnel

During the reporting period, total remuneration and compensation of \$ nil (2018: nil) was provided by the Council to employees who are close family members of key management personnel.

**17. Income in advance**

	<b>2019</b> <b>\$</b>	<b>2018</b> <b>\$</b>
Written Examination	-	147,744
Total Income in Advance	-	147,744

Candidates for the July 2018 Written Examination (299) were required to pay their fees in advance in June 2018. In October 2018 Council sought views on its proposal to discontinue the Intern Written Examination and following the consultation process the prescribed qualification was revoked with effect from 12 November 2018. There were subsequently no fees in advance collected in June 2019.

**18. Leases**

As at the reporting date, the Council has entered the following non-cancellable operating leases

<b>80 The Terrace</b>	<b>2019</b> <b>\$</b>	<b>2018</b> <b>\$</b>
Not later than one year	84,681	112,259
Later than one year and no later than five years	282,268	329,473
Later than five years	-	27,456
	<b>366,949</b>	<b>469,188</b>

<b>125 Willis Street</b>	<b>2019</b> <b>\$</b>	<b>2018</b> <b>\$</b>
Not later than one year	92,823	-
Later than one year and no later than five years	127,632	-
Later than five years	-	-
	<b>220,456</b>	<b>-</b>

The Council is jointly and severally liable with the Dental Council of New Zealand, Medical Sciences Council of New Zealand, New Zealand Medical Radiation Technologists Board, and the Physiotherapy Board of New Zealand, for the premises lease at 80 The Terrace. The total liability is:

<b>Overall Premises Lease – 80 The Terrace</b>	<b>2019</b> <b>\$</b>	<b>2018</b> <b>\$</b>
Not later than one year	341,564	350,802
Later than one year and no later than five years	1,138,548	1,283,642
Later than five years	-	106,970
	<b>1,480,112</b>	<b>1,741,414</b>

The Council is also jointly and severally liable with the Dental Council of New Zealand for the premises sub-lease at 125 Willis Street. The total liability is:

<b>Overall Premises Sub-lease – 125 Willis Street</b>	<b>2019 \$</b>	<b>2018 \$</b>
Not later than one year	185,647	-
Later than one year and no later than five years	255,264	-
Later than five years	-	-
	<b>440,911</b>	<b>-</b>

## 19. Categories of financial assets and liabilities

The carrying amounts of financial instruments presented in the Statement of Financial Position relate to the following categories of assets and liabilities:

	<b>2019 \$</b>	<b>2018 \$</b>
<b>Financial assets</b>		
Cash and cash equivalents	323,693	267,470
Short term investments	2,250,000	2,300,000
Receivables from non-exchange transactions	58,724	47,464
	<b>2,632,417</b>	<b>2,614,935</b>
<b>Financial liabilities</b>		
Accounts payable	75,643	157,452
Accruals	525,751	289,469
Employee entitlements	101,566	95,577
	<b>702,960</b>	<b>542,498</b>

## 20. Accumulated comprehensive revenue and expense

The Council's accumulated comprehensive revenue and expense was separated into a General Fund and a Disciplinary Fund during the 2010/2011 financial year. This was done in response to an increase in disciplinary costs and to provide greater transparency to stakeholders.

<b>General Fund</b>	<b>2019 \$</b>	<b>2018 \$</b>
Opening balance	2,007,369	1,742,535
Movements during the year	(249,358)	264,834
Closing balance	<b>1,758,011</b>	<b>2,007,369</b>
<b>Disciplinary Fund</b>	<b>2019 \$</b>	<b>2018 \$</b>
Opening balance	596,274	684,907
Movements during the year	(16,247)	(88,633)
Closing balance	<b>580,027</b>	<b>596,274</b>
<b>Total accumulated comprehensive revenue and expense</b>	<b>2,338,038</b>	<b>2,603,644</b>



**21. Capital commitments**

There are no capital commitments at the reporting date. (2018: \$Nil).

**22. Contingent assets and liabilities**

There are no contingent assets or liabilities at the reporting date. (2018: \$Nil).

**23. Premises Lease – 80 The Terrace**

As at the reporting date, the Council has made the following provision

Provision for Onerous Lease	2019 \$	2018 \$
Opening balance	-	-
Additional provisions made in this financial year	456,695	-
Amounts incurred and charged against the provision	-	-
Reversal of unused amounts	-	-
<b>Closing balance</b>	<b>456,695</b>	<b>-</b>

As per note 17, the Council is jointly and severally liable for the lease of 80 The Terrace with the Dental Council of New Zealand, Medical Sciences Council of New Zealand, New Zealand Medical Radiation Technologists Board, and the Physiotherapy Board of New Zealand. As the Council continues to meet the lease commitment for 80 The Terrace but is unable to occupy the premises, the lease commitment is considered onerous.

