



Pharmacy Council's Fee/Levy Consultation

Proposal for:

- **Annual practising certificate fees and disciplinary levies for pharmacists, pharmacist prescribers and intern pharmacists**
- **Other fees** (registration, competence and other miscellaneous fees)

Issued: Thursday 31 October 2024

Submissions close: 9.00am, Monday 9 December 2024

Summary of proposals

The Pharmacy Council is consulting on:

1. The 2025/26 annual practising certificate (APC) fees and disciplinary levies as follows:

Scope of Practice	Proposed APC fee	Proposed disciplinary levy	TOTAL Proposed APC fee and disciplinary levy	TOTAL GST Inclusive
	\$	\$	\$	\$
Pharmacist	684.79	202.17	886.96	1,020.00
Pharmacist prescriber	771.74	202.17	973.91	1,120.00
Intern pharmacist	379.57	202.17	581.74	669.00

2. For other fees (i.e., registration, competence and other administrative fees) an uplift of ~3 percent for cost and inflation (rounded up/down to the nearest dollar) has been applied. [Appendix 2]
3. For fees specifically associated with the application for initial consideration of registration for non-REQR¹ applicants an increase from \$777 to \$950 (GST inclusive) to better reflect the time and processing costs involved in communications with applicants, receiving, reviewing and verifying the required documentation in support of the applications.

Figures in this consultation document are exclusive of GST, unless otherwise stated.

The proposed fees for pharmacists and pharmacist prescribers would apply from 1 April 2025. The proposed fees for intern pharmacists would apply from 15 December 2025.

Other fees would apply from 1 April 2025.

The Council will give effect to the fees and levies by placing a notice in the New Zealand Gazette (www.gazette.govt.nz).

¹ Non-REQR = **Non- Recognised Equivalent Qualification Route**. Applicants that are registered pharmacists overseas, but do not meet the eligibility criteria for the REQR route.

Feedback and submissions

Details of how to make submissions and provide your feedback are on page 13 of this document. Submissions close 9.00am, Monday 9 December 2024.

Please note that all submissions received, including the name of the submitter will be published on our website and will remain publicly available. Published submissions from individuals will only include your name and your profession if you are a registered health practitioner. All other personal and contact details will be removed.

Introduction

The Pharmacy Council | Te Pou Whakamana Kaimatū o Aotearoa (the Council) sets APC fees and disciplinary levies for pharmacists under sections 130 and 131 of the Health Practitioners Competence Assurance Act 2003 (the HPCAA). This consultation document sets out proposals on the Council's:

- proposed APC fees and disciplinary levies for
 - pharmacists and pharmacist prescribers for the practising year 1 April 2025 to 31 March 2026
 - intern pharmacists for the practising year 15 December 2025 to 14 December 2026
- Proposed registration, competence, and other administrative fees are effective from 1 April 2025.

Background

On 18 September 2024 Council launched a series of direct communications to the profession and other stakeholders to promote a better understanding of Council's statutory role (i.e., its legal obligations) to protect public health and safety, the financial costs (and challenges) of fulfilling this role as the Responsible Authority (regulatory body) for the self-regulation of pharmacists in Aotearoa New Zealand and at the same time signalled its intention to consult on proposed APC fee/disciplinary levy increases for 2025/26.

Notwithstanding the very real impact of ongoing financial pressures on the pharmacy sector and on individual pharmacists, the self-regulation model for individual health practitioners across Aotearoa New Zealand is in no way linked to the current mechanisms for government funding of public health services.

Council's costs simply do not move in the same way as those of a pharmacy business model which makes it impossible for Council to set fees proportionate to the scale of pharmacist salaries and still deliver all its statutory obligations. Council treads a fine line every year in reviewing its costs, monitoring issues of long-term financial sustainability, and working to support the future of pharmacists' professional self-regulation.

Council is legally required to consult when proposing changes to fees. In practical terms, this means an opportunity for the profession each year to challenge either the extent of Council's workload and priorities or point out any inefficiencies that Council might consider addressing before deciding to proceed with the application of any proposed fee increase. On reviewing

previous consultation feedback Council has in fact made decisions to either not proceed with an increase or to proceed on a lesser scale. The downstream effect of these less-than-ideal fee adjustments has contributed over time to the depletion of reserve balances.

