



2018 Annual Report



At a glance

3,787	Practising pharmacists (as at 30 June 2018)
259	New pharmacists registered over the last year
236	Intern pharmacists registered over the last year
54.6%	The proportion of practising pharmacists under the age of 40
65.5%	The proportion of practising pharmacists that are female
7.89	Practising pharmacists per 10,000 population
7	Submissions made by the Pharmacy Council in response to a variety of health policies and discussion papers
18	Formal complaints about pharmacist practice or conduct were triaged by the Pharmacy Council
300	Practice queries from pharmacists
125	Informal queries or concerns about pharmacist practice or conduct were resolved
45	Cases from Health and Disability Commissioner (HDC) managed
17	Cases investigated by Professional Conduct Committee (PCC)
5	Cases heard at the Health Practitioners Disciplinary Tribunal (HPDT)

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Chair and Chief Executive report

The pace of change in the pharmacy sector continues to gather momentum and the Pharmacy Council continues to move with that momentum through the principles of right touch regulation. Being a proactive and enabling regulator is our part in helping the sector to take-up opportunities but we remain focused on ensuring public safety is not compromised.

We are proud to report that the Pharmacy Council continues to make significant enhancements in how it meets the legal requirements it must deliver upon, within a changing sector. We appreciate that if the sector is changing and the Pharmacy Council needs to be ahead of this, we must ensure regulation continues to adapt to fit its purpose.

The pharmacy sector is well served by various organisations (including the Pharmacy Council) but it is essential that there needs to be more sector-wide collaboration outside of individual organisations to ensure that our profession is well placed to serve the needs of the public.

We are seeing an ever-increasing number of opportunities for our profession and without sector wide collaboration these opportunities may be taken up by other professions to the detriment of pharmacy. The Pharmacy Council will be a willing participant in this collaborative effort. One of the biggest challenges may be finding a funding model that recognises the importance of the new services that pharmacy can offer.

During 2017/18 we have continued to lay the foundations to greater and more “right touch” regulation, including:

- Debating and offering views to the Ministry of Health on proposed policy changes around the Medicines Act, to help ensure clarity of responsibility from regulatory perspective and the role that each regulator has in the sector.
- Understanding future roles of pharmacists and for the regulator, what skills and competencies are required to maintain safe effective practice. In parallel, we have also developed a deeper understanding of risk and what mitigation may be required to minimise the possible harm to public safety.
- Consideration of additional scopes of practice, including: Pharmacy Accuracy Checking Technicians.
- Commencing consideration of the issues internationally and locally on recertification methods and their relative merits of effectiveness.
- Continuing our business capability improvement programme which is fundamentally driving towards facilitating and enabling better right touch regulation through learning where the greatest risks are and what needs the more targeted regulatory attention.

We have also successfully delivered several fundamental changes that have had an immediate impact, including:

- Registered over 3,700 practising pharmacists and just over 1,000 non-practising pharmacists. Managed just over 100 complaints and progressed just under 10 more serious disciplinary matters.
- Revised Code of Ethics – seven principles now in effect set the expectations framework for the profession. These principles are also expressed in te reo Māori which fundamentally supports the cultural competency expectations of the Council.
- Maintaining and monitoring the fact all New Zealand pharmacy education programmes are accredited without conditions.
- Refined the APC online for pharmacists and enabled graduates, interns and overseas applicants to register online.

Aside from the core deliverables we are proud of the contributions we have made to some of the wider sector forums / discussions, including:

- Participation and ability to offer views related to public safety on the development of the Community Pharmacy Services Agreement.
- Member of the Heads of Schools of Pharmacy and Other Organisations of Pharmacy and Pharmacy Response to Implementation
- Engagement around the country with the sector on some of the key strategic areas of the Pharmacy Council's work.

Financial Outcome

Council achieved a better financial outcome than expected. A surplus of \$176,201 was achieved versus a budgeted deficit of \$181,000. This has helped to support the Council's reserves and is testament to the Council's prudent financial management that areas of work have not progressed any faster than alignment with the sector. Some project work has been deferred to the next financial year, which was the main contributor to the underspend. The Council's financial position has been strengthened to cope with the increased workload. We are well placed to ensure successive years continue to achieve important outcomes for public safety through fit and competent pharmacists.

Thanks

It was a great loss to the Pharmacy Council that Leanne Te Karu resigned during 2017/18 as a Council member. Leanne was a great asset to the Council, but we are comforted by the fact we know she continues her great work for the profession through many other avenues. Our sincere thanks to Leanne and best wishes for the future. We are grateful that Dr Jeff Harrison has taken up the role of Deputy Chair.

On behalf of the whole Council we would like to offer our sincere thanks to all those who have contributed to the hard work and great results. This gratitude and appreciation is extended to Council members themselves, the committed and passionate Council operational team; and the more than 100 pharmacists who have contributed to the Council's work through various contractual arrangements.



Mark Bedford
Chair



Michael Pead
Chief Executive



An overview of the Pharmacy Council





Pharmacy Council members

From back left to right:

- | | |
|----------------|--|
| Iain Buchanan | B.Pharm, RegPharmNZ. First term, appointed 17 December 2015, current term ends 16 December 2018 |
| Jeff Harrison | BSc Hons (Pharmacy), PG Dip Clin Pharm, PhD (Surgery), PG Cert (Clin Ed), (Deputy Chair, from 3 May 2018), second term, first appointed 8 November 2012, current term ends 16 December 2018. |
| Arthur Bauld | (Ngāti Wai/Ngāpuhi/Te Rarawa/Ngāti Toa/Ngāti Raukawa) DipPharm, RegPharmNZ. First term, appointed 17 December 2015, current term ends 16 December 2018. |
| Mark Bedford | DipPharm, RegPharmNZ, AFNZIM (Chair – from December 2015). Third term, first appointed 1 October 2009, current term ends 30 September 2018. |
| Leanne Te Karu | Muaupoko/Whanganui DipPharm (Distinction), PG Cert Pharm (Prescribing), PG Cert, Pharm (Herbal Meds), PG Dip ClinPharm (Distinction), MHSC (Hons), RegPharmNZ. (Deputy Chair to 3 May 2018). Second term, first appointed 25 August 2011, resigned May 2018. |

and also

- | | |
|-----------|---|
| Jeff Galt | B.Com (Hons). Independent Member. Finance Audit and Risk Management Committee (FARMC) Chair |
|-----------|---|

Seated from left to right:

- | | |
|------------------|---|
| Lynnette Flowers | QSM. Lay member. First term, appointed 17 December 2015, current term ends 16 December 2018. |
| Viv Gurrey | Lay member. Second term, first appointed 8 November 2012, current term ends 16 December 2018. |
| Michael Pead | Chief Executive |
| Marie Bennett | Dip Pharm Distinct, MNZCP, FPS, RegPharmNZ. Second term, first appointed 8 November 2012, current term ends 16 December 2018. |

Council members are appointed by a process outlined in the Act and confirmed by the Minister of Health for an initial three year term and 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 Audit 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 (HPCAA) are met. To ensure these requirements 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, the profession and the public in the performance of its functions.

In the period 1 July 2017 to 30 June 2018 five full Council meetings were held in Wellington. Additionally, the Council met for one special meeting via teleconference and considered many decisions (outside of meetings) via an Electronic Resolution process. Subcommittees of the Council also met throughout the year.

Our role is supported by our Mission and Vision, which we aim to achieve through six strategic themes. The Mission, Vision and Values are consistent with the Council's Organisational Strategy 2016–2020.

Pharmacy Council representation on outside bodies:

- Heads of Schools and Professional Organisations in Pharmacy (HOSPOP) – *Chair and Chief Executive*
- Otago University School of Pharmacy, Board of Studies – *Deputy Chair*
- University of Auckland School of Pharmacy, Board of Studies – *Manager Qualifications and Competence Assurance*
- Pharmacy Accuracy Checking Technicians Advisory Group – *Manager Policy and Standards*
- Compounding Advisory Group – *Manager Policy and Standards*
- Pharmacy Reference Group for the Implementation of the Strategy for Māori Health (PRISM) – *Chair and Chief Executive*
- Australian Pharmacy Council (APC) – Council member as a director of APC – *Chair*
- Health Regulatory Authorities of New Zealand (HRANZ)
 - Strategic – *Chair*
 - Operations – *Chief Executive and/or Registrar*

Pharmacy Council's Organisation Strategy 2016–2020

Enhanced health outcomes is our mission

We do this by ensuring pharmacists are competent and fit to practise.

Improved wellbeing is our vision

We'll achieve this through safe, effective pharmacy practice.

We'll achieve this through our strategic themes

Over the next five years we will:

- ensure pharmacists are skilled, educated and qualified to practise safely within current models of practice and are adequately prepared for evolving models of care
- promote and support collaboration and integration within the New Zealand health system
- strengthen our engagement with stakeholders and enhance confidence in Council
- support safe innovation in pharmacy practice in response to New Zealand's changing health landscape
- drive operational excellence
- deliver best practice governance

We'll know we've succeeded through these measures

- we increase collaborative opportunities and engagement with our stakeholders
- standards, guidelines and policies are responsive to current practice and consider evolving models of care
- we have no successful legal challenges to our decisions or processes
- our strategic initiatives are achieved in line with the annual business plan and budget

These are our values

Respectfulness | Collaboration | Fairness | Accountability | Excellence

The Pharmacy Council's operational team

The Pharmacy Council's workplan is enacted by a team employed either full time or part time (6 of the 15 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. This year Council employees increased by 2.5 full time equivalent positions compared to 2017/18 (1.5 FTEs to ensure significant projects were progressed).



