

Annual Report 2021



Te Pou Whakamana Kaimatū o Aotearoa

Contents

In Brief	1
Chair and Chief Executive Report	2
Who are we and what do we do?	4
Context of the Pharmacy Council's Strategy	6
Our Functions	10
What is the profession we assure the public about?	12
Scope and standards	14
Assurance of qualifications and competence	17
Registration, complaints, and discipline	19
Organisational Support	24
Our financial performance 2020/21	27
Contact details	57

The Pharmacy Council

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

PO Box 25137
Wellington 6140
New Zealand

Phone +64 4 495 0330
enquiries@pharmacycouncil.org.nz
www.pharmacycouncil.org.nz

In Brief

4,062

Pharmacists practising on
30 June 2021

↑ Up 4% from previous year

264

New pharmacists registered
over the last year

↑ Up 30% from previous year

256

Intern pharmacists registered
over the last year

↓ Down 15% from previous year

11

Cases investigated by
a Professional Conduct
Committee (PCC)

3

Health Practitioners Disciplinary
Tribunal (HPDT) cases heard

24

Cases from Health &
Disability Commissioner
(HDC) managed

Chair and Chief Executive Report

Tēnā koutou

Titiro whakamuri kōkiri whakamua (look back and reflect so you can move forward).

Thank you to all the pharmacists throughout New Zealand. Despite the persistence of the global pandemic, you have continued to serve the community beyond the call of duty, whilst maintaining your fitness and competence at the levels expected to assure public safety. We are also immensely proud and appreciative of the entire Council team that has managed to continue to apply its regulatory tools effectively and efficiently, and successfully introducing key enhancements in difficult and challenging times.

For the Council team, 2021/22 was made even more difficult as we had to farewell Pam Duncan a cherished and much-loved senior manager who after a brief period of illness passed away in April. Pam was a friend and a colleague to the entire Council team and the wider pharmacy whānau. We miss her deeply. A colleague who was so committed to her work and her profession has left us with a huge chasm to fill.



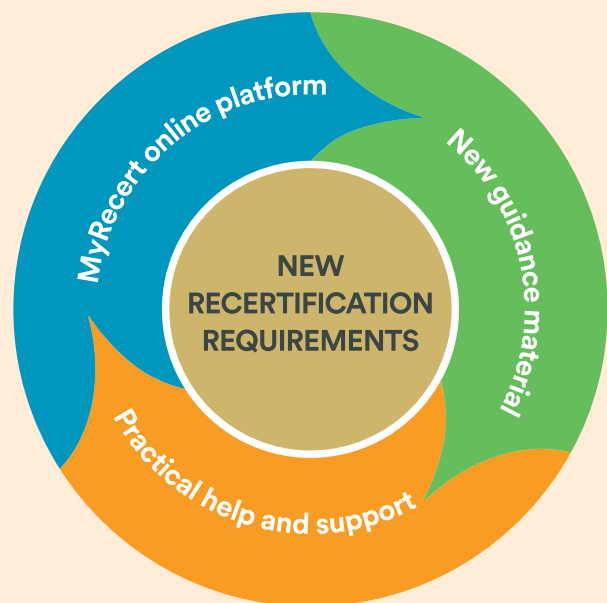
Great Achievements in 2021/22

Despite the challenges, Council maintained its primary focus on public safety through ensuring fit and competent pharmacists. Several significant initiatives included below were successfully achieved, whilst also putting these in place in a way cognisant of the significant workload pressures of the pharmacy profession.

- Introduced statements of expectations for pharmacists in roles of responsibility and quality improvement. A guidance statement on vaccination against COVID-19 and pharmacist professional responsibilities.
- Participated and contributed to the terms of reference and standards for the responsible authority performance review process being led by the Ministry of Health. We made a joint submission to the Ministry on the review along with colleagues from the responsible authorities of medical, nursing, and dental.
- Administered a Ministry of Health relief fund of \$1.7 million (in three tranches) for pharmacists and technicians to take an additional well-earned break.

Along with the fund we also administered an APC fee rebate in respect to the budget year ended June 2020.

- Put in place short dated (or emergency) practising certificates to help effectively bring back pharmacists into the pharmacy workforce to support where relieving team members were required.
- Developed and introduced a new recertification system (referred to as MyRecert), comprising four key elements: the required activities; online platform; guidance material; and help and support. The requirements were modified for the first year to relieve pressure on pharmacists during COVID-19 while ensuring appropriate standards were maintained. The development of this online system was funded entirely from Council's reserves, delivered on time, within budget, and provided for pharmacists at no additional cost.



- Participated in various groups introducing legislation and changes, including the 'End of Life Choice Act.'
- Progressed development of a refreshed set of competency standards and prescriber standards. However, these have not yet been formally introduced pending our work on cultural safety and meeting Te Tiriti ō Waitangi obligations.
- Ensured that the medications schedule under the Medicines Act was updated by the Ministry of Health with the assistance and agreement of the Clinical Advisory Pharmacists Association.

We have continued to deliver our critical functions of registering intern, local and international pharmacists, managing complaints, notifications, and disciplinary cases; and maintaining qualifications and assessment processes to ensure education programmes are robust.

A Positive 2021/22 Financial Result

Council is satisfied with the robustness of its financial management and its success again in delivering a better financial result than expected – just under \$0.4 million surplus (as opposed to a budgeted small deficit). This better-than-expected result can be explained by the development work slowing due to COVID-19 and so some external costs were not incurred; unbudgeted cost recovery for work undertaken by the Council in administering distribution of the Pharmacy Team Relief Fund; recoveries of two significant disciplinary doubtful debts; and, lower than expected operating and administration costs.

It will be most noted that Council's revenue and expenses have been grossed up by significant amounts due to the Relief Fund. Council's revenue and expenses are some 25 percent higher as a result.

Looking to the Future

Like all participants in the New Zealand health system, we are closely following the work of the Transition Unit tasked with implementing the Government's recommendations from the Health and Disability System Review. We are working to positively respond to potential changes and new opportunities for pharmacists, whilst also ensuring our regulatory tools remain proactive and enabling in the context of a more integrated primary care healthcare team. The regulatory tools will need to be adapted to fit the future system. We are conscious of a need to ensure that the regulatory tools similarly are:

- integrated – more consistent tools and application across the various health disciplines; and,
- expansive – regulatory oversight extends in a way that does not constrain a pharmacist by location.

Specific Initiatives for 2021/22

In 2021/22 we will be continuing to seek out improvements in all our regulatory tools and their application. Specifically, we will be focused on:

- Health Equity and Cultural Safety – supporting advancement of pharmacists' and the Pharmacy Council's cultural safety competencies for health equity and Te Tiriti o Waitangi.
- Clinical Governance and Quality Improvement – further advancing patient safety competencies to address concerns such as those outlined by the Health Disability Commission and the Health Quality Safety Commission.
- Prescribing – exploring unified prescriber standards across the spectrum of clinicians to help optimise prescribing practice and reduce medication errors.
- Recertification – completing work to further strengthen recertification systems through year two implementation and incorporating continuous improvement.
- Accreditation – revitalising the accreditation process and implementing a New Zealand owned and administered accreditation.
- Performance review of responsible authorities – to support the continuous quality improvement of the Pharmacy Council in carrying out its statutory functions.

Our Sincere Thanks

This pandemic is tough, but pharmacists and the entire Council team have continued to work hard and deliver to incredible standards. Our sincere thanks to the many people (pharmacists themselves, Council members, operational team, assessors, advisors, suppliers, and contractors) who have continued to help Council ensure public wellbeing through safe pharmacist practice.

Ngā mihi nui



Arthur Bauld
Chair

Michael Pead
Chief Executive



Who are we and what do we do?

Pharmacy Council Members

(appointed by Minister of Health in 2019)



From back left to right:

K Azer BPharm, RegPharmNZ;

J Galt (FARMC Chair – employed by Council as independent advisor) CA, CMinstD, FIIA, BCom (Hons);

M-c Wu CMinstD, MBA, BSc, BBus, BEd, BA;

Dr E Salis BSc, BPharm, PGDIPPharm, PhD (Clinical Pharmacy), NZRegPharm, MPS – resigned June 2021;

C Schimanski BPharm, RegPharmNZ
– resigned June 2021

Seated from left to right:

M Pead (Chief Executive);

A Bauld (Chair) DipPharm, RegPharmNZ;

Dr J Harrison BSc Hons (Pharmacy), PGDip Clin Pharm, PhD (Surgery), PGCert (Clin Ed);

M Lomax (Deputy Chair) LLB;

A F Zareh BPharm (Hons), RegPharmNZ

Council members are appointed by a process outlined in the HPCAA (the Act) and confirmed by the Minister of Health. They are appointed for an initial term of between two and three years, with renewal possible for two additional terms.

Our role is supported by our Vision, Mission and Values, which we aim to achieve through two strategic objectives supported by seven key strategies.

Our function

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

To meet this primary role, section 118 of the Act defines thirteen functions the Pharmacy Council is required to deliver. The Council's Strategic Plan then defines the extent or priority of work for the Council to meet these functional requirements to an appropriate standard.



Context of the Pharmacy Council's Strategy

The Pharmacy Council regulates the profession of pharmacy in New Zealand in accordance with the Health Practitioners Competence Assurance Act 2003. It sets scopes of practice, qualifications, and professional standards, and manages registration, recertification, notifications, and complaints.

The Pharmacy Council assures public wellbeing through safe pharmacist practice by applying regulatory tools to ensure pharmacists fitness and competence to practise and responds proportionately when pharmacists do not comply with the expected professional standards. We will work in partnership with the profession to ensure that we safeguard pharmacists' practice whilst professionalism prospers.

Pharmacists work within a wider health sector with increasing demands on resources arising from financial pressures, population changes and public health challenges. New Zealand is adopting healthcare models that optimise and integrate the contribution of all health professionals and make best use of technological advances. Pharmacy practice is therefore evolving beyond core dispensing services, elevating the profession's medicines expertise, pharmaceutical knowledge, and consultation skills to optimise treatment outcomes for patients¹.