Our communications series covered a range of topics including:

- The HPCAA and our aligned work programme
- Our notifications and compliance function, responding to concerns about pharmacist conduct and/or competence and fitness to practise
- The significant increase in the number and complexity of notifications our compliance team is receiving, and therefore the rising costs Council is incurring in relation to these
- Our process and approach to notifications, including working with and supporting pharmacists who are subject to a notification to resolve issues together
- The impact of increased notifications on Council workload and costs
- Professional Conduct Committees (PCCs) and the Health Practitioners Disciplinary Tribunal (HPDT), including their roles and the costs incurred when cases are referred to these bodies
- The annual budget process and how Council determines its proposed fee and levy
- Our general and disciplinary reserves policies and why we need to hold them.

The full communications series can be read on Council's website [here](#)

Council's proposed new 2025/26 APC fee and disciplinary levy

This consultation document sets out Council's proposed 2025/26 APC fee and disciplinary levy, which combined comes to \$1,020 for pharmacists, \$1,120 for pharmacist prescribers and \$669 for intern pharmacists (all amounts are inclusive of GST).

The overall increase of \$95 (made up of \$83 for the disciplinary levy and \$12 for the APC fee) from the 2024/25 fee/levy is in response to several factors, including: a rise in the number and complexity of notifications we are receiving regarding pharmacists' conduct and competence to practise, the need to replenish our disciplinary and general reserve balances to ensure the sustainability of the organisation, the Government's programme of legislative review, the statutory performance management review of Council and general inflationary pressures.

Table 1. Breakdown of actual/proposed APC fee and disciplinary levy changes

GST inclusive (\$)	2023/24	2024/25	Changes made	Proposed 2025/26	Changes proposed	Forecasted 2026/27	Changes forecasted
APC fee	750	775	+25	787	+12	809	+22
Disciplinary levy	100	150	+50	233	+83	211	-22
TOTAL fee	850	925	+75	1,020	+95	1,020	-

We acknowledge that cost increases will never be welcomed, and that the pharmacy workforce in New Zealand is under increasing and sustained pressure. Like all organisations, Council must continue to manage rising costs in the current economic environment, to ensure it can operate sustainably and fully deliver the 13 discrete regulatory functions mandated by Section 118 of the HPCAA.

Council's legislated focus on being for the public, with pharmacists, is reflective of its responsibility as kaitiaki (guardian) of the 'investment' that pharmacists, pharmacist prescribers and intern pharmacists make each year towards the goal of achieving professional credibility and a high level of public trust through a model of exemplary self-regulation.

As part of a longer-term strategy to strengthen and maintain its reserve balances Council is signalling its intent to the profession, that to provide greater certainty around fee costs for at least the next two recertification years, the total overall fee being proposed for the 2025/26 APC year would remain in place for the following 2026/27 APC year.

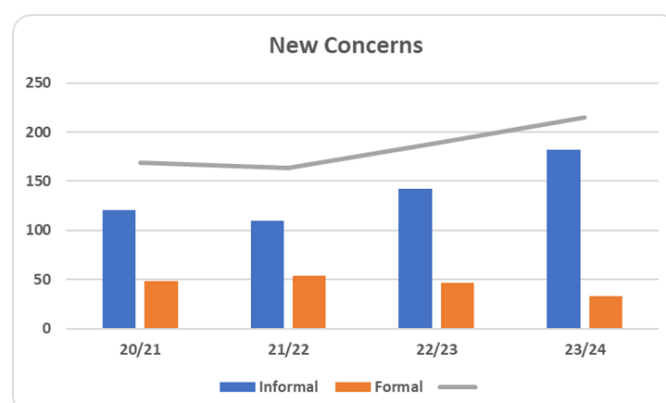
A further consultation process will be needed next year for the forecasted 2026/27 fee in relation to reallocation of the split between the APC fee and disciplinary levy components. The reallocation is to ensure maintenance of the two individual reserve balances close to the stated policy minimum levels, although the same total fee cost remains unchanged.