Michael Pead (Chief Executive)



Owain George (Registrar)

Chief Executive	Overall responsibility for strategic and operational functions of the Pharmacy Council
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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.
Assessments Manager	Responsible for the quality of the Objective Structured Clinical Examination (OSCE) Assessment Centre and written exams for interns and overseas pharmacists seeking registration in New Zealand.

Scope and Standards

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

Registrations, Complaints and Discipline

Registrar	Overall responsibility for the regulatory functions under the HPCAA.
Senior Case Manager	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.
Registrations Officer (Notifications and Complaints)	Assists the Registrar and Senior Case Manager in the implementation of procedures relating to Registrations, Fitness to Practise and Complaints.
Registrations Officers x 2	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

Manager Finance and Performance	Manages the finance team and is responsible for the overall financial and accounting policies and procedures.
Accounts Assistant	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.
Executive Assistant	Provides support to the Chief Executive and Council and manages the office resources.
Administrative Assistant	Provides support to the Executive Assistant and operational team.
Communications Coordinator	Provides support and advice regarding communications, media releases, stakeholder engagements.

The Pharmacy Council's functions

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

What the Pharmacy Council does

The Pharmacy Council ('Council') was established under the Health Practitioners Competence Assurance Act 2003 (HPCAA) and has a duty to protect public safety and promote best pharmacist practice. Section 118 of the Act lists functions of health regulators. The Council's structure and activities embody these functions in four areas.

The Council will continue to deliver its organisational strategy (2016–2020) and contribute to achievement of the Ministry of Health's Pharmacy Action Plan (2016–2020).

The pharmacist's role is expected to continue to expand and evolve over the coming years as part of the wider interprofessional health team supporting patients to manage their health and well-being.

“Pharmacists have been identified as having an increasingly important role in the primary care team”

Ministry of Health Pharmacy Action Plan (2016-2020)

The Council is continuing to support the increasingly important role of pharmacists through ensuring we have a regulatory framework that is proactive and enabling based on right touch regulatory principles.

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 studies, or 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.



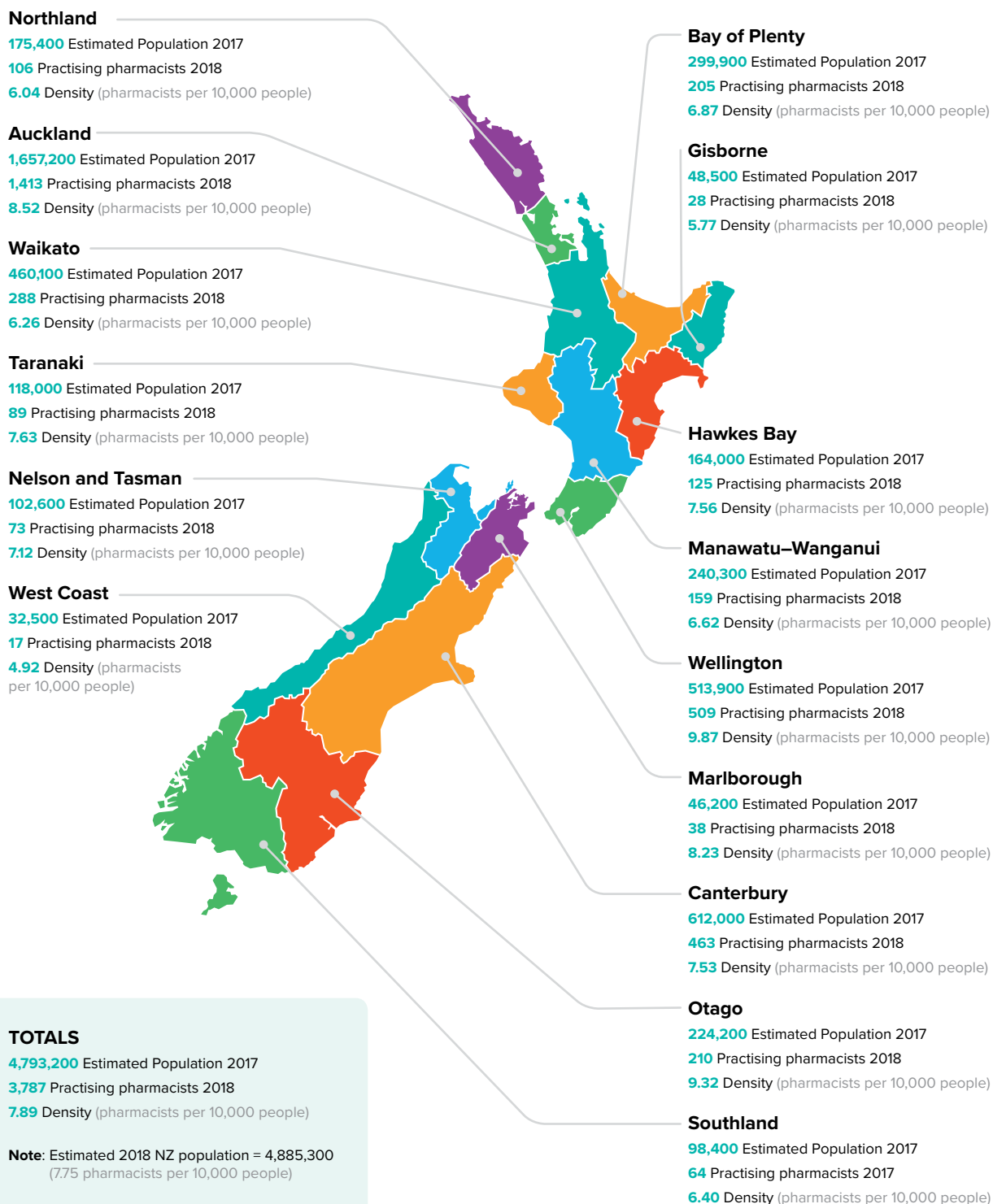
Snapshot of the pharmacy profession

Under the HPCAA we are required to maintain a register of pharmacists. We use registration to produce an annual demographics report that provides statistics about the demographic and geographic spread of pharmacists across New Zealand.

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 regional heat map shows considerable variation in the workforce density. This could be further exacerbated given the lower population density in rural regions. Regional estimated population data for 30 June 2017.

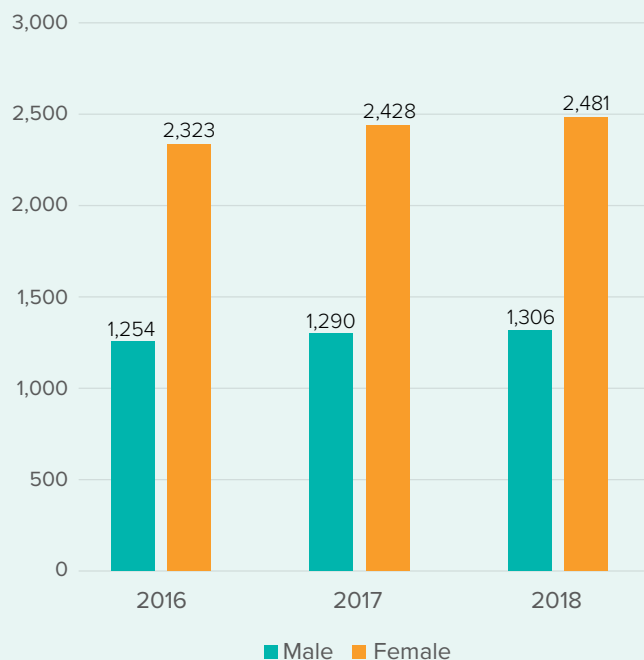


Gender and age

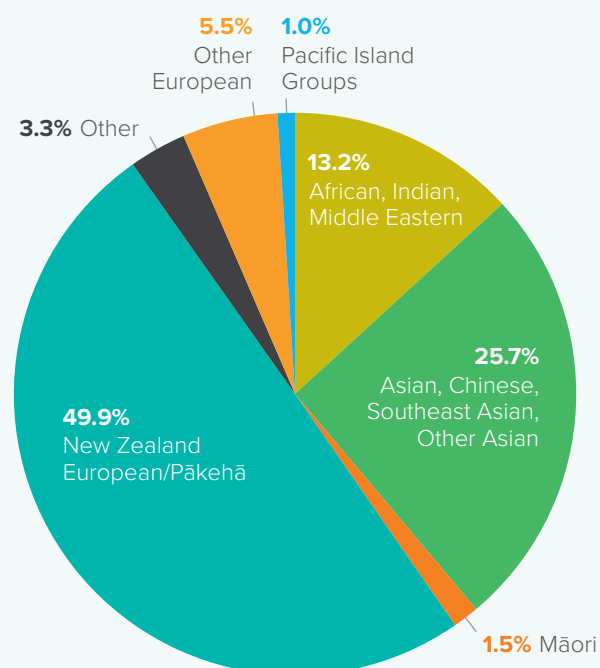
Age	Male	Female	Total
20–29	325	731	1,056
30–39	342	670	1,012
40–49	212	483	695
50–59	217	424	641
60–69	166	163	329
70–79	41	10	51
80–89	3	0	3
TOTAL	1,306	2,481	3,787

The following graph shows the change in gender distribution of practising pharmacists from 2016-2018:

Gender of practising pharmacists



Ethnicity



Trends and observations

Further workforce demographic material can be found on the Council's website pharmacycouncil.org.nz. We've highlighted a few trends that may stimulate further discussion.



Assurance of qualifications and competence

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.

The year in review

- Four pharmacy education programmes accredited without conditions
- Intern written examination delivered September, March and July
- Assessment Centre delivered November and May
- Law and Ethics Interviewers' training workshop
- Two Education Forums for providers of accredited pharmacy programmes

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 two Council assessments.

Educational programmes

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

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 an accreditation recommendation to the Council.

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.