The Pharmacy Council will prioritise identifying and understanding the risks of harm² to patients from current and emergent practice and ensure that pharmacists maintain their competence to care for patients effectively. We will be guided by best-practice regulatory principles to understand problems, quantify risks, determine the type of solution required and, where necessary, apply regulation that is proportionate to the risks.

See the UK Professional Standards Authority Right-touch regulation principles here.

<https://www.professionalstandards.org.uk/publications/right-touch-regulation>

1 Patient *refers* to anyone accessing a health service.

2 including harm that may result from inequity of service.

What do consumers want?



A health system that is simple to navigate, accessible, affordable and 'Joined up':



Increased access to digital health Initiatives:



Continuity of their care and collaboration between health care providers:



AND SAFE!!

Our Strategic Plan

Objectives and Strategies



Strategic Objective 1: (SO1)

FOCUS: THE PUBLIC

Minimise risk of harm to public from pharmacist practice.

SUCCESS: The regulator minimises risk to the public when:

- » Standards of professional practice are maintained at a high level.
- » Pharmacists are registered in scopes of practice that reflect clearly defined levels of risk.
- » Regulation is responsive to changes in risk from pharmacist practice as part of the wider health system.
- » The regulator is responsive to indications and notifications.

UNDERSTANDING

Strategy 1 (S1.1)

Council will develop and maintain a comprehensive understanding of the work of pharmacists in relation to its impact on patients to identify and quantify risks of harm.

Measures:

- » Risks are identified and quantified within different types of practice.
- » A comprehensive risk vs competence model is developed and kept current for an evolving profession.

PROACTIVE REGULATORY TOOLS

Strategy 2 (S2.1)

Council will apply regulatory tools proactively to mitigate identified risks of harm.

Measure:

- » Competence standards, scopes, codes of practice and Council guidelines remain appropriate for current and emerging practice.

REACTIVE REGULATORY TOOLS

Strategy 3 (S3.1)

Council will deliver an appropriate regulatory response to notifications about pharmacists that present risk to the public.

Measure:

- » Complaints and compliance processes that prioritise public safety, are timely and support public trust in the profession.

Strategy 4 (S4.0) Organisational

Council will ensure it is effective and efficient, with the skills and capability to meet its regulatory obligations.

Measures:

- » Council operates to best-practice standards of governance.
- » Council resources are deployed efficiently and effectively.

UNDERSTANDING

Strategy 1 (S1.2)

Council will develop and maintain a comprehensive understanding of the work of pharmacists in relation to its impact on patients to update competencies required for effective practice.

Measures:

- » Identifying competencies that have the greatest likelihood of improving patient health outcomes.
- » A comprehensive risk vs competence model is developed and kept current for an evolving profession.

PROACTIVE REGULATORY TOOLS

Strategy 2 (S2.2)

Council will apply regulation proactively to strengthen pharmacist competencies.

Measure:

- » Education programmes, registration pathways and recertification requirements provide assurance that pharmacists are competent and fit to practise at registration and throughout their careers.

REACTIVE REGULATORY TOOLS

Strategy 3 (S3.2)

Council will deliver an appropriate regulatory response to notifications of pharmacist' competence and fitness to practise at the expected professional standard.

Measure:

- » Council identifies a pathway for pharmacists to return to the expected standard of practice where possible.

- » Risk is managed appropriately.
- » Business process capability is enhanced.
- » Organisational self-review is conducted and a quality improvement cycle implemented.
- » High calibre employees are attracted and retained.
- » Pharmacists and other stakeholders engage positively in the work of Council as a result of effective engagement activities.



Strategic Objective 2: (SO2)

FOCUS: THE PHARMACIST

Maximise pharmacists' competence and fitness to practise.

SUCCESS: Pharmacists are competent and fit to practise and able to make the greatest contribution to health outcomes when regulation ensures they:

- » Undertake education programmes that prepare them to practise in a range of settings and roles.
- » Maintain competence in the context of their own practice (including changing models of care).
- » Demonstrate professionalism and ethical practice (including cultural competency).

Our Functions

Assurance of Qualifications and Competence

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

Strategy S2.2



Organisational

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.

Strategy S4.0

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.

Strategy S1.2 S3.2

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.

Strategy S1.1 S2.1 S3.1 S1.2 S2.2



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





What is the profession we assure the public about?

The Act requires us to maintain a publicly accessible register of pharmacists² in New Zealand. It is regularly updated and serves to provide information to the public about registered pharmacists.

2 <https://pharmacycouncil.org.nz/search-register/>

What is the profession we assure the public about?

We use information gathered from the Annual Practising Certificate (APC) applications and accompanying Pharmacist Workforce Survey to collate statistics regarding the demographics and geographic spread of pharmacists across New Zealand.

The 'heat map' below shows the workforce density for New Zealand regions, based on the number of practising pharmacists per 10,000 population (on 30 June 2021). The population data is based on population data as of 31 March 2021 (estimated by Stats NZ). The map shows considerable variation in workforce density, exacerbated by the lower population density in rural regions.

Workforce Density for Pharmacists in New Zealand, 2021

Northland / Te Tai Tokerau

194,600 Estimated Population 2021
124 Practising pharmacists 2021 (including 1 pharmacist prescribers)
6.37 Density (pharmacists per 10,000 people)

Auckland / Tāmaki-makau-rau

1,717,500 Estimated Population 2021
1,471 Practising pharmacists 2021 (including 8 pharmacist prescribers)
8.56 Density (pharmacists per 10,000 people)

Waikato

496,700 Estimated Population 2021
322 Practising pharmacists 2021 (including 6 pharmacist prescribers)
6.48 Density (pharmacists per 10,000 people)

Taranaki

124,600 Estimated Population 2021
106 Practising pharmacists 2021 (including 3 pharmacist prescribers)
8.51 Density (pharmacists per 10,000 people)

Tasman / Te Tai-o-Aorere

56,400 Estimated Population 2021
16 Practising pharmacists 2021
2.84 Density (pharmacists per 10,000 people)

Nelson / Whakatū

54,600 Estimated Population 2021
69 Practising pharmacists 2021
12.64 Density (pharmacists per 10,000 people)

West Coast / Te Tai Poutini

32,400 Estimated Population 2021
18 Practising pharmacists 2021
5.56 Density (pharmacists per 10,000 people)

Southland / Murihiku

102,600 Estimated Population 2021
72 Practising pharmacists 2021
7.02 Density (pharmacists per 10,000 people)

Otago / Ōtākou

245,300 Estimated Population 2021
241 Practising pharmacists 2021 (including 5 pharmacist prescribers)
9.82 Density (pharmacists per 10,000 people)

Bay of Plenty / Te Moana-a-Toi

337,300 Estimated Population 2021
249 Practising pharmacists 2021 (including 4 pharmacist prescribers)
7.38 Density (pharmacists per 10,000 people)

Gisborne / Te Tai Rāwhiti

50,700 Estimated Population 2021
34 Practising pharmacists 2021
6.71 Density (pharmacists per 10,000 people)

Hawke's Bay / Te Matau-a-Māui

178,600 Estimated Population 2021
135 Practising pharmacists 2021 (including 4 pharmacist prescribers)
7.56 Density (pharmacists per 10,000 people)

Manawātū-Whanganui

254,300 Estimated Population 2021
184 Practising pharmacists 2021 (including 3 pharmacist prescribers)
7.24 Density (pharmacists per 10,000 people)

Wellington / Te Whanga-nui-a-Tara

542,000 Estimated Population 2021
465 Practising pharmacists 2021 (including 2 pharmacist prescribers)
8.58 Density (pharmacists per 10,000 people)

Marlborough / Te Tau Ihu o te Waka-a-Māui

50,200 Estimated Population 2021
36 Practising pharmacists 2021
7.17 Density (pharmacists per 10,000 people)

Canterbury / Waitaha

645,900 Estimated Population 2021
518 Practising pharmacists 2021 (including 1 pharmacist prescribers)
8.02 Density (pharmacists per 10,000 people)

TOTALS

5,116,300 Estimated Population 2021*
4,062 Practising pharmacists 2021 (7.99 per 10,000 people)

* Estimated population of New Zealand as at March 2021. Retrieved July 8, 2021, from <https://www.stats.govt.nz/indicators/population-of-nz>

The full Workforce Demographic Report 2021 is available from the Pharmacy Council [website**](https://pharmacycouncil.org.nz/public/workforce-demographics/)

**<https://pharmacycouncil.org.nz/public/workforce-demographics/>

Scope and standards



To strengthen assurance of patient safety and pharmacist competence, the Pharmacy Council sets competence standards, a code of ethics, and practice codes.

How did we perform?

Strategy 2.1

Council will apply regulatory tools proactively to mitigate identified risks of harm.

Measure:

Competence standards, scopes, codes of practice and Council guidelines remain appropriate for current and emerging practice.

Work to review both the 'Competence Standards for the Pharmacy Profession 2015' and the 'Pharmacist Prescriber: Prescribing Competency Framework & Standards' has progressed well this year. Council has made extensive use of New Zealand and international research to identify potential areas for improvement and alignment with relevant international practice, while ensuring that standards remain contextualised for the New Zealand environment.

Data that emerged from a synthesis of work completed this year suggests that while the competency standards were considered still relevant and current from the perspective of the profession, facets relating to health equity, cultural safety, Te Tiriti ō Waitangi, clinical governance and quality improvement could be further enhanced.

Council engaged groups of pharmacists for initial testing of drafted documents this year and the revised Pharmacist Prescriber Competence Standards were released for public consultation during October and November 2020.

As part of the Pharmacy Council website relaunch all practice statements and guidelines were reviewed for currency. A rolling review process has been implemented as part of an annual quality improvement cycle.

Strategy 1.2

Council will develop and maintain a comprehensive understanding of the work of pharmacists in relation to its impact on patients to update competencies required for effective practice.

Measures:

- Identifying competencies that have the greatest likelihood of improving patient health outcomes.
- A comprehensive risk vs competence model is developed and kept current for an evolving profession.