Rationale for increasing the APC fee and disciplinary levy

Increased volume and complexity of notifications regarding pharmacists' conduct and competence to practise

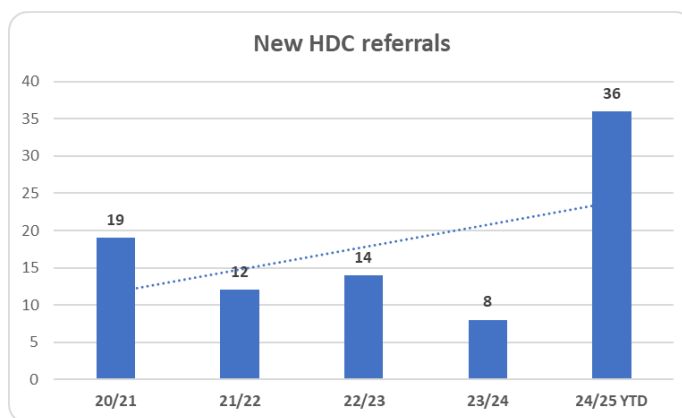
The increase in the number of notifications and complaints we are receiving reflects what other Responsible Authorities (RAs) and the Health and Disability Commissioner (HDC) are also experiencing. This is not a phenomenon confined to pharmacists, but across all health professions, including medical, nursing, and dental. The HDC reports a 40 percent rise in complaints in the last three to four years, attributing this rise to multiple factors: a pressured health system, health reforms, and the COVID pandemic.

Council has seen a steady increase in informal enquiries (i.e., the information Council receives and assesses which does not reach the threshold for escalation to active case management).



Additionally, Council has received a steady increase in the number of referrals from the HDC.² For the first two quarters of 2024/25 the volume of HDC referrals to Council is already more than four times those received for the whole of 2023/24 and in just six months is equivalent to the total number of referrals received for the previous three years.

Although the graph above indicates there was a lower number of formal complaints recorded in 2023/24 it is because it did not adequately reflect the impact of delays in HDC referrals to Council or the subsequent upswing in HDC referrals Council has received in just the last six months. This upswing in volume will most certainly impact upon the volume of informal and formal complaints to be triaged and addressed moving forward.



Our compliance team must assess each notification it receives to determine the level of risk to public safety. This ‘triaging’ process enables us to prioritise notifications and respond appropriately. The team considers whether the notification relates to a pharmacist’s competence, conduct, or health, or a combination of these three factors.

The time it takes the Council to resolve each case varies and depends in part on whether the case is simple or complex, and the resourcing and costs incurred (e.g., an educational letter versus a case referred to an independent PCC for investigation, then potentially to HPDT).

Pharmacists who willingly engage with Council help to avoid long and drawn-out processes. This reduces the time it takes to resolve an issue as well as the costs incurred for all parties and can decrease the likelihood of Council needing to refer a complaint on to a PCC to investigate (which incurs even more costs e.g., legal costs for both the pharmacist and Council).

In the first 10 years of Council’s existence, the external costs alone for PCC and HPDT proceedings amounted to ~\$1.08m. In the second 10 years (to March 2024) external costs incurred had more than doubled to ~\$2.26m (total \$3.345m).³