Accredited programmes are listed on the Council's website:
pharmacycouncil.org.nz/Education-providers/Accreditation

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 Pharmacy Prescriber programme, 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

2017	2018	% Change
234	236	<1%

Council assessments

Intern pharmacists

In addition to completing the EVOLVE intern training programme (ITP), intern pharmacists are required to pass two Council assessments that are prescribed qualifications for Pharmacist registration.

- **Written Examination:** The Written Examination assesses clinical knowledge, application of pharmaceutical calculations, health and medicine management, supply and administration of medicines and professional practice in pharmacy.
- **Assessment Centre:** Intern pharmacists undertake this assessment once they have completed the ITP and have passed the Written Examination. The Assessment Centre 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.

The materials for both Council assessments 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 results – year ended 30 June 2018

	Assessment Centre	Written Exam
Assessed	287	296
Passed	241	239
Pass Rate	83.9%	80.7%

Intern Assessment Advisory Committee (IAAC)

This subcommittee 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.

Committee Members:

M Bennett *Committee Chair*

A Kurth *Pharmacist*

J Sheridan *Pharmacist*

D Wright *Pharmacist*

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 and 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 are also required to 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 assessment is delivered by the Council in collaboration with a pool of pharmacists, who help to develop the interview questions and who act as interviewers contracted to the Pharmacy 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 2018

	KAPS ¹	CAOP	Law and Ethics ²
Assessed	25	14	44
Passed	14	11	44
Pass Rate	56%	78.5%	100%

Other registration requirements

The HPCAA requires the Pharmacy Council to be satisfied that a pharmacist's ability to communicate in, and comprehend English, is sufficient to protect the health and safety of the public.

The Council may require an intern pharmacist to provide additional evidence of their English competency. A small number of interns have undertaken remediation in English during the 2017/18 year.

1. The KAPS examination comprises two papers. Figures represent individual papers sat, passed and failed.
2. 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 the 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 complete a declaration to confirm they have met the Council's recertification requirements. Recertification requirements include declarations relating to health and conduct, attestation to minimum hours of practise 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.

The Council is responsible for determining whether a pharmacist is practising competently and, where they are deemed to be performing below the required standard, identifying 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.

There are 3,787 in the pharmacist scope, 19 in the prescriber scope and 236 in the intern scope.

Looking ahead

- Monitor accredited pharmacy education programmes
- Review of accreditation standards
- Implementation of Intern Policy
- Completion of review of Written Examination
- Delivery of assessments for registration
- Review of Competence Assurance
- Education Forums for providers of accredited pharmacy programmes
- Renewal of contract for accreditation education and recommendation services provided by the Australian Pharmacy Council
- Review of the Council's approach to assurance of ongoing competence of pharmacists
- Assessment of intern pharmacists (Objective Structured Clinical Examinations and Written Examinations)
- Mid-year CPD quality review
- Review of accreditation standards for New Zealand intern training programmes



Scope and Standards

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

The year has seen significant research, engagement and analysis to ensure we understand new and emerging areas of pharmacy practice in New Zealand. This understanding is being used to consider what regulatory mechanisms might be necessary to ensure that pharmacists continue to be provided with the standards, codes and guidelines that support safe practice.

We benefit from close collaboration with our sector partners and we are dependent on high quality information from pharmacists who work in different settings, roles and deliver a variety of models of care. We gathered essential information from practising pharmacists at each of nine venues around New Zealand in May 2018.

Informing Safety, Medicines and Competence Issues

As well as larger projects, the Council keeps the profession informed about safety, medicines and competence issues through its newsletters, public statements and website.

Topics for newsletter articles usually come from practice queries through our website, telephone calls and Health and Disability Commission (HDC) notifications. Throughout the 2017/18 year, we published five newsletters which included the following pharmacy- related articles:

July 2017 newsletter

- Certificates of training as evidence of qualification
- Cultural competence
- Safe and legal supply of pharmacist only medicines

October 2017 newsletter

- Code of Ethics review update
- Certificates of Training
- Safe and legal supply of pharmacist only medicines
- Medication safety
- Correct prescriber details
- Oral contraceptive training for pharmacist only supply
- Cultural competence professional development example

December 2017 newsletter

- Advertising
- Complementary and Alternative Medicines (CAM) statement
- Accreditation of a continued education activity

March 2018 newsletter

- Code of Ethics 2018
- Complementary and Alternative Medicines statement
- Compounding Advisory Group update
- Pharmacist prescribers can issue medical or sick leave certificates
- Vaccinations
- Safety Alert – Atropine eye drops 0.01%
- Safety Alert – Arthrem soft gel caps 150mg

June 2018 newsletter

- Pharmacist vaccinators
- First aid requirements for pharmacists
- Safety alert – high-user shelves/fast movers sections
- Safety alert – tramadol oral drops
- Cultural competence 2019 recertification requirements

The Pharmacy Council also fielded over 300 practice queries from pharmacists and other health professionals. Many related to Council practice standards, legislation and pharmacist competence including:

- Requirement to identify dispenser and checker on prescriptions
- Sales of Dispensing Only packs over the counter
- Emergency Contraceptive Pill (ECP) dosing for women over 70kg
- First aid requirements
- Pharmacist vaccinator requirements
- Midwifery prescribing scope queries
- Prescribers writing Medical Practitioner Supply Orders (MPSOs) for family members
- Sildenafil supply by pharmacists
- Supervision of pharmacies – non-pharmacist staff or labourers accessing pharmacy after-hours
- Management of fraudulent prescriptions
- Safety of colchicine dispensing
- Concerns about pharmacist workload
- Labelling requirements for dispensed medicines
- Requirements for pharmacist prescriber registration
- Storage of controlled drugs in rest homes
- Advertising of prescriptions
- Comparative advertising practice
- Midwife prescribing for patient's partner
- Pharmacist scope of practice (relating to innovative service development)
- Discounting/marketing of prescription charges
- How to assist colleague with frequent near misses
- Safe disposal of medicines
- Returned controlled drugs

Where practice queries related to common themes, educational material in the form of newsletter articles, sector alerts, joint sector guidelines or statements etc were circulated and placed on our website. Practice queries and feedback or concerns about pharmacy-related topics are welcomed as they provide an opportunity to share information with the profession, improve practice standards and reduce patient risk. The Council acknowledges the pharmacists who have contacted us over the past year, alerted us to practice concerns and enabled proactive management.

Review of Code of Ethics

During the 2017/18 period the Code of Ethics underwent a comprehensive review, utilising input from international pharmacy organisations, working groups, focus groups, key stakeholders, and feedback from a full public consultation. The more principle-based Code of Ethics was published in February 2018 and included the principles published in Te Reo. The detail relating to practice aspects will be incorporated into statements which can be updated more frequently as needed to reflect changes in current practice. As part of the Code of Ethics review a comprehensive Complementary and Alternative Medicines (CAM) statement, including protocol to be followed by pharmacists undertaking CAM consultations with patients, was developed and published alongside the Code.

First year pharmacy students at Auckland and Otago Universities were provided with signed copies of the principles in English and Te Reo during their white coat ceremonies in February 2018 as part of their introduction to the professional and ethical obligations expected of future pharmacists.

The Council is delighted with the modernised Code of Ethics 2018 which has now been embedded into all other Council documents and processes.

Regular review of guidelines and statements is vital to ensure content is current and accurate. During the year, the following documents were updated:

- Complementary and Alternative Medicines Statement
- Council and Society joint Advertising Guideline (insertion of Council statement)

Reviews initiated

The Pharmacy Council has started the review process for the Advertising, Telehealth, and Supply of Medicines over the Internet statements to reflect the increased use of telehealth patient interactions and supply of medicines by courier directly to the patient.

The Council believes that face to face consultations are best but recognises that technological advancements have improved the nature and quality of telehealth interactions. Such interactions are facilitating increased access to healthcare by patients who due to geographical isolation or mobility problems, currently have restricted access to health professionals. The principles of the Code of Ethics will apply regardless of the mode of patient interaction and medicine supply, with expectations that robust interactions that optimise patient safety and health outcomes will be the primary focus of the use of telehealth modes of service delivery. In no way should patient care or safety be compromised by the mode of patient interaction.

Joint statements and policies

The Pharmacy Council collaborates with other organisations to develop joint statements to optimise resources and expertise for the benefit of the pharmacy profession. For example, the Pharmacy Council and the Nursing Council have been working on a joint statement outlining Nursing Scopes and Pharmacist Scopes, clarifying how respective health professionals understand each other's roles in a more collaborative work environment.

The joint Midwifery and Pharmacy Council statement is currently under review and an updated version is due for publication late 2018.

The Pharmacy 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 Pharmacy Council Medicines Reclassification Process

The Council's medicines reclassification process has been approved by the Medsafe Medicines Classification Committee (MCC) and will be incorporated into the Medsafe document, 'How to change the legal classification of a medicine in New Zealand' which is currently undergoing a review. When the revised process is published by MCC, the Pharmacy Council will publish the Council and Society Framework on its website. The Framework will be utilised jointly to review future medicine reclassification proposals (from prescription to restricted medicines) and advise the committee whether any formal training is required for pharmacists to safely supply a medicine. If training is required, the Council and Society report will advise MCC with detail and scope of any training programme.

Looking ahead

- Understanding and development of likely changes to standards resulting from Therapeutics Products regulation
- Monitoring of competence standards to detect likely changes or requirements for new scopes of pharmacist practice
- Competence standard mapping for emerging pharmacist roles
- Consultation on Code of Practice for Clinical Pharmacist in General Practice
- Implementation of programme to upskill pharmacists in quality improvement and quality management systems
- Review of Pharmacist Prescriber qualification pathway
- Analysis of dispensing error trends and open culture of error and near miss reporting
- Understanding the competencies required for effective roles of pharmacist responsibility
- Review of medicines management framework
- Identifying and quantifying potential sources of risk to public safety from models of pharmacist practice and the systems or competencies that effectively mitigate the risk.