Council has continued to maintain active and regular communications with professional bodies, other regulators, and the Ministry of Health. This ensures that Council maintains a contemporary and comprehensive knowledge of pharmacy practice. Communications received from individual pharmacists and members of the public also provide valuable contributions to this body of evidence.

In the 2020 APC online process, Council enabled pharmacists to identify their workplaces using the HPI³ facility ID as a unique identifier. This unique identifier links the workplace to a physical address, DHB region, and Stats NZ meshblock data. Work throughout this year has progressed towards combining this data with additional data sets to bring about a deeper understanding of practice within the profession.

Council monitored the practice environment, including queries and concerns from the public and the profession about pharmacy practice. We published articles highlighting competencies necessary for effective and safe practice in five Council newsletters during the 2020/21 year.

3 Health Provider Index – the facility ID number identifies the location of the service delivery.

Input into wider policy


Council has been actively involved in shaping policy and the implementation of policy that directly impacts the pharmacy profession.

This included active participation in workgroups involved in implementation of the 'End of Life Choice Act 2019' and 'Abortion Legislation Act 2020'. Council has additionally made written submissions on the 'Smokefree Aotearoa 2025' action plan, the COVID-19 Vaccinator workforce, and an application to the Medicines Classification Committee (MCC) on the reclassification of allopurinol (used for the treatment of gout and kidney stones).

Council is proactively working with the Ministry of Health and pharmacist prescribers to propose amendments to the schedule of prescription medicines that pharmacist prescribers may prescribe as set out by the 'Medicines (Designated Pharmacist Prescribers) Regulations 2013'. The Ministry of Health has hosted a consultation on this in July/August 2021.

Looking ahead

- Pharmacist Prescriber Competence Standards to be implemented late 2022
- Co-design of competence standards for the Pharmacist Scope of Practice grounded in Tikanga, Kaupapa Māori and mahi tahi approaches
- Pharmacist Competence Standards to be revised, consulted on, and implemented by September 2022



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 the institutions that deliver them.

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

How did we perform?

Strategy 2.2

Council will apply regulation proactively to strengthen pharmacist competencies.

Measure:

Education programmes, registration pathways and recertification requirements provide assurance that pharmacists are competent and fit to practise at registration and throughout their careers

All four education programmes remain accredited, one with an ongoing monitoring requirement.

Accreditation processes ensure that all programmes are mapped to competence standards ensuring registrants are competent and fit to practise.

Assessment Centre reliability and validity was upheld during 2020/21 through consistent, standardised development and delivery processes, expert psychometric analysis of results, and assurance was provided to Council by a sub-committee tasked with overseeing those results and processes.

Standards of competence and fitness to practise as a New Zealand pharmacist were upheld for overseas-qualified pharmacists. Registration via this pathway requires them to hold qualifications to confirm competence at least to the level of a New Zealand-qualified registrant.

New annual recertification requirements, and the MyRecert online platform for recording requirements were launched on 1 April 2021 on time, within budget, and at no additional cost to pharmacists. Calls and emails for support with accessing and using the system in the first three months averaged around 20 per week.

Note: The recertification framework will not be considered as fully implemented until 31 March 2023 when pharmacists must demonstrate compliance with all requirements (versus the 2021/22 transition year of reduced requirements).

The new recertification requirements strengthen Council's assurance that, in addition to formal training, pharmacists are maintaining competence for their role

throughout their careers by the inclusion of elements of self-assessment, peer assessment, verification and professional connectedness.

For New Zealand graduates, qualifications for registration as a pharmacist are completed in sequence: Bachelor of Pharmacy (BPharm), Intern Training Programme (ITP), and Council assessment.

A list of education programmes in pharmacy, accredited by the Council, is available from the Pharmacy Council [website](#)⁴.

The full 'Workforce Demographic Report 2021' summarising the numbers of intern pharmacists, and newly registered pharmacists, is also available from the Pharmacy Council [website](#)⁵.

Assurance of ongoing competence

Annual recertification is the primary regulatory tool employed by Council to gain assurance and confirm that a pharmacist remains competent to practise in their scope of practice throughout their career.

New recertification requirements were implemented from 1 April 2021. Pharmacists are now required to record their continuing professional development via the MyRecert platform.

Read more about the MyRecert framework on the Pharmacy Council [website](#)⁶.

Accreditation

Council has begun the process of developing an in-house accreditation system tailored to the specific needs of the New Zealand pharmacy environment.

Looking ahead

- Continued monitoring of the MyRecert platform, requirements, and patterns of engagement with the framework
- Development and implementation of a new accreditation system
- Approval of new pharmacist prescriber education programme

4 https://pharmacycouncil.org.nz/pharmacy_registries/accreditation/

5 <https://pharmacycouncil.org.nz/public/workforce-demographics/>

6 <https://pharmacycouncil.org.nz/pharmacist/recertification/>

Registration, complaints and discipline



How did we perform?

Strategy 1.1

Council will develop and maintain a comprehensive understanding of the work of pharmacists in relation to its impact on patients to identify and quantify risks of harm.

Measures:

- Risks are identified and quantified within distinct types of practice.
- A comprehensive risk vs competence model is developed and kept current for an evolving profession.

All complaints and notifications received for risks to patient safety are reviewed. A taxonomy is applied, which highlights the pharmacy practice elements associated with the root cause of concerns. An international Medication Error Reporting Programme (MERP) taxonomy tag is then applied, which identifies resultant patient harm.

Council uses this to analyse and 'quantify' risk and can then proactively communicate alerts to the profession to prevent similar incidents from occurring.

Strategy 2.1

Council will apply regulatory tools proactively to mitigate identified risks of harm.

Measure:

Competence standards, scopes, codes of practice and Council guidelines remain appropriate for current and emerging practice.

The requirements for registering or recertifying did not change this year. Further work may be required to ensure that pharmacists with effective control of a pharmacy are practising at the expected level of competence.

Strategy 3.1

Council will deliver an appropriate regulatory response to notifications about pharmacists that present risk to the public.

Measure:

Complaints and compliance processes that prioritise public safety, are timely and support public trust in the profession.

Council implemented a framework that manages concerns according to the level of risk to the public. Risk is assessed as low, medium, or high. The turnaround time for cases is set according to the risk level, and 66 percent of tasks were completed within the set turnaround time (2021: 71 percent).

The risk profile for each case is reassessed and updated when we receive additional information.

Strategy 1.2

Council will develop and maintain a comprehensive understanding of the work of pharmacists in relation to its impact on patients to update competencies required for effective practice.

Measures:

- Identifying competencies that have the greatest likelihood of improving patient health outcomes.
- A comprehensive risk vs competence model is developed and kept current for an evolving profession.

Analysing public queries and concerns identified trends to highlight in newsletter communications and reminders to all pharmacists about expected standards.

An example to illustrate this is when Council became aware of safety concerns due to inappropriate use of paracetamol. Media coverage, a coroner's report of a specific incident, and complaints from the public alerted Council to an issue. In addition to addressing the individual concerns of the complainants, Council acted to prevent further harm by reminding pharmacists of the dangers of inappropriate paracetamol use and of their obligation to ensure that medicines are only supplied in clinically appropriate circumstances and in clinically appropriate quantities.

Other themes that Council has encountered while monitoring pharmacy practice include lack of individualised patient communication, concerns about advertising, inconsistent clinical checking, and ineffective organisational leadership and delegation of responsibilities. Council is currently undertaking work to improve clinical governance and quality improvement practices.

Strategy 2.2

Council will apply regulation proactively to strengthen pharmacist competencies.

Measure:

Education programmes, registration pathways and recertification requirements provide assurance that pharmacists are competent and fit to practise at registration and throughout their careers.

Planning commenced to ensure that the MyRecert framework is fully integrated into registration processes for the 2022/23 APC renewal. The main two processes that will be streamlined are the recertification and return to practice processes.

One objective of the website refresh during the year was to ensure that information for registration and recertification was easily found and transparent for both currently registered pharmacists in New Zealand, and those wishing to register.

In the July 2020 newsletter, Council provided further clarification on the role that a supervising pharmacist is expected to fulfil in the return to practice process.

Registration

APC Online Process 2021

The APC online process updated in 2020 was reviewed for 2021. For applicants, the process remained streamlined, while providing the information necessary to process the application and providing enhanced data to monitor contemporary practice. This year work has focused on structuring the data for optimal analysis. Work has also commenced to determine how the data can be further cleansed and standardised for more effective and efficient use.

In summary, we received:

- 3,946 applications to recertify in the Pharmacist scope of practice (2020: 3,823)
- 36 applications to renew annual practising certificates in the Pharmacist and Pharmacist Prescriber scope of practice (2020: 25)
- 787 applications to renew non-practising registration (2020: 629)
- 152 applications to transfer from practising status to non-practising status (2020: 99)

Movements on and off the practising register

The Council authorises the registration of health practitioners under the Act and is responsible for maintaining the register of pharmacists. The register is a real-time public database and accessible on the Pharmacy Council [website](#)⁷.

More information is also available about pharmacists practising in New Zealand in the Workforce Demographic Report on the Pharmacy Council [website](#)⁸.

Complaints and discipline

When concerns are raised about a pharmacist's practice⁹, the Council assesses the nature of the concern and the associated risks to public safety to determine the appropriate response. After preliminary enquiries, many of the concerns raised do not need formal consideration. Similarly, most concerns that are formally considered are resolved through other options

7 <https://pharmacycouncil.org.nz/search-register/>

8 <https://pharmacycouncil.org.nz/public/workforce-demographics/>

9 Concerns raised by the members of the public, pharmacists, other health practitioners, employers, or government health sector organisations, (in the main DHBs, HDC and Medicines Control).

without needing to use the statutory powers available to Council under the Act. Alternative options are voluntary agreement, professional development, peer support, and letters of education.

The Council prioritises its assessment based on the risk attributed to the concern. The risk level can change as latest information is received, and the timeframes for tasks will be adjusted accordingly. The higher the risk, the shorter the timeframe for each task.

Many of these concerns are resolved by further conversations with both the complainant and the pharmacist concerned. In many instances members of the public are seeking authoritative clarification about the service provided to them. Many of these concerns might have been avoided had pharmacists or their staff communicated more effectively with the public.