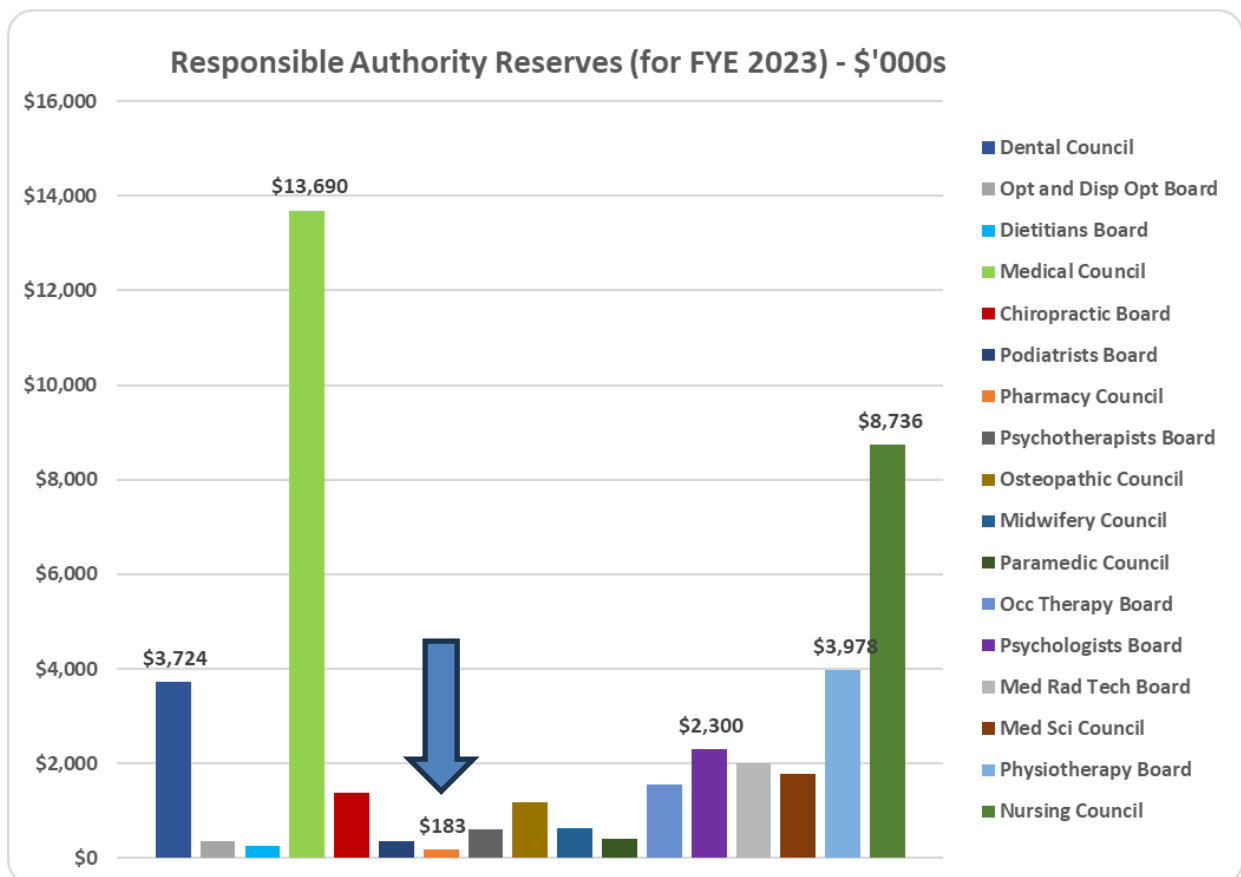
² The HDC are working to clear a significant backlog of complaints and referrals across all health professions in Aotearoa New Zealand.

³ Simple comparator making no allowance for the time value of money.

Of this \$3.345m in external costs incurred from 1 July 2004 to 31 March 2024 only 21 percent (i.e., \$0.46m) was recovered from practitioners in the long run. [Appendix 3]

The compliance team’s triage and case management work are funded primarily from the APC fee with contribution from the disciplinary levy towards the costs of the PCC secretariat⁴, while matters referred to PCCs for investigation are fully funded from the disciplinary levy. If a PCC lays a charge with the HPDT the hearing costs are also fully funded by the disciplinary levy.

Under the Office of the Auditor General’s good practice guide for setting and administering fees and levies for cost recovery⁵ the disciplinary levy funds a portion of the compliance team’s annual salary costs and a percentage of organisational overheads as well. Council’s overall reserves are not large and in fact, are minimal compared to those held by other RAs.⁶



The increased volume and costs associated with the work of the compliance team means Council must replenish and maintain its reserves through increases to both the APC fee and disciplinary levy.

⁴ While a PCC’s processes and decision-making obligations are independent from Council, support and co-ordination of the committee appointment, resourcing, recording and reporting activities is managed internally by the PCC secretariat (i.e., Council compliance team members).

⁵ [Setting and administering fees and levies for cost recovery: Good practice guide — Office of the Auditor-General New Zealand \(oag.parliament.nz\)](https://www.oag.parliament.nz/publications/setting-and-administering-fees-and-levies-for-cost-recovery-good-practice-guide)

⁶ Source: Responsible Authority Annual Reports (2023).

Replenishment of reserves

The minimum level of reserves intended to be maintained in accordance with the Council's Reserves Policies is critical to be able to meet unexpected expenditure requirements. Since 2011 Council has managed two separate reserves:

- General reserve – based on a minimum of one month's average budgeted general operating expenditure⁷ (e.g., to cover unexpected business interruption for events, like fire, earthquakes, cyber-attacks etc., which are partially mitigated by insurance)
- Disciplinary reserve – a minimum amount of \$200k to cope with any unexpected spikes in caseload and compliance costs.

As of 31 March 2024,⁸ the General reserve reported a balance of \$445k and the disciplinary reserve reported a negative balance of \$262k (i.e., effectively subsidised by the General reserve⁹) with an overall reserve balance of \$183k below Council's policy for a combined reserve minimum of ~\$500k.