Registration, complaints and discipline



The year in review

- 'APC Online' was successfully used for recertification (i.e. renewal of APC).
- Further phases of business capability improvements were undertaken, including online registration of intern pharmacists and new pharmacists.
- 236 graduates were registered in the Intern Pharmacist scope.
- 259 new pharmacists were registered.
- 5 pharmacists were registered in the Pharmacist Prescriber scope. 3,787 pharmacists received APCs.
- 45 pharmacists had conditions on their scope of practice.
- 125 informal queries or concerns regarding pharmacists' practice or conduct were received and responded to.
- 45 formal complaints were received from the Health Disciplinary Commissioner (HDC) assessed and action taken.
- The Complaints Screening Committee (CSC) triaged 10 formal complaints, while 10 new complaints were investigated by the Professional Conduct Committee (PCC) (in addition to seven ongoing investigations).
- Quality Review of CPD records was conducted for a sample of pharmacists

Registration:

Graduates of the Bachelor of Pharmacy qualification can begin the process of registering to be a pharmacist. This involves completing a formal intern training programme and passing two Council assessments.

Registration and movements on and off the practising register

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

As at 30 June 2018, there were 5,118 pharmacists on the Register

Register numbers as at 30 June	2013	2014	2015	2016	2017	2018
Practising pharmacists	3,351	3,406	3,502	3,577	3,718	3,787 ³
Non practising pharmacists	978	1,005	1,112	1,132	1,068	1,095 ⁴
Intern pharmacists	223	218	235	238	234	236
TOTAL	4,552	4,629	4,849	4,947	5,020	5,118

3. Includes 19 pharmacist prescribers

4. Includes 2 pharmacist prescribers

The following table shows the numbers registered, by registration route, from 2013–2018:

Registrations route	2013	2014	2015	2016	2017	2018
Graduates (New Zealand and Australia)	186	200	194	206	204	234
TTMRA (Australia)	10	8	4	9	8	15
REQR (Canada, Ireland, Northern Ireland, UK, USA)	8	11	12	9	13	8
Non REQR (other overseas)	11	6	7	6	4	2
TOTAL	215	225	217	230	229	259

Changes for the last year include:

- The number of practising pharmacists at 30 June 2018 increased to 3,787; up 69 (1.9%) from 30 June 2017.
- Since 2013, the number of practising pharmacists has increased by 436 (11.6%).
- 259 new registrations were processed; an increase of 30 (13.1%) from 30 June 2017, with a notable increase in the number of Australian pharmacists registering in New Zealand.
- 101 pharmacists returned to practice.
- 179 pharmacists were removed from the Register. The reasons for removal were personal requests, Council revisions and the death of two pharmacists.

Conditions

Placing a condition on a pharmacist's scope of practise is one mechanism to ensure safe practice for various reasons. During the year, 45 pharmacists had conditions on their scope of practice, with the condition type changing for two pharmacists during the year:

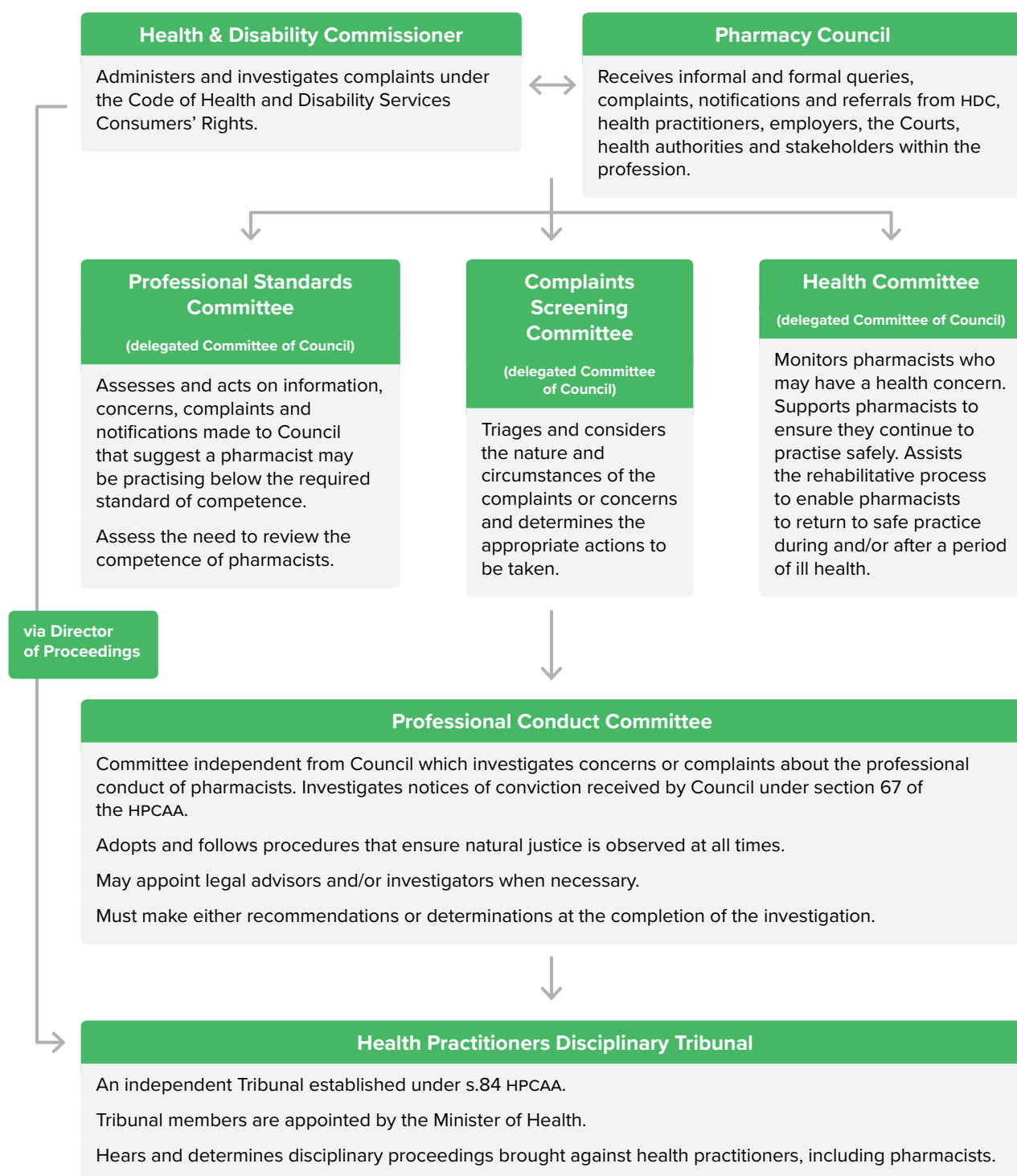
Conditions placed at time of application because of policy	
Supervision – overseas qualified	8
Supervision – return to practice (>3 years)	24
Limited scope – practise excludes provision of direct-patient services	5
Conditions placed on case-by-case basis	
Health	4
Competence	1
Interim Measure (section 69 of HPCAA)	2
Health Practitioner Disciplinary Tribunal order	3
TOTAL	47

Complaints and discipline:

The Pharmacy Council is responsible for determining whether a pharmacist is practising competently and, where they are deemed to be performing below the required standard, identifying specific areas where they need to raise their competence levels.

Health and conduct

Health and conduct process



Health, competence, fitness to practise and conduct

The HPCAA provides the Pharmacy Council with the framework and mechanisms to act when information is received that raises one or more 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.

The Council notes an increase in the number of concerns, queries or complaints received during the 2017/2018 year.

In the year ending 30 June 2018 a total of 125 informal queries or concerns regarding pharmacist practice or conduct were received by the Council team.

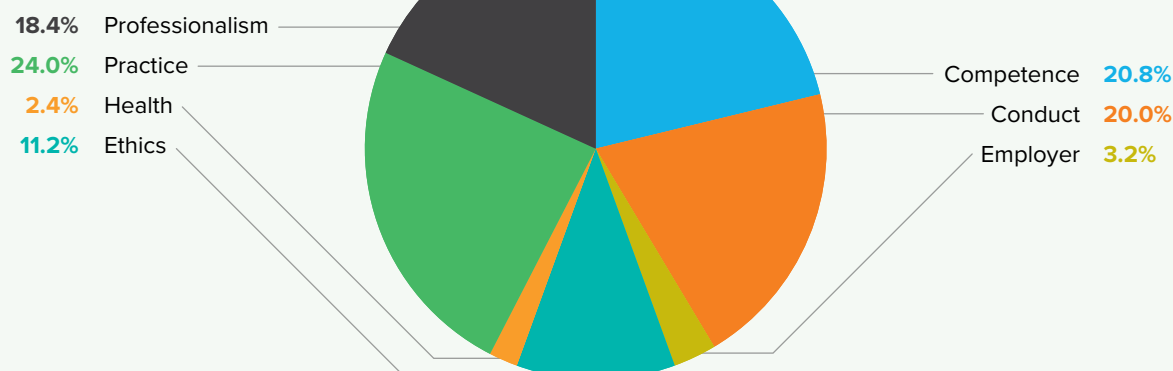
Of these, two were from other health professionals, 67 were from pharmacists, 50 from members of the public and eight from other sources.

The Council received five complaints from pharmacists relating to concerns about prescribing behaviour of other health professionals and these were managed by the Council and referred to the respective regulatory authority where applicable. Two complaints were from pharmacists regarding rude and abusive patients who had threatened to report the pharmacist to the Council if their demands were not met.

Most related to informal queries or concerns and were resolved in most cases by the Manager Policy and Standards or Practice Advisor 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 stat 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.