We advise the public to make their complaint directly and formally to the Health and Disability Commissioner (HDC) when it relates to health services provided by a pharmacist. Complaints received directly by Council are also required to be forwarded to the HDC.

In the year ending 30 June 2021, 169 concerns were raised with Council (up 14.9 percent from the previous year), of which 48 were formal concerns (down 11 percent from the previous year). We completed 66 percent of the tasks associated with the formal

concerns within the set turnaround time relative to the risk level assessment (2020: 71 percent).

Concerns from the public about pharmacy practice included:

- dispensing errors (wrong medication, wrong quantity, wrong strength)
- poor communication (relationship breakdown, insufficient information, manner of communication or response to patient requests and response to complaints)
- Quality of services provided and coordination of care (including provision of prescription and pharmacist only medicine)
- Medication price and advertising queries
- Patients' rights including issues of confidentiality and alleged discrimination

Management of concerns still in progress at the end of the previous year were fully resolved and 75 percent of the formal concerns raised in the current year were also resolved during the year.

Most concerns (notifications and complaints) related to one pharmacist, but one notification involved two pharmacists and one complaint involved two pharmacists. Three HDC referrals involved multiple pharmacists (two referrals named two pharmacists and another referral involved five pharmacists)

Formal Concerns	Open @ 30 Jun 2020	PY Closed 2020/21	New 2020/2021	CY Closed 2020/21	Open @ 30 Jun 2021
HDC Complaints	5	5	19	11	8
Competence Notifications	5	5	8	5	3
General Complaints	6	6	21	20	1
	16	16	48	36	12

Of the 48 formal concerns raised this year, one of them resulted in a formal competence process (a competence review was ordered) which was completed after the reporting period had closed. None of the other 47 concerns resulted in a formal assessment of competence or health.

Of the 48 new concerns, 36 were closed. In summary, the outcomes were:

No further action	13
Educational letter	13
Monitoring arrangements	2
Referred to HDC	5
Referred to PCC	3
Total	36

The three new complaints referred for investigation by a Professional Conduct Committee included two complaints relating to one pharmacist.

Council continued to monitor the health of 20 pharmacists in total, (5 new during this period). This was managed primarily by voluntary agreements or receiving an update on their progress when renewing their annual practising certificate.

Health information was also mostly disclosed by pharmacists at the time of renewal of their APC (55 total disclosures, 27 being health related), although many were either for a self-monitored condition, or those previously advised to the Council.

Professional Conduct Committees and referral to the Health Practitioners Disciplinary Tribunal

This table summarises the cases investigated by Professional Conduct Committees (PCC) and referred to the Health Practitioners Disciplinary Tribunal (HPDT) for hearings.

Disciplinary Investigations & Hearings: Annual Caseload Summary				
	Cases open at 30 June 2020	New Cases	Cases closed	Cases open at 30 June 2021
PCC	7	4	5	6
HPDT	4	3	3	4
Total	11	7	8	10

The PCCs laid charges with the HPDT for two of the five closed cases. The four new cases include investigations into allegations of practising without a certificate, unmet conditions placed on scope of practice and conviction notices. These four new investigations will carry over into the next reporting period.

Four HPDT cases were carried over from the previous period and three were heard this year, all of which resulted in disciplinary sanctions because of professional misconduct. During the year we received the written decision and finalised costs for one¹⁰ hearing.

HPDT Summary

	2020/21	2019/20
Number of HPDT hearings finalised	1	4 ¹¹
Tribunal costs and disbursements incurred	\$22,490	\$175,275
Professional Conduct Committee costs and disbursements incurred	\$47,180	\$95,715
Total PCC and HPDT costs used by the HPDT to determine costs to be awarded	\$69,670	\$270,990
Total costs awarded to Council by HPDT	\$17,000	\$20,169
Fines charged	\$2,000	\$500
Total costs and fines awarded by HPDT	\$19,000	\$20,669

Looking ahead

- Enhancements to the Case Management System with detailed end-to-end administration of all cases, case data collection and standardised reporting functions
- Improved technological support for committees' case management processes including more secure access to case information and tools for managing investigation
- Working with professional and other health sector organisations including Pharmaceutical Society, Pharmacy Guild, both Auckland and Otago Schools of Pharmacy, Medsafe and Health & Disability Commissioner, to improve understanding of risks to the public

10 Phar20/481P- Written decision on the HPDT website. (<https://www.hpdt.org.nz/portals/0/1123Phar20481P.pdf>)

11 Case numbers and cost data for the previous year have been updated to reflect PCC and HPDT costs incurred by Council (between June 2018 and June 2020) for a case that was pending the outcome of an appeal to the High Court of the HPDT decision as at 30 June 2020. The appeal was subsequently unsuccessful.

Organisational Support



How did we perform?

Strategy 4.0

Council will ensure it is effective and efficient, with the skills and capability to meet its regulatory obligations.

Measures:

- Council operates to best-practice standards of governance
- Council resources are deployed efficiently and effectively
- Risk is managed appropriately
- Business process capability is enhanced
- Organisational self-review is conducted, and a quality improvement cycle implemented
- High calibre employees are attracted and retained
- Pharmacists and other stakeholders engage positively in the work of Council through effective engagement activities

Governance

Council

Council is charged with oversight of its regulatory functions under the HPCAA. It met formally a total of nine times during the year to conduct its business.

Two Council members resigned during the year and new appointments for the vacancies have not yet been made. Council undertook training for governance and media management coaching during the year. A strategic planning workshop in February 2021 confirmed the direction for 2021/22 and beyond.

Finance Assurance and Risk Management Committee (FARMC)

FARMC is a sub-committee of the Council that helps to assure the organisation's financial accountability and risk management.

As an integral part of the wider Council workplan, FARMC met five times during the year to consider the monthly financial statements, annual accounts, risk management (including Council's fraud control plan), insurance arrangements, policy statements, business continuity plans, health and safety, governance professional development, and annual compliance requirements such as the registers for conflicts of interest and operational team gifts.

FARMC obtains assurance from management to satisfy itself that the processes and policies of the Council are fit for purpose and makes recommendations to Council for their approval.

Risk

Council maintained a comprehensive risk register reviewed regularly by Management, FARMC and Council and all identified risks were managed and mitigated appropriately. Risk appetite discussions led to risk ratings being approved regularly at Council.

Business Process Capability

Council delivered technology solutions and business process improvements on multiple fronts this year:

1. The successful launch in April 2021 of the MyRecert platform for assuring the continuing competence of registered pharmacists.
2. Phase two of the Case Management System enabling greater integration of case management and committee processes.
3. Relaunch of Council's website in April 2021, offering viewers a more streamlined process differentiating between information for members of the public, qualification and registration pathways for students and overseas pharmacists wishing to practice in New Zealand and the information necessary for pharmacists already registered in New Zealand.

Recruitment & Retention

Council maintains a strong recruitment and staff management process, with a stable retention rate. For the year ending 30 June 2021, the average length of service for permanent employees was 5.23 years (2020: 4.6 years).

Annual Turnover	2021	2020
Employees on 30 June	12	13
<i>FTE</i>	10.9	11.9
Resignations during the year	2	3
<i>FTE</i>	1.4	2.6
Turnover Rate	17%	21%

Looking ahead

- Council has realigned its budget year from 30 June to 31 March for the period beginning 1 July 2021. This will result in a shortened financial reporting period of nine months for 2021/22
- Council will continue to refine its internal planning and reporting processes to further integrate its financial and non-financial information. This will develop a more holistic view of Council's operations and the progress towards its strategic objectives. It will also support new statutory Service Performance Reporting requirements taking effect for reporting periods beginning on or after 1 January 2022¹²
- 2021/22 will see the continued growth of Council's Digital Investment Programme with benefits focused on strategic value and risk mitigation / cost avoidance i.e.,
 - Service Improvement – improving the stakeholder experience with Council's IT applications and continuing to build on internal efficiencies.
 - Organisational Resilience – enhancing Council's cyber security approach and ensuring best use of cloud options to improve organisational resilience.
 - Business / Strategic Insights – Using data and information to better inform Council decision-making and application of right touch regulation principles.
 - Implementation of a new Software as a Service (SaaS) payroll system to replace older desktop-based system and provide greater functionality for the administration of payroll processes and provide real-time access by the Council team to leave management.
- A formal external performance review under the provisions of the HPCAA will be conducted by the Ministry of Health in 2021/22. This will inform and support the continuous quality improvement of the Pharmacy Council in carrying out its statutory functions
- A shift from Council's temporary premises in Willis Street to smaller permanent premises is planned for late March 2022. The new premises will continue to be shared with our colleagues from the Dental Council

12 <https://www.xrb.govt.nz/accounting-standards/public-sector/pbe-frs-48/>



Our financial performance 2020/21

Statement of Comprehensive Revenue and Expense	31
Statement of Changes in Net Assets	32
Statement of Financial Position	33
Statement of Cash Flows	34
Notes to the Financial Statements	35
Independent Auditor's Report	54

Our financial performance 2020/21

The full set of approved and audited financial statements is also available for download from Council's [website](https://pharmacycouncil.org.nz/public/annual-reports/)¹³.

<https://pharmacycouncil.org.nz/public/annual-reports/>

Council has returned an operating surplus of \$362,027 for the year ended 30 June 2021. This result was achieved against a budgeted deficit for 2020/21 of \$16,802. This better-than-expected result is due to lower external costs incurred for ongoing development work due to COVID-19; lower than expected operating and administration costs; an unbudgeted cost recovery for work undertaken by the Council in administering distribution of the Pharmacy Team Relief Fund; and the recoveries of two significant disciplinary doubtful debts.

The Pharmacy Team Relief Fund of \$1.7 million (plus GST) was established by the Ministry to provide for situations where the impact of increased workloads on pharmacy staff due to COVID-19 could potentially affect public safety.

Council was incredibly pleased to be able to help support the profession through the administration of the application, claims and reimbursement process.