The Council's overall reserve balance is lower than its preferred policy minimum for the following reasons:

- Council's actions to reduce its reserve balances following a directive from a previous government.
- Consideration of APC fee consultation feedback received over the years where Council decided not to fully apply the proposed annual APC fee increases to, at a minimum, match the annual inflation¹⁰ and labour cost index¹¹ movements in Aotearoa New Zealand.¹² (i.e., a conscious decision was made by Council to moderate the 'shock' to the profession of proposed increases.)
- The approval of deficit operating budgets in recent years to ensure Council's regulatory work programme and functions under s118 of the HPCAA continued to be met.

For the 15 practising years between 1 July 2010 and 31 March 2024 combined APC/disciplinary levy fee increases were less than the annual inflation rate for a total of 10 years and the annual labour cost index for a total of nine years [Table 2].

Decisions not to increase fees with at least the cost of living changes each year are not sustainable long-term and Council needs to focus on ensuring that the expectedly high standards of professional self-regulation can be maintained for the future of the profession.

⁷ For the 2025/26 proposed expenditure budget this equates to ~\$291k.

⁸ 2024 Annual Report [Pharmacy-Council-Annual-Report-2024-WEB.pdf](#)

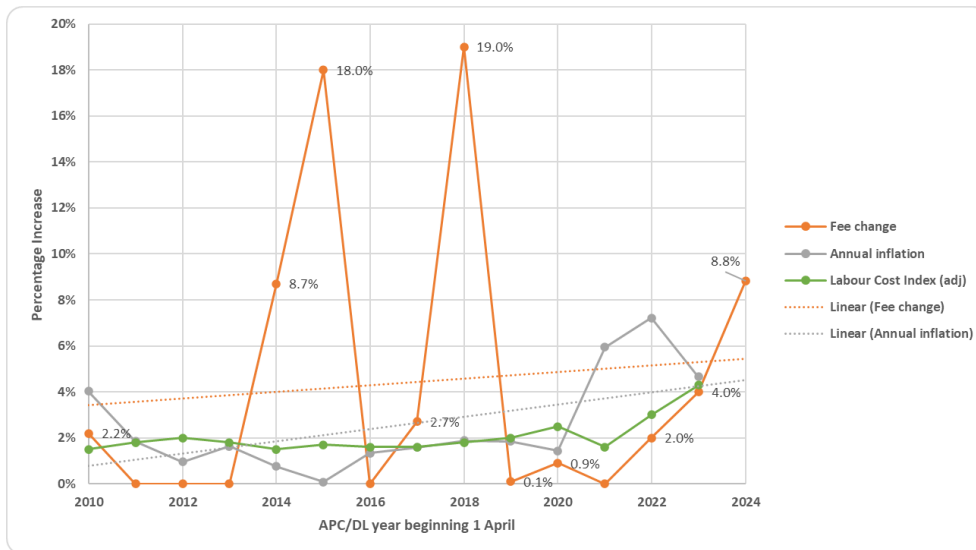
⁹ A position immediately mitigated at 1 April 2024 by the recognition of income received for the 2024/25 APC year but as spending occurs it will trend downwards again during the year (i.e., the forecasted closing Disciplinary reserve balance to 31 March 2025 is minus \$282k).

¹⁰ [New Zealand Historical Inflation Rates | 1926-2024 \(inflationtool.com\)](#)

¹¹ [Annual wage cost inflation 4.3 percent | Stats NZ](#)

¹² Contributing to the correctional 'spikes' in APC fees for 2014, 2015, 2018 and again in 2024.

Table 2. Percentage fee changes 2010 to 2024



Government’s legislative review programme

HPCAA review – As part of the Government Policy Statement on Health 2024-27¹³, which was released in July 2024, there is a review underway to improve health workforce regulatory settings. The breadth and depth of potential changes to legislation and our regulatory mechanisms, policies and processes to support the current requirements of the HPCAA is not yet known.

Medicines Act 1981 – Alongside repealing the Therapeutic Products Act, the Government has said¹⁴ that it will replace the Medicines Act with modern, risk proportionate regulation for medicines, through the new Medical Products Bill. The implications for pharmacy practice are not yet known, and the level of input by Council to any consultation processes is also unknown.

It is sensible to include some provision in the proposed 2025/26 budget for costs associated with any potential legislative changes and workload requirements.