Of the 125 queries or concerns received regarding pharmacist practice or conduct:

Queries and Informal Complaints



The Pharmacy Council received four concerns raised relating to employment conditions/contractual arrangements. As the Council cannot advise on employment contracts or arrangements between employers and employees these were referred to the appropriate organisations. Eight complaints included reference to pharmacist concerns about workplace pressures and alleged unprofessional conduct by their employer.

Some of the pharmacy practice concerns from the public handled by the Council over the 2017/18 year included:

- Overcharging for prescriptions
- Incomplete prescriptions
- Dispensing errors
- Short supplied medication due to national shortages
- Efficacy of generic substitution
- Lack of patient privacy
- Internet advertising of medicines

Formal complaints received by the Council which relate specifically to the health of a patient must be referred to the HDC under the provisions of the Act. HDC also receive 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 Council was advised of 18 complaints (involving 18 pharmacists) by the HDC during the year. The Council assessed each complaint and agreed on the required course of action. Of the total 18 complaints, 9 (8 pharmacists) were resolved during the year. A further 27 complaints (29 pharmacists) that were ongoing from previous years were also resolved. The total number of cases resolved last year was 36 (37 pharmacists).

At 30 June 2018 there were a total of 9 cases (10 pharmacists) that remained ongoing. Six cases are from last year and three from the previous year. The total number of cases managed over the period was 45 (47 pharmacists).

The majority of the complaints related to pharmacy practice, e.g. dispensing and labelling errors, non-adherence to Standard Operating Procedures and lack of clinical checking. (If a complaint raises questions about a pharmacist's competence, the Council may enquire further (e.g. pharmacy visit) even if the complaint is being considered by HDC. Therefore, some cases were handled more than once.)

How has the Council managed the 45 cases

Status or Outcomes of complaints from HDC	Number
Further information required and/or awaiting HDC publication of final investigation report	4
Manager Policy and Standards involvement including Standard Operating Procedure Review, pharmacy visit	20
Referred directly to the Professional Standards Committee	5
Pharmacists Referred to the Complaints Screening Committee 2017/18 (of which, one was referred to a Professional Conduct Committee)	4
No further action	15

Complaints Screening Committee (CSC)

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

Committee members:

M Bedford	<i>Committee Chair, Council Chair</i>	O George	<i>Registrar</i>
L Flowers	<i>Lay Council Member</i>	P Duncan	<i>Manager Policy and Standards</i>

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 10 pharmacists. These complaints included dispensing errors/competence, professional misconduct and alleged breaches of the Code of Ethics.

(The CSC also considered the involvement of 37 pharmacists in dispensing alleged fraudulent copies of a prescription, but as this matter was referred to the Council it is not included in the table below. The Council decided to refer the matter for investigation by a Professional Conduct Committee).

Complaint/concerns triaged by the Council Complaints Screening Committee

Source	Outcome						
	Total	No Further Action	Educational Letter	Monitoring	Professional Conduct Committee	Professional Standards Committee	Health Committee
Member of public	1	-	-	-	1	-	-
HDC	4	1	2	-	1	-	-
Employer/peer	3	1	-	1	1	-	-
Regulatory / governmental organisations	1	-	-	-	1	-	-
Council concern	1	1	-	-	-	-	-
Educational organisations	1	-	-	-	1	-	-

Note – Some HDC complaints relate to more than one pharmacist, and as the CSC considers each pharmacist separately the HDC information in this table differs from the previous table.

Professional Conduct Committees

Professional Conduct Committees (PCC) are independent committees appointed by the Council and have statutory responsibilities and powers as set out under the section 67 of the HPCAA.

The Committee

- 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 under section 67 of the HPCAA.

Pharmacist Members

N Anderson
M Asghar
K Azer
P Cooke
M Copland
K Croucher
R Eaton
P Fraser

D Mitchell
J Munn
C Schimanski

Lay Members and Convenors

H Algar
K Harvey
J Johnston
Z Wisniewski

On completing its investigation, the PCC must either 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 that the Council
 - 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	Status/Outcomes of Investigations
Concerns about standards of practice, legal and professional obligations and conduct including honesty and integrity	17 – in total 10 – new (including one case investigating 37 pharmacists) 7 – from previous years	3 – HPDT (2 to be heard, 1 heard) 4 – Counselling recommendation 3 – No further action 7 – Not completed at 30 June 2018
Conviction against the Land Transport Act 1998	2 – new	No further action

Note: Professional Conduct Committees totals are calculated from the date the Committee was appointed by the Council.

Health Practitioners Disciplinary Tribunal (HPDT)

The APC fee includes a Discipline Levy that allows the Council to meet a large percentage of the costs for pharmacist hearings at the HPDT.

The Tribunal

- hears and determines disciplinary proceedings brought against health practitioners, including pharmacists
- has three pharmacists and one layperson are selected for each Tribunal hearing.

Tribunal Members

Chair

D Carden

Deputy Chairs

M Dew

K Johnston

Pharmacists

B Clayton-Smith

J Dawson

S Drake

D Earles

K Govind

M Morrison

C MacKenzie

M O'Rourke

D Sayer

K Shaw

D Vicary

The HPDT heard charges against five pharmacists between 1 July 2017 and 30 June 2018, all brought by a Professional Conduct Committee. In each case, the charges were established resulting in the cancellation of the registration of one pharmacist, the suspension of another pharmacist's registration and conditions imposed on the practice of three pharmacists. The HPDT has published its decisions for all five pharmacists but ordered permanent name suppression for one pharmacist. Summaries and full decisions are available on the HPDT website: hpdt.org.nz.

The following table summarises the HPDT decisions made in 2017/18:

HPDT Summary 2017/18	
Number of pharmacists heard HPDT (Four charges laid in 2016/17, one in 2017/18)	5
Number of new PCC referrals to HPDT – PCC completed but hearing after 30 June 2018	2
Tribunal costs and disbursements incurred	\$152,629
Professional Conduct Committee costs and disbursements incurred	\$154,258
Total PCC & HPDT costs used by the HPDT to calculate costs to be awarded	\$306,887
Overall percentage of PCC & HPDT costs used by the HPDT to calculate costs to be awarded	36%
Total costs awarded by HPDT	\$110,873
Fines charged	–
Total costs and fines awarded by HPDT	\$110,873

Health monitoring

Health Committee

The Health Committee is appointed by the Council under section 16 Schedule 3 of the HPCAA and has the power to carry out functions and duties in respect of sections 48 to 51 of the HPCAA by way of a Council delegation under section 17 Schedule 3 of the HPCAA.

The Committee

- considers notifications made under section 45 of the HPCAA, concerning pharmacists who may be unable to perform the required functions of a pharmacist because of health conditions, and to monitor and assess their performance.

Committee members

J Harrison *Committee Chair,
Council Member*

A Bauld *Council Member*

V Gurrey *Lay Council Member*

O George *Registrar*

The Council (the Health Committee or Council team) received two new fitness to practice notifications and monitored 22 additional pharmacists (including intern pharmacists) with health concerns. Depending on the nature of the case, the Council:

- ordered medical assessments for two pharmacists
- suspended the registration of one pharmacist
- 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 (three new)
- initiated low level monitoring with review at time of practising certificate renewal (which may include input from the Health Committee or Committee Chair) for two pharmacists.

Competence

Competence Review Team and Practice Counsellors

A number of pharmacists have been appointed as competence reviewers by the Council. Some of these pharmacists have also been appointed as Practice Counsellors, who oversee and provide support to a pharmacist's practice, and monitor and report to the Council on their performance in the pharmacist scope of practice.

- To determine whether a pharmacist is practising to the required standard of competence when concerns have been raised about their competence to practise.
- 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).

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. Unless the notification or concern is without merit, these are considered by the Professional Standards Committee.

Professional Standards Committee (PSC)

The Professional Standards Committee (PSC) is appointed by the Council under section 16 Schedule 3 of the HPCAA and has the power to carry out functions and duties in respect of sections 35 to 37 and 39 of the HPCAA by way of a Council delegation under section 17 Schedule 3 of the HPCAA.

The Committee

- responds to notifications made to the Council or information that the Council has, that suggest that a pharmacist may pose a risk of harm to the public by practising below the required standard of competence.
- makes enquiries into, and decides whether to review, the competence of pharmacists (a function described under section 36 of the HPCAA).

Committee members

I Buchanan	<i>Committee Chair, Council Member</i>	L Te Karu	<i>Alternate Member, Council Member</i>
V Gurrey	<i>Lay Council Member</i>	O George	<i>Registrar</i>
		P Duncan	<i>Manager Policy and Standards</i>

The Committee made further inquiries into the competence of eight pharmacists during this period, and decided to:

- take no further formal action but ensure that support was in place (seven pharmacists).
- enter a voluntary agreement with the pharmacist to manage identified competence risk (one pharmacist)

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 a competence programme.

- One pharmacist, reviewed before 1 July 2018, did not demonstrate competence in all standards and the Council ordered a competence programme.
- One pharmacist continued a competence programme which had been set in a previous year, having failed to demonstrate in a reassessment that all the previous competency concerns had been addressed.

Looking ahead

- Recertification and registration.
- Disciplinary and complaints case management streamlining.



Organisational support



The year in review

- Employed an additional 2.5 FTE (1.5 FTE to ensure significant projects were progressed)
- Engaged 118 contractors for various Council projects and activities
- Implemented the Microsoft Azure IaaS platform to support the Council's Business Continuity Strategy
- Implemented Microsoft Office365 over that platform
- Supported the Council and operational team involvement in ongoing professional development with Leadership Conferences, Strategic Budget Planning, Financial Governance and Strategic Thinking workshops, HPCAA and PCC Investigation and Business Writing
- Completed the review and online publication of the Pharmacy Council Operational Team Handbook incorporating all Human Resource and Financial Management policy statements
- Employed the services of a media training and communications specialist organisation to assist the Council with its Media Management Strategy
- Conducted a Māori Strategic Framework workshop for the combined Council and operational team
- Supported the Te Hapai Hauora Award at the Māori Pharmacists Association Symposium

Finance Audit and Risk Management Committee (FARMC)

FARMC is a subcommittee 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 items such as 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 to ensure that.