While this activity is not considered core business for Council, the total income recognised of \$1,102,645 in the 2020/21 financial statements is material in the context of Council's usual operations. It has been recorded and disclosed in the financial statements and fully offset by the total of pharmacy claims received and paid of \$1,049,418 for employment and travel related costs of short-term locum pharmacists and technicians and reimbursement of Council's administration of the fund based on the actual cost incurred (\$53,227). The impact of this accounting treatment on the statutory financial statements has resulted in a significant reporting variance between budget years.

On 30 June 2021 Council held funds of \$660,633 (GST inclusive) pending reimbursement to the Ministry of Health for the remaining unallocated / unclaimed funding. This was repaid to the Ministry of Health on 9 July 2021.

Accumulated Funds

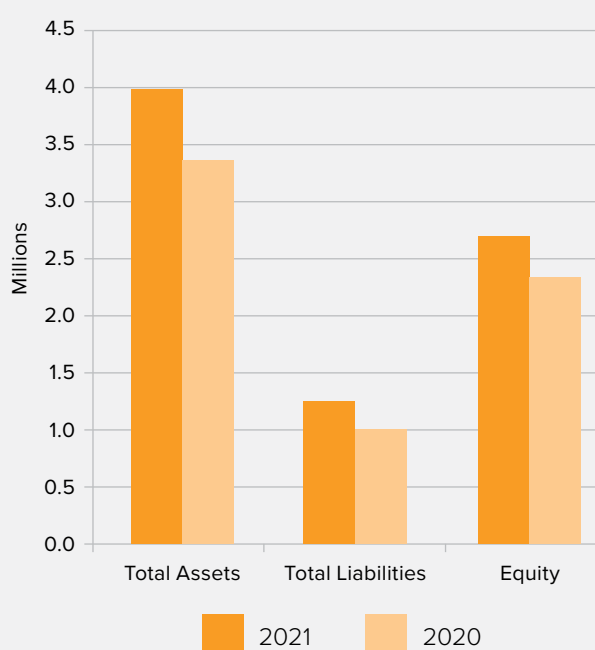
To provide greater transparency to stakeholders, Council's Accumulated Funds are separated into a General Fund and a Disciplinary Fund. The net movement in each Fund for the year is detailed in Note 22 of the financial statements.

More detail of why Council holds specific levels of reserves in these two funds is discussed below.

The General Fund is marked for use in meeting Council's ongoing regulatory, operational, and capital costs and the Disciplinary Fund is set aside solely for use in meeting the unpredictable nature of costs for PCC and HPDT cases.

Due to increases in activity, and costs, the Disciplinary Fund balance has been progressively declining over the last four years. In 2020/21 Council additionally incurred costs of \$49,375 (2020: \$11,112) in relation to an unsuccessful appeal to the High Court of an HPDT decision. After careful consideration, Council decided not to appeal the outcome of the High Court decision with the Court of Appeal.

2021 Financial Position (including PTRF)



Total APC Fees

For the APC year commencing 1 April 2021 the total APC fee (which comprises the APC fee and Disciplinary Levy) remained set at \$800.62 (GST inclusive). Operational costs are reflected in the General Fund and disciplinary costs are reflected in the Disciplinary Fund. The marked variance between this year and last year's APC income in the financial statements, is represented by the effect of a planned repayment to pharmacists by Council in late 2020 of ~10 percent of the APC fee collected for the 2019/20 APC year (\$241,244). This rebate of fees was a one-off adjustment made due to the impact of COVID-19.

¹³ <https://pharmacycouncil.org.nz/public/annual-reports/>

APC Fees

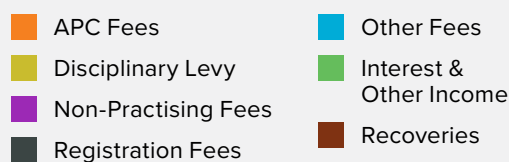
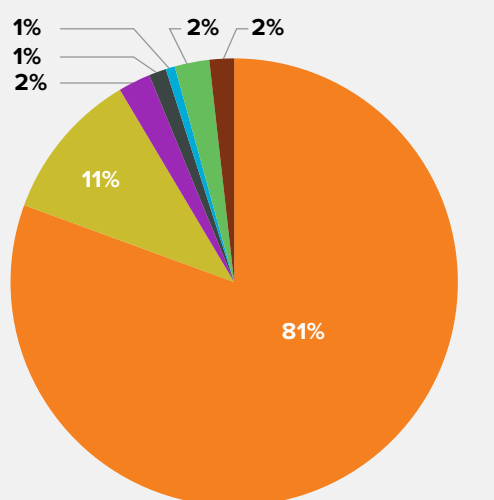
Pharmacists and interns pay APC fees, representing 81 percent of Council's operating revenue reported for 2020/21 (excluding PTRF income attributed to individual pharmacy claims). (2020: 86 percent) The APC fee covers operational, capital and policy-setting costs.

Disciplinary Levy

The Disciplinary Levy is charged to fund the costs of Professional Conduct Committees and Health Practitioners Disciplinary Tribunal hearings. The Disciplinary Levy was not adjusted by Council for the 2021/22 APC year and is currently set at \$93.61 (including GST) and represents 11 percent of the operating income reported for 2020/21 (excluding PTRF income attribute to individual pharmacy claims).

2021 Revenue

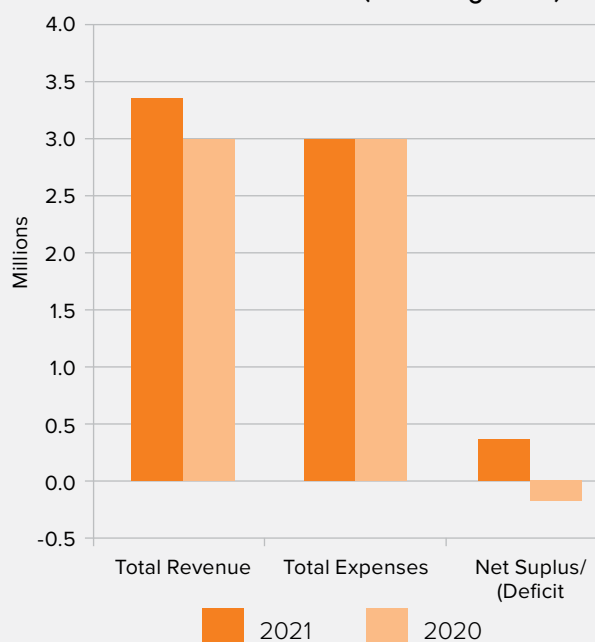
(excluding PTRF funding for pharmacies)



Projected 2021/22

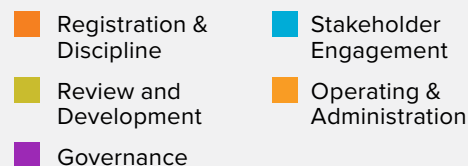
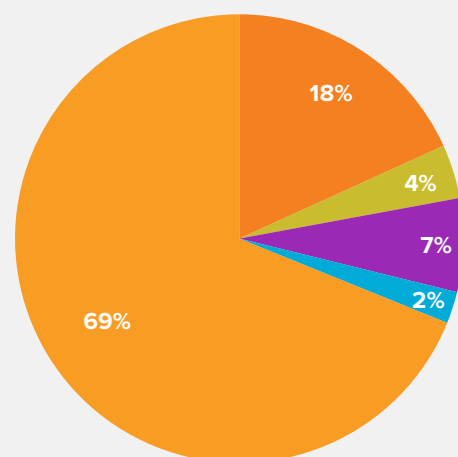
Council will transition to a 31 March balance date in 2021/22 which will necessitate the reporting of a significant timing related deficit budget. This is because the 2021/22 APC fee collection period covering 2021/22 budgeted costs has been fully recognised (as required under Accounting Standard PBE IPSAS 23) as non-exchange revenue in the financial statement of performance reporting for the 2020/21 budget year.

2021 Financial Performance (excluding PTRF)



2021 Expenses

(excluding PTRF payments to pharmacies)



Income expected to be received in March 2022 for the 2022/23 APC year beginning on 1 April 2023 will be reported as income received in advance and will not form part of the Statement of Financial Performance results for the 2021/22 budget year.

Council has forecasted a deficit budget for the following 2022/23 budget year to be partially funded from the reserves as of 30 June 2021.

Bank Balance and Reserves Minimum

Council's budget year and the Annual Practising Certificate (APC) renewal year will not perfectly align until the beginning of the 2022/23 budget year. Currently, APC funding is received and recognised in full before the budget year end although it relates to the renewal period from 1 April to 31 March of the following budget year. This annual funding cycle and associated cash flow must fully sustain Council's regulatory workplan, disciplinary caseload, general operations, and capital programme until the next APC renewal process in March of the following budget year.

For the budget year beginning 1 April 2022, Council's move to a 31 March balance date will help simplify and streamline the annual planning and budgeting process. It will also make Council's annual financial statements more user friendly and transparent for monitoring and reporting purposes.

Due to the timing of APC renewals, Council reserves and cash balances are traditionally high at the end of its budget year (June) but then progressively reduce in the eight months that follow. In those months before APC renewal, Council must have enough cash available to comply with its stated minimum reserves policy and to fund its operations (i.e., it must fund operations up to and immediately prior to receiving the cash inflows for the new APC renewal year).