Statutory performance review

The HPCAA (s122A) requires that an RA must participate in regular reviews to provide assurance to the Crown and the public that they are performing their functions efficiently and effectively in the interests of public safety and public confidence in the regulatory system. The reviews also support organisational capability and quality improvement efforts.

In consultation with each RA the Ministry of Health appoints an independent ‘person’ to conduct the review (conducted under the Ministry’s HSII-QAS-HealthCERT framework) and sets the terms of reference.

¹³ [Government Policy Statement A3 Summary.pdf \(health.govt.nz\)](#)

¹⁴ [Cabinet material: Modernising the Regulation of Medicines and Medical Devices | Ministry of Health NZ](#)

The Council's first such [performance review](#) was completed in December 2021. It found:

- processes and systems were well established to register applicants, issue practising certificates, review and improve competence, and respond to complaints, conduct and health notifications.
- the Council demonstrated the principles of right-touch regulation through its policies, processes, systems, consultations, plans and how it works with the profession and stakeholders.

The next performance review is scheduled to be undertaken late in 2025. There is a significant amount of internal resourcing required to prepare for the review, and all costs for conducting the review must also be met by the Council. Again, it is sensible that some provision for these costs is included in the proposed 2025/26 budget.

Information technology

In 2023 Council completed a comprehensive analysis of its IT functions and applications, future business goals and objectives, business drivers for investment and capability, roadmaps to determine capability, and capacity uplift priorities for the next three years.

Overall Council's core digital systems are in good health; however, the 2023 analysis did highlight the need to plan for continued investment to manage obsolescence, mitigate risks, keep pace with technology trends and to better meet stakeholder expectations. Key technology trends include the rapid adoption of artificial intelligence, increasing cyber security threats and far more sophistication and functionality in the digital workspace.

Council's intent is always to adapt to these context changes in a proactive and systematic way, rather than deferring investment which might then result in more aggressive future change requirements and therefore a greater cost burden. Provision has been made in the 2025/26 budget for the third-year digital investment initiatives to be delivered. Key among these are enhanced functionality of the pharmacist portal and the optimisation of data collection and application of business intelligence to inform the use of 'right touch' regulatory tools.

The long-term reserves rebuild strategy will also contribute to strengthening Council's ability to proactively adopt new technologies as and when they are required.

How proposed increases to APC fees and disciplinary levies are determined

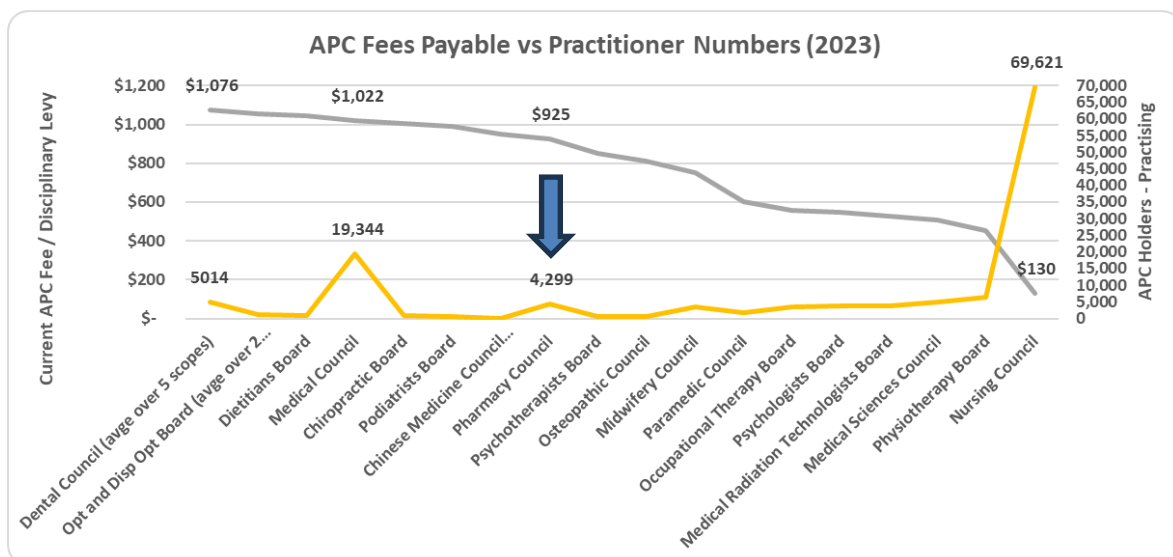
As previously noted, the Council follows the good practice guidelines established by the Office of the Auditor General and the Treasury. The Council's budget, fees and levies are calculated on a full cost recovery basis. The Council plans to cover all operating and capital costs over a one-to-two-year period, consider the impact on reserves over the same period, and is committed to operating in a cost-effective and fiscally responsible way, while balancing our obligations to protect the public.