Committee Members:

J Galt *Independent Member, Chair*

M Bennett *Council member*

M Bedford *Council Chair*

I Buchanan *Council member*

L Te Karu *Council Deputy Chair*

Collaboration with sector organisations

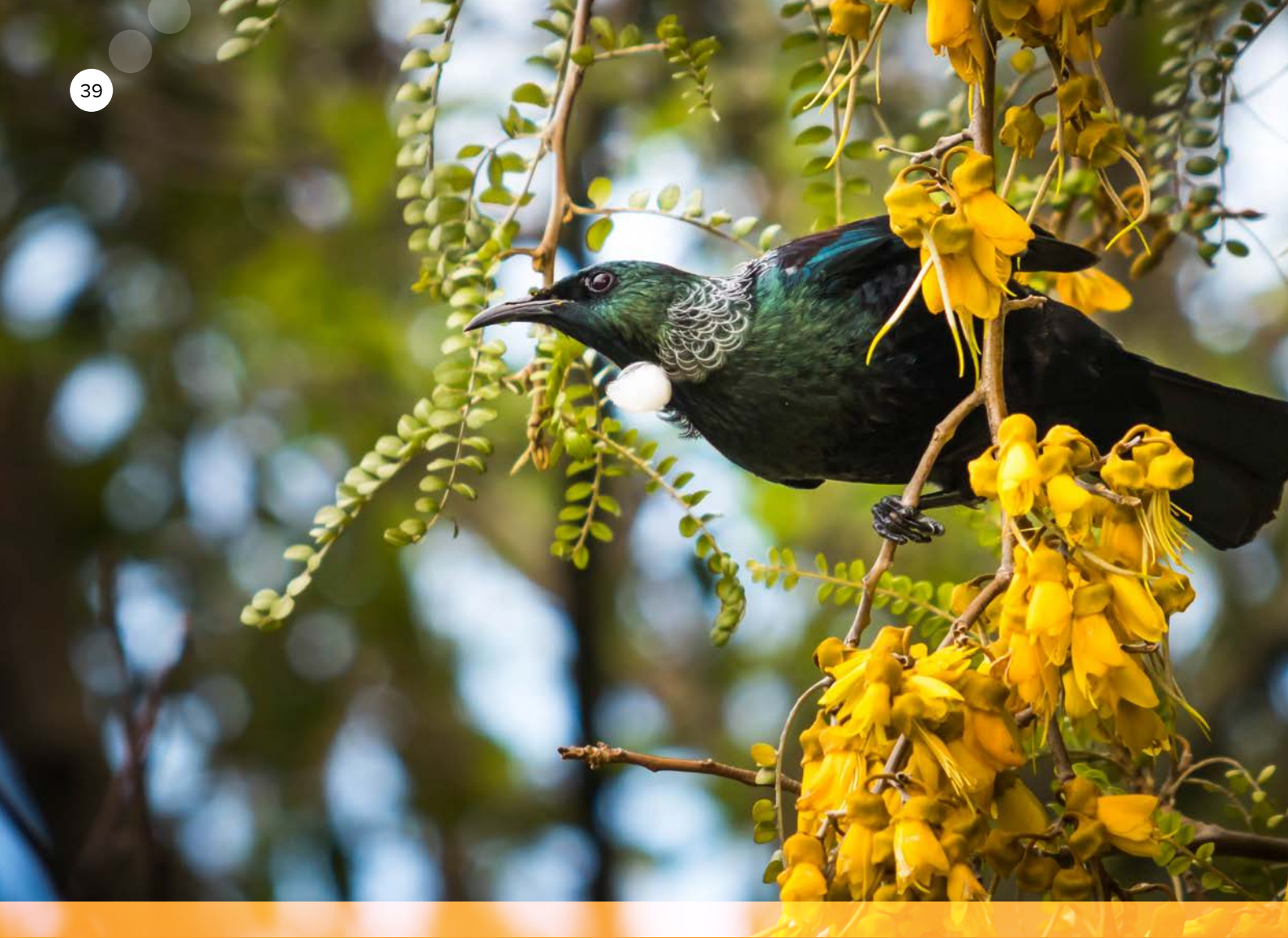
The Council team regularly meets with pharmacy sector organisations and contributes to joint workstreams and projects to promote and optimise pharmacist practice and improve patient safety.

The Council provided submissions to the following external consultations:

- Medsafe (MARC)- Proposed changes to pregnancy warning on non-prescription NSAID packaging
- Medsafe (MCC) Proposed reclassification of non-prescription codeine containing products to a higher classification category-response to 58th MCC meeting for tabling at the 59th meeting
- Dental Council – A discussion document on recertifying our oral health practitioners: thinking about the future
- Australian Health Minister’s Advisory Council – Independent Review of Accreditation Systems within the NRAS Australia and Consultation on draft report
- Dietitians Board – Dietitians Board Accreditation Standards
- Ministry of Health – Reclassification of Tramadol to C2 CD
- Medical Council – statement safe practice in an environment of resource limitation

Looking ahead

- Further enhancement to Council processes to ensure effective stakeholder engagement
- Improved financial and management reporting tools
- Optimised cashflow management
- Business Capability Improvement Programme (BCIP) implementation of further phases



Our financial performance

Statement of Comprehensive Revenue and Expenses	43
Statement of Changes in Net Assets	44
Statement of Financial Position	45
Statement of Cash Flows	46
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Independent Auditor's Report	58–60

Our financial performance 2017–18

The Pharmacy Council has returned an operating surplus of \$176,201 for the year ended 30 June 2018. This is a positive result compared to the budgeted deficit of \$181,407. The surplus is due to the timing of disciplinary cases and project related external costs moving forward to the next financial year. The Council's Accumulated Funds total \$2,603,644. The General Fund has a retained balance of \$2,007,369 and the Disciplinary Fund has a retained balance of \$596,274.

The Council continues to carefully manage pharmacist funds. The total APC fee increased to \$792.65 (including GST) from 1 April 2018, an increase of \$126.65 from the previous year. This was the fourth increase in the levy (except for a GST adjustment) since 2006 and reflects an increase in the volume and complexity of disciplinary cases along with increased overall running costs.

Financial projections indicate the Council will operate a deficit budget for 2018/19, largely due to external project and disciplinary costs originally expected to occur in 2017/18, 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.

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 17 of the financial statements.

Total APC Fees

For the APC year commencing 1 April 2018, the total APC fee which comprises the APC fee and Disciplinary Levy increased from \$666.00 to \$792.65 (GST inclusive). Operational costs are recorded in the General Fund and disciplinary costs are recorded in the Disciplinary Fund.

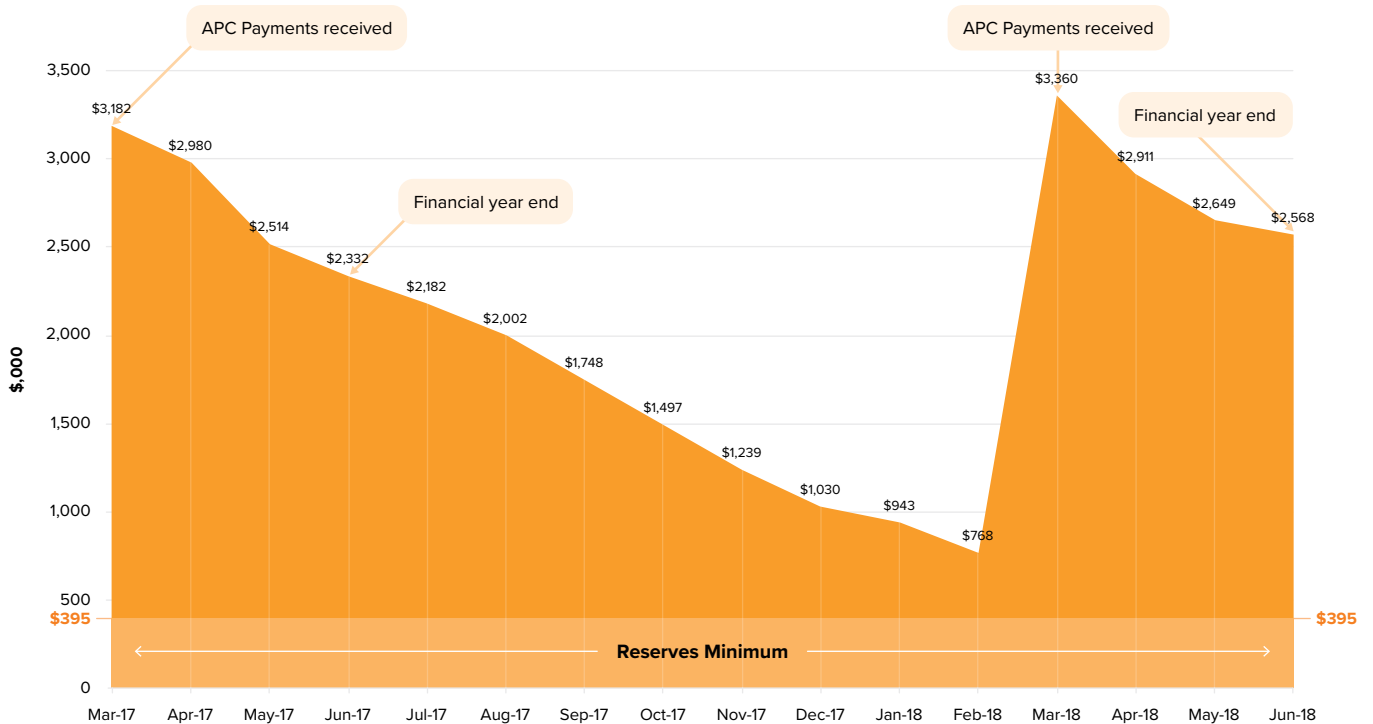
APC Fees

APC Fees are received from interns and pharmacists and represent 75 percent of total revenue. The APC fee covers all operational and policy setting costs and is included within the General Fund.