Since balance date the joint Councils have secured a partial sub-let of the premises to an existing tenant of the building for part of the remaining lease term.

The provision has been calculated as the minimum amount payable under the contract, less expected recoveries from sub-letting. As per note 14, the value of office fit-out assets that are associated with the lease has been impaired to nil as at 30 June 2019.

**24. Events after the reporting date**

Aside from ongoing dialogue regarding the premises lease as per Note 23, there are no other events after the reporting date to be disclosed.

# Independent Auditor's Report

Baker Tilly Staples Rodway Audit Limited  
Level 6, 95 Customhouse Quay, Wellington 6011  
PO Box 1208, Wellington 6140  
New Zealand

**T:** +64 4 472 7919  
**F:** +64 4 473 4720  
**E:** wellington@bakertillysr.nz  
**W:** www.bakertillysr.nz



## INDEPENDENT AUDITOR'S REPORT TO THE READERS OF THE PHARMACY COUNCIL OF NEW ZEALAND'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

The Auditor-General is the auditor of the Pharmacy Council of New Zealand (Pharmacy Council). The Auditor-General has appointed me, Chrissie Murray, using the staff and resources of Baker Tilly Staples Rodway Audit Limited, to carry out the audit of the financial statements of Pharmacy Council on his behalf.

### Opinion

We have audited the financial statements of Pharmacy Council, that comprise the statement of financial position as at 30 June 2019, the statement of comprehensive revenue and expense, the statement of changes in net assets and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information.

In our opinion the financial statements of the Pharmacy Council, present fairly, in all material respects:

- its financial position as at 30 June 2019; and
- its financial performance and cash flows for the year then ended; and
- comply with generally accepted accounting practice in New Zealand and have been prepared in accordance with Public Benefit Entity Standards Reduced Disclosure Regime

Our audit was completed on 11 November 2019. This is the date at which our opinion is expressed.

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

### Basis of opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the Auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of the Council for the financial statements

The Council is responsible for preparing financial statements that are fairly presented and that comply with generally accepted accounting practice in New Zealand.

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

In preparing the financial statements, the Council is responsible on behalf of Pharmacy Council for assessing Pharmacy Council's ability to continue as a going concern. The Council are also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to liquidate Pharmacy Council or to cease operations, or there is no realistic alternative but to do so.

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

Baker Tilly Staples Rodway Audit Limited, incorporating the audit practices of Christchurch, Hawkes Bay, Taranaki, Tauranga, Waikato and Wellington.

Baker Tilly Staples Rodway Audit Limited is a member of the global network of Baker Tilly International Limited, the members of which are separate and independent legal entities.



### **Responsibilities of the auditor for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of these financial statements.

We did not evaluate the security and controls over the electronic publication of the financial statements.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Council and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Pharmacy Council's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Pharmacy Council to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibility arises from section 15 of the Public Audit Act 2001 and section 134(1) of the Health Practitioners Competence Assurance Act 2003.

### **Independence**

We are independent of Pharmacy Council in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1 (Revised): *Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board.

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

A handwritten signature in blue ink that reads 'Baker Tilly Staples Rodway'.

Chrissie Murray  
Baker Tilly Staples Rodway Audit Limited on behalf of the Auditor-General  
Wellington, New Zealand

# Contact details

## Pharmacy Council

Physical address:

Level 8 Kordia House 109 Willis Street  
Wellington 6011

Postal address:

PO Box 25137  
Wellington 6140

Web: [pharmacycouncil.org.nz](http://pharmacycouncil.org.nz)

Email: [enquiries@pharmacycouncil.org.nz](mailto:enquiries@pharmacycouncil.org.nz)

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## Barristers and Solicitors

### Claro Law

PO Box 11455  
Wellington 6142

### Chapman Tripp

PO Box 933  
Wellington 6140

### Kensington Swan

PO Box 10246  
Wellington 6143

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## Bankers

### ANZ Banking Group (New Zealand) Ltd


215–229 Lambton Quay  
Wellington 6011

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## Auditors

### Staples Rodway, Wellington

PO Box 1208  
Wellington 6140



Protecting the health, safety and wellbeing  
of the public by ensuring pharmacists are  
competent and fit to practise.

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