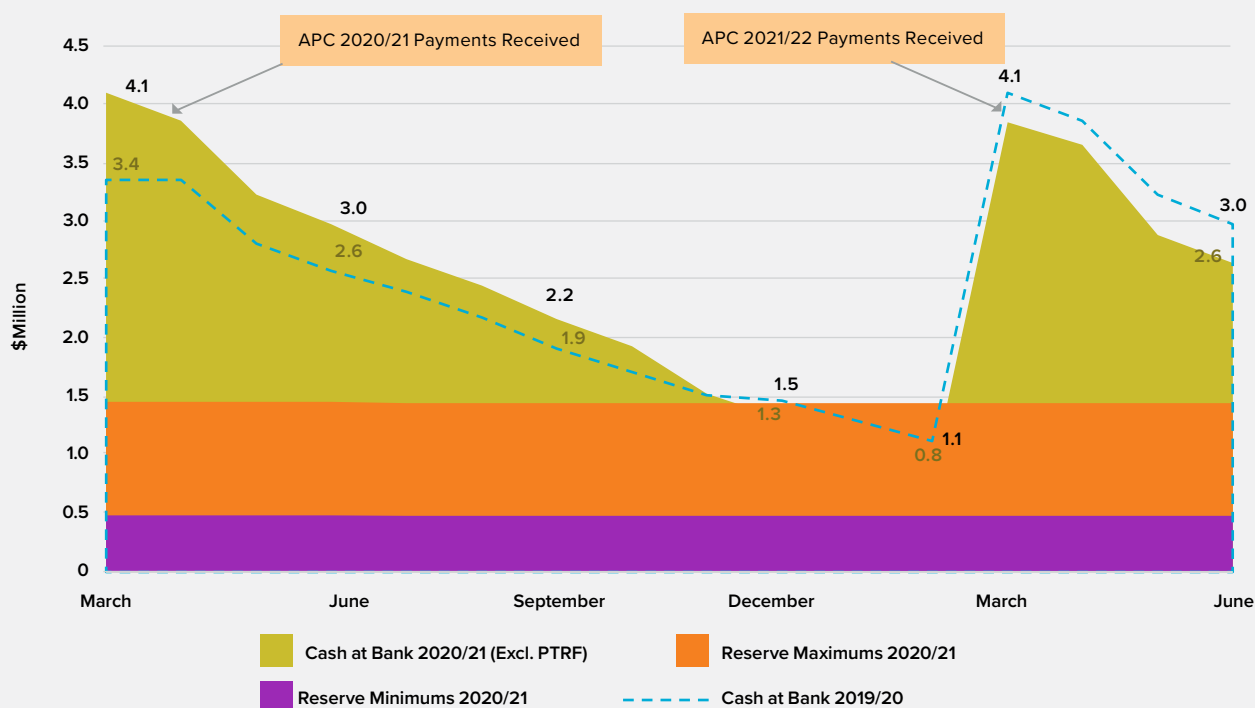
For the coming 2021/22 budget year, the application of Council's Reserves policy requires that a minimum reserve level of \$314,704 be applied to its General Fund and \$200,000 to its Disciplinary Fund (e.g., a total minimum reserve level of \$514,704).

The General Fund Reserve policy is based on the average of one month's budgeted / forecasted operational costs over the coming two budget years. The Disciplinary Fund Reserve is based on Council's assessment of the likelihood of needing to meet unplanned costs of significant or complex disciplinary cases.

After adjusting for the PTRF funds held on behalf of, and reimbursable to, the Ministry of Health the illustration below shows that Council's cash reserves position on 30 June 2021 was markedly lower than the same point for the previous budget year. Key factors contributing to this reduction were

- A significant investment by Council from reserves towards key Business Capability Improvement Projects (BCIP) such as MyRecert, Case Management System, Public Website, and,
- Reimbursement in late 2020 of ~10 percent of the 2019/20 APC fees collected to eligible practitioners (due to the impact of COVID-19 on Council's 2019/20 workplan).

Bank Balances / Reserves Minimum / Reserves Maximum (Excl. PTRF)



Pharmacy Council of New Zealand
Statement of Comprehensive Revenue and Expense
For the year ended 30 June 2021

	Notes	2021 \$	2020 \$
Revenue from non-exchange transactions			
Annual Practising Certificate fees	6	2,705,712	2,355,821
Disciplinary levies		365,377	353,696
Disciplinary recoveries		18,411	24,224
		<u>3,089,500</u>	<u>2,733,741</u>
Revenue from exchange transactions			
Registration fees		41,876	44,727
Non-Practising fees		78,554	77,463
Overseas pharmacist fees		7,800	14,400
Other fees	7	14,464	19,043
Interest income		30,651	53,208
Credit card recoveries		41,329	41,313
Other income	8	1,102,889	1,882
		<u>1,317,563</u>	<u>252,035</u>
Total revenue		<u>4,407,063</u>	<u>2,985,777</u>
Expenses			
Registration and discipline	9	545,551	463,122
Review & Development		116,378	235,225
Governance		202,072	221,242
Stakeholder Engagement		68,700	99,000
Operating and administration	10	3,112,334	1,969,007
Total expenses		<u>4,045,035</u>	<u>2,987,595</u>
Total surplus / (deficit) for the year		<u>362,027</u>	<u>(1,819)</u>
Other Comprehensive Income		-	-
Total Comprehensive revenue and expense for the year		<u><u>362,027</u></u>	<u><u>(1,819)</u></u>

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



Pharmacy Council of New Zealand
Statement of Changes in Net Assets
For the year ended 30 June 2021

	Accumulated comprehensive revenue and expense \$	Total \$
Balance at 1 July 2019	2,338,038	2,338,038
Surplus for the year	(1,819)	(1,819)
Other comprehensive income	-	-
Balance at 30 June 2020	<u>2,336,220</u>	<u>2,336,220</u>
Surplus for the year	362,027	362,027
Other comprehensive income	-	-
Balance at 30 June 2021	<u><u>2,698,247</u></u>	<u><u>2,698,247</u></u>

22

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



Pharmacy Council of New Zealand
Statement of Financial Position
As at 30 June 2021

	Notes	2021 \$	2020 \$
Current Assets			
Cash and Cash Equivalents	13	1,243,717	273,419
Investments	14	2,100,000	2,700,000
Receivables from non-exchange transactions		18,772	66,904
Provision for doubtful debts		-	(46,555)
Prepayments and other receivables		101,017	79,040
		<u>3,463,506</u>	<u>3,072,807</u>
Non-Current Assets			
Intangible assets	15	408,942	145,373
Property, plant and equipment	16	50,213	52,113
Work in progress	17	25,753	93,051
		<u>484,908</u>	<u>290,536</u>
Total Assets		<u>3,948,414</u>	<u>3,363,344</u>
Current Liabilities			
Accounts payable		130,025	135,747
Other payables and accruals	19	699,085	373,588
Employee entitlements		118,803	120,153
Provision for onerous lease	25	90,789	86,110
		<u>1,038,701</u>	<u>715,598</u>
Non-Current Liabilities			
Provision for onerous lease	25	211,466	311,526
		<u>211,466</u>	<u>311,526</u>
Total Liabilities		<u>1,250,167</u>	<u>1,027,124</u>
Net Assets		<u>2,698,247</u>	<u>2,336,220</u>
EQUITY			
Accumulated comprehensive revenue and expense	22	2,698,247	2,336,220
TOTAL EQUITY		<u>2,698,247</u>	<u>2,336,220</u>

Signed for and on behalf of the Council Members who authorised these financial statements for issue on 29 September 2021:



Chair of Council



Chief Executive

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



Pharmacy Council of New Zealand
Statement of Cash Flows
For the year ended 30 June 2021

	Notes	2021 \$	2020 \$
Cash flows from operating activities			
<i>Receipts</i>			
Receipts from APC fees		2,705,712	2,355,821
Receipts from Disciplinary Levy		365,377	353,696
Receipts from other exchange transactions		1,246,916	194,009
Receipts from other non-exchange transactions		107,287	98,873
Interest received		46,707	53,811
		<u>4,471,998</u>	<u>3,056,209</u>
<i>Payments</i>			
Payments to suppliers and employees		<u>3,707,846</u>	<u>2,615,777</u>
Net cash flows from operating activities		<u>764,153</u>	<u>440,432</u>
Cash flows from investing activities			
<i>Receipts</i>			
Sale of property, plant and equipment and intangibles		1,162	1,077
		<u>1,162</u>	<u>1,077</u>
<i>Payments</i>			
Purchase of property, plant and equipment and intangibles		395,017	41,784
Investments in short term deposits		(600,000)	450,000
		<u>(204,983)</u>	<u>491,784</u>
Net cash flows from investing activities		<u>206,145</u>	<u>(490,706)</u>
Net Cash Flows from/(used in) Financing Activities		<u>-</u>	<u>-</u>
Net Change in Cash and Cash Equivalents		970,298	(50,274)
Cash and Cash Equivalents at the Beginning of the Financial Year		<u>273,419</u>	<u>323,693</u>
Cash and Cash Equivalents at the End of the Financial Year	13	<u>1,243,717</u>	<u>273,419</u>

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



Pharmacy Council of New Zealand

Notes to the Financial Statements

For the year ended 30 June 2021

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 29 September 2021.

2 Statement of compliance

The Financial Statements have been prepared on the going concern basis, and the accounting policies have been applied consistently throughout the year.

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 (RDR) on the basis that it does not have public accountability and its expenditure is less than \$30m.

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

All transactions in the Financial Statements are reported using the accrual basis of accounting.

3 Changes in accounting policies and disclosures

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

4 Summary of accounting policies

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

4.1 Basis of measurement

These financial statements have been presented based on historical cost.

Pharmacy Council of New Zealand

Notes to the Financial Statements

For the year ended 30 June 2021

4.2 Functional and presentational currency

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

4.3 Revenue

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

Revenue from non-exchange transactions

Disciplinary levies

Disciplinary levies and fines are recognised as revenue when invoiced.

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 generally includes 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 are recognised when invoiced and reported in the financial period to which they relate.

Overseas pharmacist fees include the Application for Initial Consideration and the administration fees imposed by the Australian Pharmacy Council for delivery of the Competency Assessment of Overseas Pharmacists (CAOP) and Knowledge Assessment of Pharmaceutical Sciences (KAPS) examinations.

Pharmacy Council of New Zealand

Notes to the Financial Statements

For the year ended 30 June 2021

Other fees

Other fees are recognised when invoiced and reported in the financial period to which they relate.

These include the Certificate of Identity, Transfer within Register and Interview Assessment fees.

Interest income

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

Other income

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

4.4 Financial instruments

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

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

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

Financial assets

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

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

Impairment of financial assets

The Council assesses at the end of each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is impaired, and impairment losses are incurred, if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event has affected the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Pharmacy Council of New Zealand

Notes to the Financial Statements

For the year ended 30 June 2021

For financial assets carried at amortised cost, if there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in the surplus or deficit for the reporting period.