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 \$106.38 (GST inclusive) and represents 12 percent of the total income.

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 1 April to 31 March of the following financial year. This annual funding cycle and associated cash flows must sustain the Council workplan, disciplinary caseload and general operations until the next APC renewal round in March of the following financial year.

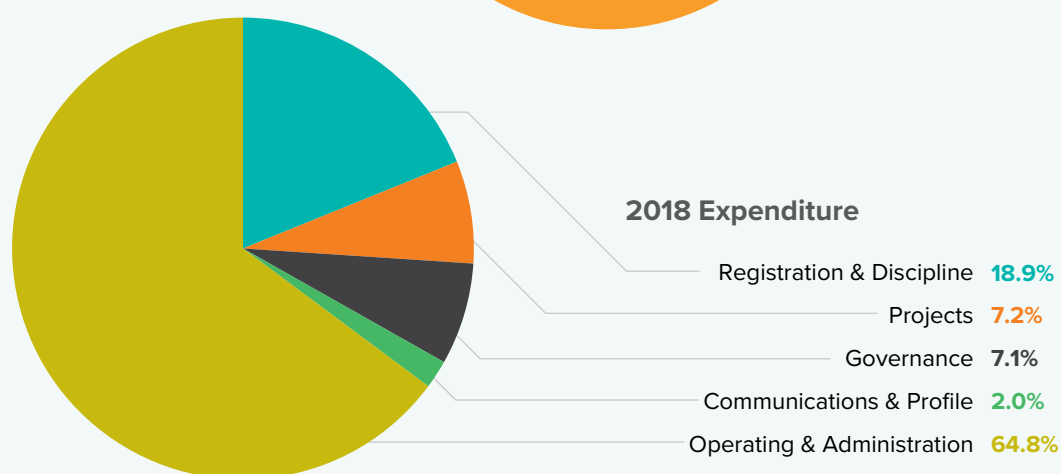
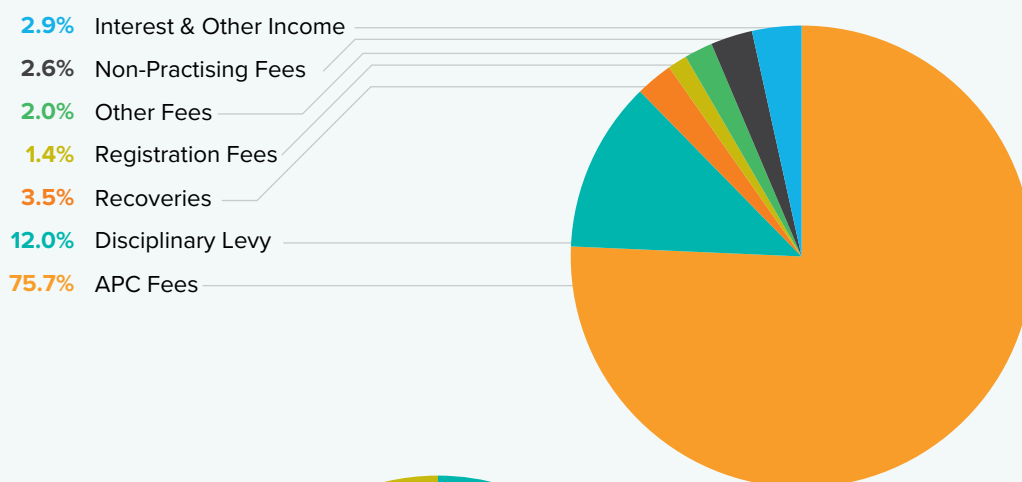
Due to the timing of APC renewals and, at the end of its financial year, Council reserves and cash balances are substantial and progressively reduce in the eight months that follow. It is critical in the months before APC renewal that the Council has enough cash remaining to satisfy its stated minimum 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 2017/18 Council policies set the minimum reserve levels of \$195,000 for its General Fund and \$200,000 for its Disciplinary Fund. The General Fund Reserve policy is based on one month's operational costs and the Disciplinary Fund Reserve is based on being enough to meet any unplanned costs of significant disciplinary cases.

The graph above shows that Council cash balances were higher than the minimum reserves at financial year end, and this was due to deferred project costs and lower than expected disciplinary costs during the year.

The Council has budgeted for an overall deficit in 2018/19 to redress this shift in costs between the two years.

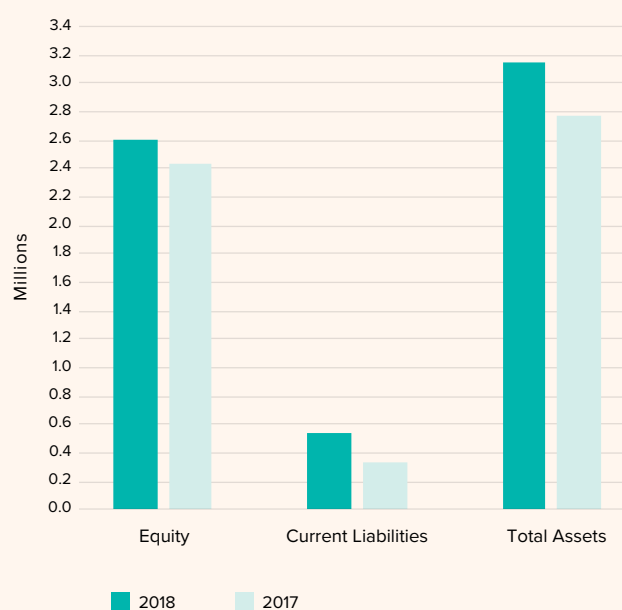
2018 Revenue



2018 Financial Performance



2018 Financial Position



Statement of Comprehensive Revenue and Expenses for the Year ended 30 June 2018

	Notes	2018 \$	2017 Restated* \$
Revenue from non-exchange transactions			
Annual Practising Certificate fees		2,427,513	1,945,028
Disciplinary levies		384,036	373,866
Disciplinary recoveries		110,873	56,139
		2,922,422	2,375,033
Revenue from exchange transactions			
Registration fees		43,553	48,260
Non-practising fees		83,555	74,953
Overseas pharmacist fees		31,087	45,399
Other fees		32,600	38,544
Interest income		51,459	44,793
Credit card recoveries		42,213	31,844
Other income		179	2,175
		284,646	285,968
Total revenue		3,207,068	2,661,001
Expenses			
Registration and discipline	7	571,765	389,078
Projects		217,503	131,428
Governance		216,641	189,784
Communication and profile		60,280	183,167
Operating and administration	8	1,964,678	1,599,878
Total expenses		3,030,867	2,493,335
Total surplus for the year		176,201	167,666
Total comprehensive revenue and expense for the year		176,201	167,666

*Certain amounts here do not correspond to the 2017 financial statements and reflect adjustments made, refer to Note 4

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

Statement of Changes in Net Assets for the Year ended 30 June 2018

	Accumulated comprehensive revenue and expense \$	Total equity Restated* \$
Opening balance 1 July 2017	2,427,443	2,427,443
Surplus for the year	176,201	176,201
Other comprehensive income	—	—
Closing equity 30 June 2018	2,603,644	2,603,644
Opening balance 1 July 2016	2,259,777	2,259,777
Surplus for the year	167,666	167,666
Other comprehensive income	—	—
Closing equity 30 June 2017	2,427,443	2,427,443

*Certain amounts here do not correspond to the 2017 financial statements and reflect adjustments made, refer to Note 4

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

Statement of Financial Position for the Year ended 30 June 2018

	Notes	2018 \$	2017 \$ Restated*
Current assets			
Cash and cash equivalents	10	267,470	2,331,634
Investments	11	2,300,000	–
Receivables from non-exchange transactions		47,464	37,718
Prepayments and other receivables		43,304	18,871
		2,658,239	2,388,223
Non-current assets			
Intangible assets	12	336,284	214,648
Property, plant and equipment	13	151,619	167,898
		487,903	382,546
Total assets		3,146,142	2,770,768
Current liabilities			
Accounts payable		157,452	67,567
Other payables and accruals		141,726	199,838
Income in Advance	3	147,744	–
Employee entitlements		95,577	75,920
Total liabilities		542,498	343,325
Net assets		2,603,644	2,427,443
Equity			
Accumulated comprehensive revenue and expense	17	2,603,644	2,427,443
Total net assets attributable to the owners of the controlling entity		2,603,644	2,427,443

Signed for and on behalf of the Council Members who authorised these financial statements for issue on 27 September 2018:



Chair of Council



Chief Executive

*Certain amounts here do not correspond to the 2017 financial statements and reflect adjustments made, refer to Note 4

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

Statement of Cash Flows For the Year ended 30 June 2018

	Notes	2018 \$	2017 \$
Cash flows from operating activities			
<i>Receipts</i>			
Receipts from APC fees		2,427,513	1,998,399
Receipts from Disciplinary Levy		379,436	373,866
Receipts from other exchange transactions		380,931	181,816
Receipts from other non-exchange transactions		105,727	90,159
Interest received		44,529	54,624
		3,338,136	2,698,864
<i>Payments</i>			
Payments to suppliers and employees		2,883,392	2,351,233
Interest paid		10,608	120
		2,894,000	2,351,353
Net cash flows from operating activities		444,136	347,511
Cash flows from investing activities			
<i>Receipts</i>			
Sale of property plant software and equipment		–	–
Redemption of investments		1,575,000	1,450,000
		1,575,000	1,450,000
<i>Payments</i>			
Purchase of property, plant and equipment and intangibles		208,300	237,795
Investments in short term deposits		3,875,000	–
		4,083,300	237,795
Net cash flows from investing activities		(2,508,300)	1,212,205
Net cash flows from financing activities		–	–
Net increase in cash and cash equivalents		(2,064,164)	1,559,716
Cash and cash equivalents at 1 July 2017		2,331,634	771,918
Cash and cash equivalents at 30 June 2018	9	267,470	2,331,634

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

Notes to the Financial Statements

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 27 September 2018.

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 Members have taken advantage of all applicable Reduced Disclosure Regime ("RDR") disclosure concessions.

3. Changes in accounting policies and disclosures

This is the third set of financial statements of the Council that is presented in accordance with PBE standards. The Council had previously reported in accordance with "Old NZ GAAP". The accounting policies adopted in these financial statements are consistent with those of the previous financial year except for the reclassification of Written Examination fees as revenue from exchange transactions as it relates directly to the provision of examination services.

4. Correction of an error

In October 2017 Council discovered that the GST component of the Written Examination fees collected had not been returned to the IRD for the period between July 2014 and July 2017. Consequently, Written Examination revenue was overstated for the previous three financial years. A voluntary disclosure was made to the IRD and the GST arrears of \$68,097 plus penalty interest of \$10,584 were paid with no additional shortfall penalties being imposed by IRD.

\$52,497 of the total arrears related to prior periods and the error has been corrected by restating each of the affected financial statement lines for the prior periods as follows:

Impact on equity (increase / (decrease) in equity)

	Total restatement in 2017 \$	2017 \$	2016 \$	2015 \$
GST Payable	(52,497)	(3,052)	(32,489)	(16,956)
Nett impact on equity	(52,497)	(3,052)	(32,489)	(16,956)

Impact on statement of comprehensive revenue and expenses

	Total restatement in 2017 \$	2017 \$	2016 \$	2015 \$
Written Examination Revenue	(52,497)	(3,052)	(32,489)	(16,956)
Nett impact	(52,497)	(3,052)	(32,489)	(16,956)
Attributable to:				
Equity – General Fund	(52,497)	(3,052)	(32,489)	(16,956)

5. 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.

5.1 Basis of measurement

These financial statements have been prepared based on historical cost.

5.2 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.

5.3 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, 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.

5.4 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 2018.

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).

5.5 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.

5.6 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.

5.7 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.

5.8 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

5.9 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.

5.10 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.

5.11 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 to maintain its tax exemption status.

5.12 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.

During the year the bi-monthly reporting periods for GST were adjusted to align the balance date of the organisation with the actual GST period end.

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.

5.13 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.

6. 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 not made any significant judgements that would have a material impact on the financial statements.

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 5.7.

7. Registration and discipline

	2018 \$	2017 \$
Registration	128,621	76,605
Discipline	413,491	273,065
Competence and health	29,653	39,408
Total Registration and Discipline	571,765	389,078

Registration costs increased in 2018 to reflect the transition to Council by the Australian Pharmacy Council of the collection of fees and management of associated costs for the intern Written Examination.

Discipline costs increased due to the volume and timing of disciplinary cases going through PCC and HPDT processes.

8. Operating and administration

Operating and administration expenses include the following specific expenses:

	2018 \$	2017 \$
Accountancy advice	6,853	–
Amortisation costs	73,543	18,672
Audit fees	11,845	11,625
Bank fees	774	1,575
Bad debts and debt collection	77,222	29,021
Depreciation	29,398	34,467
Eftpos fees	54,224	39,280
Information technology costs	110,102	57,465
Insurance*	53,668	49,207
Interest	10,608	120
Legal costs	6,343	37,130
Premises and occupancy costs*	147,052	126,899
Sundry costs	9,644	13,395
Personnel costs	1,343,547	1,147,325
Printing and stationery	13,584	11,816
Postage and courier	4,141	5,831
Telecommunications	12,130	16,050
	1,964,678	1,599,878

* Includes costs in both years associated to the pending business interruption insurance claim.

9. Auditor's remuneration

Staples Rodway provides audit services to the Council. The audit fees charged for the 2018 audit were \$11,845 (2017: \$11,625).

No non-audit services are provided by Staples Rodway.

10. Cash and cash equivalents

Cash and cash equivalents include the following components:

	2018 \$	2017 \$
Cash at bank	267,470	130,782
Short-term deposits with maturities of less than 3 months	–	2,200,852
Total cash and cash equivalents	267,470	2,331,634

11. Short Term Investments

	2018 \$	2017 \$
Term deposits – Maturing within 12 months of balance date	2,300,000	–
Total investments	2,300,000	–

12. Intangible Assets

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

2017	Website \$	Software \$	Total \$
Cost	64,229	253,505	317,734
Accumulated depreciation	46,413	56,673	103,086
Net book value	17,816	196,832	214,648

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

2018	Website \$	Software \$	Total \$
Opening balance	17,816	196,832	214,648
Additions	–	195,179	195,179
Disposals	–	–	–
Amortisation	6,935	66,608	73,543
Closing balance	10,881	325,403	336,284

13. Property plant and equipment

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

2017	Computer Equipment \$	Furniture and Fittings \$	Leasehold Improvements \$	Office Equipment \$	Total \$
Cost	102,830	70,769	157,040	26,653	357,292
Accumulated depreciation	93,498	51,508	32,675	11,713	189,394
Net book value	9,332	19,261	124,365	14,940	167,898

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

2018	Computer Equipment \$	Furniture and Fittings \$	Leasehold Improvements \$	Office Equipment \$	Total \$
Opening balance	9,332	19,261	124,365	14,940	167,898
Additions	7,359	5,761	—	—	13,120
Disposals	938	—	—	—	938
Accumulated depreciation	6,034	2,774	15,704	3,949	28,461
	9,719	22,248	108,661	10,991	151,619

14. 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:

	2018 \$	2017 \$
Councillors Fees*	127,081	131,519
Councillors Expenses	37,553	34,169
	164,634	165,688
*Fees paid to Councillors		
J Harrison	7,563	7,327
L Te Karu	9,564	14,707
M Bedford	56,529	42,972
M Bennett	9,945	14,270
A Bauld	7,950	10,849
I Buchanan	9,770	11,260
J Galt*	9,948	12,232
L Flowers	7,933	9,399
V Gurrey	7,880	8,503
Total fees paid to Council members	127,081	131,519

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, Audit and Risk Management Committee) and attends Council meetings.

There were no other related party transactions (2017: 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, 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 the 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:

	2018	2017
Total remuneration	780,770	744,208
Number of full-time equivalents (FTE)	5.3	5.5

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

During the reporting period, total remuneration and compensation of \$ nil (2017: \$1,034) was provided by the Council to employees who are close family members of key management personnel.

15. Leases

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

	2018 \$	2017 \$
Not later than one year	112,259	151,118
Later than one year and no later than five years	329,473	343,223
Later than five years	27,456	109,824
	469,188	604,165

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

Total Premises Lease	2018 \$	2017 \$
Not later than one year	350,802	389,661
Later than one year and no later than five years	1,283,642	1,297,393
Later than five years	106,970	427,881
	1,741,414	2,114,935

16. 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:

	2018 \$	2017 \$
Financial assets		
Cash and cash equivalents	267,470	2,331,634
Short term investments	2,300,000	–
Receivables from non-exchange transactions	47,464	37,718
	2,614,935	2,369,352
Financial liabilities		
Accounts payable	446,922	67,568
Employee entitlements	95,577	75,920
	542,498	143,488

17. 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 year. This was done in response to an increase in disciplinary costs and to provide greater transparency to stakeholders.

General Fund	2018 \$	2017 \$
Opening balance	1,742,535	1,636,688
Movements during the year	264,834	105,847
Closing balance	2,007,369	1,742,535

Disciplinary Fund	2018 \$	2017 \$
Opening balance	684,907	623,088
Movements during the year	(88,633)	61,819
Closing balance	596,274	684,907
Total accumulated comprehensive revenue and expense	2,603,644	2,427,442

Refer to financial performance 2017/18 in the annual report for a further explanation.

18. Capital commitments

There were no capital commitments at the reporting date. (2017: \$Nil).

19. Contingent assets and liabilities

There are no contingent assets or liabilities at the reporting date. (2017: \$Nil).

20. Premises lease 80 The Terrace

The Council has been unable to occupy the premises located at 80 The Terrace due to remedial work required on the building following the Kaikoura earthquake on 14 November 2016. The Council are still required to pay rent on these premises as outlined above. The Council have engaged legal representatives to determine the best possible action regarding the lease.

21. Events after the reporting date

Aside from ongoing dialogue regarding the premises lease as per Note 20, there are no other events after the reporting date to be disclosed.

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INDEPENDENT AUDITOR'S REPORT

TO THE READERS OF PHARMACY COUNCIL'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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

Opinion

We have audited the financial statements of the Council on pages 43 to 57, that comprise the statement of financial position as at 30 June 2018, the statement of comprehensive income, 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 Council on pages 43 to 57, present fairly, in all material respects:

- its financial position as at 30 June 2018; 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 27 September 2018. 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 governing body 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 Governing Body for the financial statements

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

The Governing Body 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 Governing Body is responsible on behalf of the Council for assessing the Council's ability to continue as a going concern. The Governing Body 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 the Council or to cease operations, or there is no realistic alternative but to do so.

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

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 governing body.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the governing body and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 the 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 Governing Body 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 the 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, the Council.



Carolyn Jackson
Staples Rodway Audit Limited
On behalf of the Auditor-General
Taranaki, New Zealand

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