In determining any objective evidence of impairment, the Council first assesses whether there is objective evidence of impairment of financial assets that are individually significant, and individually or collectively significant for financial assets that are not individually significant. If the Council determines there is no objective evidence of impairment for an individually assessed financial asset, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment.

Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment for impairment.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting the allowance account. If the reversal results in the carrying amount exceeding its amortised cost, the amount of the reversal is recognised in surplus or deficit.

There has been no impairment of financial assets for the year ended 30 June 2021.

Financial liabilities

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

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

4.5 Cash and cash equivalents

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

4.6 Short term investments

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

Pharmacy Council of New Zealand

Notes to the Financial Statements

For the year ended 30 June 2021

4.7 Property, plant and equipment

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

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

• Furniture & Fittings	10 years
• Office equipment	5 years
• Computer equipment	3 years

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

4.8 Capital work in progress

Capital work in progress is stated at cost and not depreciated. Depreciation on capital work in progress starts when assets are ready for their intended use.

4.9 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 their exchange. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition.

Following initial acquisition, 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.

Pharmacy Council of New Zealand

Notes to the Financial Statements

For the year ended 30 June 2021

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

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

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

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

- | | |
|---------------------|---------|
| • Website | 3 years |
| • Computer Software | 3 years |

4.10 Leases

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

4.11 Employee benefits

Wages, salaries and annual leave

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

4.12 Income Tax

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

Pharmacy Council of New Zealand
Notes to the Financial Statements
For the year ended 30 June 2021

4.13 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 Inland Revenue is included as part of receivables and payables in the statement of financial position.

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

4.14 Equity

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

Accumulated comprehensive revenue and expense

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

5 Significant accounting judgements estimates and assumptions

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

Judgements

In the process of applying the Council's accounting policies, management have made a judgement regarding the joint premises lease for 80 The Terrace that continues to have a material impact on the financial statements (see also Notes 10 & 25).

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

Pharmacy Council of New Zealand

Notes to the Financial Statements

For the year ended 30 June 2021

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at balance 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.

At the date of issuing the financial statements, the Pharmacy Council is not expecting any substantial further impact of COVID-19 on the continued operation of the Council. A reduction in expenditure related to some parts of its work programme has been reflected in these accounts. Applications for annual APCs remain a statutory requirement for practising pharmacists and the Council will continue to receive APC fees from practitioners.

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

Useful lives and residual values

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

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

The estimated useful lives of the asset classes held by the Council are listed in Note 4.7 & 4.9.

Changes to comparative figures

Advisory services and personnel costs in Note 10 have been reclassified for an amount of \$74,455 to match current year disclosure

An amount of \$68,336 has been reclassified between Review and Development and Registration and Discipline expense categories to match current year disclosure.

Pharmacy Council of New Zealand
Notes to the Financial Statements
For the year ended 30 June 2021

6 Annual Practising Certificate fees

	2021	2020
	\$	\$
Pharmacist	2,558,591	2,458,887
Provision for APC fee Rebate	-	(241,244)
Pharmacist Prescriber	24,978	18,118
Intern	101,904	99,881
Return to Practise	18,738	16,707
RECIP/REQR	-	2,800
Application fee	1,501	672
Total Annual Practising Certificate fees	2,705,712	2,355,821

The movement in Annual Practising Certificate fees this year is represented by increases due to registrations of graduates into the Intern scope of practice, interns into the Pharmacist scope of practice, and the effect of payment of a 10% rebate for 2020/21 APC fees collected (provided for at 30 June 2020 and paid by 31 December 2020).

7 Other fees

	2021	2020
	\$	\$
Transfer within Register	8,644	6,744
Interview Assessment Fee	4,635	9,448
Certificate of Identity	696	1,174
Other Fees	490	1,242
Appeal / Review fees	-	435
Total Other fees	14,464	19,043

The fees collected for Interview Assessments this year reflect lower application numbers from overseas pharmacists seeking registration in NZ.

Pharmacy Council of New Zealand
Notes to the Financial Statements
For the year ended 30 June 2021

8 Other income

	2021	2020
	\$	\$
Miscellaneous Income	1,102,889	1,882
Total Other income	1,102,889	1,882

Council was contracted by the Ministry of Health to administer the Pharmacy Team Relief Fund. The fund was established by the Ministry of Health in 2020 to provide short term locum resourcing of pharmacists and technicians to pharmacies where the impact of increased workloads on staff due to Covid-19 could potentially have an impact on public safety. (Contract income: \$1,102,645)

\$1,049,418 relates to claims payable to pharmacies and \$53,227 to the recovery of Council's administration of the application and claims process (at cost).

9 Registration and discipline

	2021	2020
	\$	\$
Registration	27,220	29,612
Discipline	432,799	361,055
Competence and health	85,532	72,456
Total Registration and discipline	545,551	463,122

Discipline costs are incurred through Professional Conduct Committees (PCC) and Health Practitioner Disciplinary Tribunals (HPDT) and are funded from disciplinary levy revenue.

Costs of \$49,375 were incurred for the appeal of an HPDT decision to the High Court. (2020: \$11,112)

Disciplinary Caseload	In Process @ 30Jun20	Opened This Year	Prior Year Cases Closed	Current Year	
				Cases Closed	In Process @ 30Jun21
PCC	7	4	5	0	6
HPDT	4	3	3	0	4
TOTAL	11	7	8	0	10

Pharmacy Council of New Zealand
Notes to the Financial Statements
For the year ended 30 June 2021

10 Operating and administration

Operating and administration expenses include the following specific expenses:

		2021	2020
		\$	\$
Accountancy advice		3,040	1,177
Advisory services	i	94,976	74,455
Amortisation costs		109,222	144,428
Audit fees	see Note 12	13,341	12,972
Bank fees		199	5,233
Bad debts and debt collection	ii.	(29,190)	48,088
Depreciation		22,962	16,903
Eftpos fees		46,733	51,283
Information technology costs	iii	198,970	156,559
Insurance		13,107	13,823
Legal costs		15,968	3,766
Loss on write off / disposal of assets		1,162	-
Movement in onerous lease provision	iv	(9,476)	32,636
Premises and occupancy costs		124,510	134,578
Sundry costs		2,788	1,259
Personnel costs		1,431,724	1,249,718
Pharmacy Team Relief Fund Claims	see Note 11	1,049,418	-
Printing and stationery		10,151	9,554
Postage and courier		3,649	3,625
Telecommunications		9,080	8,950
Total Operating and administration		3,112,334	1,969,007

i. Advisory services comprise costs of external advice received on general legal matters, cultural matters, business advisory services and property related engineering costs.

ii. In 2019/20 Council made a provision for doubtful debts relating to two outstanding disciplinary debtors. In 2020/21 these outstanding debts were collected in full and the original provision was reversed. After costs of debt collection there remains a net credit for the year.

iii. Information technology costs include ongoing IT advisory services not related to specific capital projects and hosting and support costs for the MyRecert platform launched in April 2021.

iv. Council made a provision in 2019 to write off the remaining 80 The Terrace lease commitment (to 31 October 2023) and the residual value of the original fit-out costs.

Changes to the head-lease and sub-lease assumptions and conditions in relation to increased rental and opex costs and sub-lease execution dates have resulted in an adjustment to the onerous lease provision for 2021.

Pharmacy Council of New Zealand
Notes to the Financial Statements
For the year ended 30 June 2021

11 Pharmacy Team Relief Fund

	2021	2020
	\$	\$
Ministry of Health funding received	1,700,000	-
Pharmacy claims processed in full & pending receipt	(1,049,418)	-
Council administration costs recovered	(53,227)	-
Reimbursement due to Ministry of Health for unallocated funds	(597,355)	-
Total Pharmacy Team Relief Fund	<u>-</u>	<u>-</u>

Council was contracted by the Ministry of Health during the year to administer the Pharmacy Team Relief Fund. The fund was established by the Ministry of Health to provide short term locum resourcing of pharmacists and technicians to pharmacies where the impact of increased workloads on staff due to Covid-19 could potentially impact on public safety.

Applications to the fund from individual pharmacies were based on their own assessment of need. The funds were managed from a separate bank account to that of Council's normal operational activity. Unallocated funds were reimbursed to the Ministry of Health in July 2021.

12 Auditor's remuneration

Baker Tilly Staples Rodway provides audit services to the Council. The audit fees charged for the 2021 year totalled \$13,341. (2020 \$12,972)

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

13 Cash and cash equivalents

Cash and cash equivalents include the following components:

	2021	2020
	\$	\$
Cash at bank	1,243,717	273,419
Total Cash and cash equivalents	<u>1,243,717</u>	<u>273,419</u>

14 Investments

	2021	2020
	\$	\$
Term deposits - Maturing within 12 months of balance date	2,100,000	2,700,000
	<u>2,100,000</u>	<u>2,700,000</u>

Pharmacy Council of New Zealand
Notes to the Financial Statements
For the year ended 30 June 2021

15 Intangible assets

2021	Website	Software	Total
	\$	\$	\$
Cost	47,038	869,030	916,068
Accumulated depreciation	-	507,125	507,125
Net book value	47,038	361,905	408,942

2020	Website	Software	Total
	\$	\$	\$
Cost	64,229	544,609	608,838
Accumulated depreciation	64,229	399,236	463,465
Net book value	-	145,373	145,373

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

2021	Website	Software	Total
	\$	\$	\$
Opening balance	-	145,373	145,373
Additions	47,038	325,754	372,792
Disposals	-	-	-
Amortisation	-	109,222	109,222
Closing balance	47,038	361,905	408,942

16 Property, plant and equipment

2021	Computer Equipment	Furniture & Fittings	Office Equipment	Total
	\$	\$	\$	\$
Cost	126,261	43,212	24,752	194,225
Accumulated depreciation	95,609	25,684	22,720	144,012
Net book value	30,652	17,528	2,033	50,213

2020	Computer Equipment	Furniture & Fittings	Office Equipment	Total
	\$	\$	\$	\$
Cost	118,992	82,351	27,303	228,647
Accumulated depreciation	92,783	61,109	22,642	176,534
Net book value	26,210	21,242	4,661	52,113

Pharmacy Council of New Zealand
Notes to the Financial Statements
For the year ended 30 June 2021

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

2021	Computer Equipment	Furniture & Fittings	Office Equipment	Total
	\$	\$	\$	\$
Opening balance	26,210	21,242	4,661	52,113
Additions	21,598	627	-	22,225
Disposals	-	1,162	-	1,162
Depreciation	17,156	3,178	2,629	22,962
Closing balance	30,652	17,528	2,033	50,213

17 Work in progress

Work commenced in 2021 on the second phase of the *Compliance Management System* component of Council's Business Capability Improvement Plan. At balance date this new piece of work had not yet reached the status of a minimum viable product and was not capitalised.

Completion of this workstream is expected early in the new financial year. Balance of the work in progress is \$25,753 (2020: \$93,051)

18 Related party transactions

The Council has related party transactions with respect to fees paid to Council members and with respect to Council members who pay to the Pharmacy Council APC fees and disciplinary levies as pharmacists. Fees paid to the Council members for attending Council, Council sub committees (Finance Assurance & Risk Management [FARMC], Competence & Fitness to Practice [CFTP] and Intern Assessment Advisory Committee [IAAC]) and working party meetings and participating in other forums are disclosed below.

	2021	2020
	\$	\$
Councillors Fees*	141,660	141,675
Councillors Expenses	33,847	30,497
Total	175,507	172,171

Pharmacy Council of New Zealand
Notes to the Financial Statements
For the year ended 30 June 2021

***Fees Paid to Councillors**

K Azer		11,096	10,620
A Bauld	±	23,796	9,246
M Bedford	^	-	178
M Bennett	^	-	984
I Buchanan	^	-	788
L Flowers	^	-	237
J Galt	#	18,873	10,974
J Harrison	±	50,909	59,039
M Lomax		10,809	9,286
E Salis	~	1,826	9,410
C Schimanski	~	2,215	11,491
M Wu		11,953	9,466
A Zareh		10,183	9,957
Total *Fees Paid to Councillors		141,660	141,675

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

± A Bauld took over the role of Council Chair from J Harrison in April 2021.

Employed by Council as independent adviser and is also chair of FARMC, attends Council meetings only in an advisory capacity.

~ Resigned during the year.

^ Terms expired September 2019

There were no other related party transactions. (2020: \$Nil).

Key management personnel

The governing body of the Council with authority and responsibility for planning, directing and controlling the activities of the entity is constituted of the Council Members, Independent FARMC Chair, the Chief Executive, Manager Regulatory & Registrar, Chief Strategic Advisor, Manager Compliance Registration & Standards, Manager Qualifications & Competence Assurance and the Manager Finance & Performance. These are the Council's key management personnel, as defined by PBE IPSAS 20 PS Related Party Disclosures.

The remuneration paid to Council Members is set out above. The aggregate remuneration of key management personnel and the number of individuals, determined on a full time equivalent basis, receiving remuneration is as follows.

Pharmacy Council of New Zealand
Notes to the Financial Statements
For the year ended 30 June 2021

	2021	2020
	\$	\$
Total remuneration	824,036	800,723
Number of full-time equivalents (FTE)	5.5	5.4

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

During the reporting period, total remuneration and compensation of \$Nil (2020: \$Nil) was provided by the Council to employees who are close family members of key management personnel.

19 Other payables and accruals

	2021	2020
	\$	\$
Exchange payables		
Pharmacy Team Relief Fund	597,355	-
Accruals	54,994	338,261
Total exchange payables	<u>652,349</u>	<u>338,261</u>
Non exchange payables		
PAYE to IRD	46,736	35,326
Total non exchange payables	<u>46,736</u>	<u>35,326</u>
Total other payables and accruals	<u>699,085</u>	<u>373,588</u>

20 Leases

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

	2021	2020
	\$	\$
80 The Terrace		
Not later than one year	86,534	87,124
Later than one year and no later than five years	117,392	203,289
Later than five years	-	-
	<u>203,926</u>	<u>290,413</u>

	2021	2020
	\$	\$
125 Willis Street		
Not later than one year	40,387	97,991
Later than one year and no later than five years	-	36,746
Later than five years	-	-
	<u>40,387</u>	<u>134,737</u>

Pharmacy Council of New Zealand

Notes to the Financial Statements

For the year ended 30 June 2021

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

	2021	2020
	\$	\$
Overall Premises Lease - 80 The Terrace		
Not later than one year	350,091	350,073
Later than one year and no later than five years	474,931	816,839
Later than five years	-	-
	<u>825,022</u>	<u>1,166,912</u>

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

	2021	2020
	\$	\$
Overall Premises Lease - 125 Willis Street		
Not later than one year	80,773	195,981
Later than one year and no later than five years	-	73,493
Later than five years	-	-
	<u>80,773</u>	<u>269,474</u>

21 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:

	2021	2020
	\$	\$
Financial assets		
Cash and cash equivalents	^ 1,243,717	273,419
Investments	2,100,000	2,700,000
Receivables from non-exchange transactions	18,772	66,904
	<u>3,362,489</u>	<u>3,040,323</u>
Financial liabilities		
Accounts payable	130,025	135,747
Accruals	^ 1,001,339	771,224
Employee entitlements	118,803	120,153
	<u>1,250,167</u>	<u>1,027,124</u>

^ At balance date Council held funds totalling \$701,362 in a separate bank account on behalf of the Ministry of Health for distribution to applicants to the Pharmacy Team Relief Fund. The Ministry of Health was reimbursed \$660,333 (GST inclusive) in July 2021 being the amount of unallocated funding calculated to the close of the project. Residual claims are expected to be received and fully processed by November 2021.

Pharmacy Council of New Zealand
Notes to the Financial Statements
For the year ended 30 June 2021

22 Accumulated comprehensive revenue and expense

To provide greater transparency for stakeholders Council's accumulated comprehensive revenue and expense was separated in to a General Fund and a Disciplinary Fund during the 2010/11 financial year.

	2021	2020
	\$	\$
General Fund		
Opening balance	1,855,527	1,758,011
Movements during the year	517,275	97,516
Closing balance	2,372,802	1,855,527
	2021	2020
	\$	\$
Disciplinary Fund		
Opening balance	480,693	580,028
Movements during the year	(155,248)	(99,335)
Closing balance	325,445	480,693
Total accumulated comprehensive revenue and expense	2,698,247	2,336,220

23 Capital commitments

There are no capital commitments at the reporting date. (2020: \$Nil)

24 Contingent assets and liabilities

In the 2019/20 financial statements Council disclosed it had lodged a High Court appeal contesting a Health Practitioner Disciplinary Tribunal (HPDT) decision on a case involving fraudulent prescriptions. The outcome of the appeal was unsuccessful and costs of \$14,560 were subsequently awarded against Council.

There are no contingent assets or liabilities at the reporting date.

25 Provision for Onerous Lease

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

	2021	2020
	\$	\$
Provision for Onerous Lease		
Opening balance	397,636	456,695
Additional provisions made in this financial year	-	32,636
Amounts incurred and charged against the provision	(85,905)	(91,695)
Gain on provision from reassessment	(18,587)	-
Unwinding of discount	9,111	-
Closing balance	302,255	397,636

Pharmacy Council of New Zealand
Notes to the Financial Statements
For the year ended 30 June 2021

	2021	2020
Provision for Onerous Lease	\$	\$
Current	90,789	86,110
Non Current	211,466	311,526
Closing balance	302,255	397,636

As per note 20, the Council is jointly and severally liable for the lease of 80 The Terrace with the Dental Council of New Zealand, Medical Sciences Council of New Zealand, New Zealand Medical Radiation Technologists Board, and the Physiotherapy Board of New Zealand.

As the Council will continue to meet the lease commitment for 80 The Terrace until October 2023 but is unable to occupy the premises, the lease commitment is considered onerous.

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

The provision has been calculated as the minimum amount payable under the contract, less contracted recoveries from sub-letting.

26 Events after the reporting date

There are no other events after the reporting date to be disclosed.

Independent Auditor's Report

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

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



INDEPENDENT AUDITOR'S REPORT TO THE READERS OF THE PHARMACY COUNCIL OF NEW ZEALAND'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

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

Opinion

We have audited the financial statements of Pharmacy Council, that comprise the statement of financial position as at 30 June 2021, the statement of comprehensive revenue and expense, the statement of changes in net assets and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information.

In our opinion the financial statements of the Pharmacy Council,

- present fairly, in all material respects:
 - its financial position as at 30 June 2021; 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 4 October 2021. This is the date at which our opinion is expressed.

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

Basis of opinion

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

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

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

Responsibilities of the Council for the financial statements

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

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

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

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



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

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

Responsibilities of the auditor for the audit of the financial statements

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

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

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

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

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



- We evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Independence

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

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

A handwritten signature in dark ink, appearing to read 'Chrissie Murray', written over a light grey circular stamp.

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

Contact details

Pharmacy Council

Level 8 Kordia House
109 Willis Street
Wellington 6011

PO Box 25137
Wellington 6140

Web: pharmacycouncil.org.nz
Email: enquiries@pharmacycouncil.org.nz

Barristers and Solicitors

Claro Law

PO Box 11455
Wellington 6142

Chapman Tripp

PO Box 933
Wellington 6140

Kensington Swan

PO Box 10246
Wellington 6143

Bankers

ANZ Banking Group (New Zealand) Ltd

215–229 Lambton Quay
Wellington 6011

Auditors

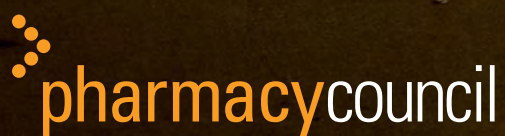
BakerTilly Staples Rodway, Wellington

PO Box 1208
Wellington 6140

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

PO Box 25137
Wellington 6140
New Zealand

Phone +64 4 495 0330
enquiries@pharmacycouncil.org.nz
www.pharmacycouncil.org.nz



Te Pou Whakamana Kaimatū o Aotearoa