The level of APC fee per practitioner depends on:

- the projected number of practitioners each year
- direct income and expenditure budgets, and
- the reserve balances carried forward from the previous year, and the progress made in rebuilding and maintaining our policy of holding at least minimum reserves for both disciplinary and general matters.

The Council’s proposed fees are comparable with other RAs that have similar ‘risk of patient harm’ profiles (i.e., the Dental and Medical Councils). Although the Nursing Council imposes the lowest APC fee of all the RAs, it has significantly more registered practitioners (2023: 69,621) than the other professions and can apply some economy of scale to the costs of delivering its regulatory programme.

The table below reflects Council’s position at approximately the midpoint on the current scale of Gazette fee notices¹⁵ for all RAs. Practitioner numbers have been sourced from respective RA annual reports for 2023.



The proposed 2025/26 operating expenditure budget is set in the context of an ongoing period of increased compliance workload, and overall cost increases. It also considers the associated financial impact on practitioners and the need for the Council to hold a minimum level of reserves.

Proposed registration, competence, accreditation, and other administrative fee increases

Except for the fee specifically associated with the application for initial consideration of registration for non-REQR¹⁶ applicants Council is proposing that all other fees (i.e., registration, competence, and other administrative fees) have an uplift of ~3 percent for cost and inflation. These will be rounded up/down to the nearest dollar.

¹⁵ APC fees for the Dental Council and the Optometrists & Dispensing Opticians Board have been aggregated and then averaged as they represent multiple scopes of practice.

¹⁶ Non-REQR = **Non-Recognised Equivalent Qualification Route**. Applicants that are registered pharmacists overseas, but do not meet the eligibility criteria for the REQR route.

The fee for the application for initial consideration of registration for non-REQR applicants is proposed to increase from \$777 to \$950 to better reflect the time and process costs involved in managing communications with applicants over extended timelines, receiving, reviewing and verifying the required documentation.

Overview of proposed budget expenditure

Our proposed total expenditure for 2025/26 is about \$4.202m, a net increase of 3.5 percent compared to the budgeted expenditure for both the current and previous financial years (2023/24 and 2024/25). [Appendix 1]

Reserves and financial sustainability

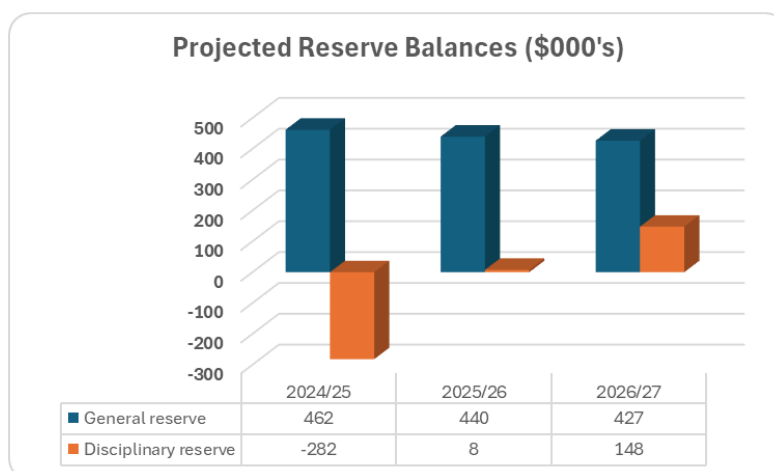
To maintain appropriate operational reserves and support ongoing financial sustainability, Council must:

- budget and forecast prudently
- ration and prioritise resources; and
- adjust APC fees to meet operational activities and provide reserves against an unknown number of competency cases, appeals or judicial reviews.

The minimum level of reserves intended to be maintained in accordance with the Council's Reserves Policies is critical for the Council to be able to meet any unexpected expenditure requirements. Two reserves are maintained, the Disciplinary reserve and the General reserve, as described in the previous section Replenishment of Reserves.

In 2023, our 2024/25 APC fee consultation advised the profession that a measured approach to rebuilding reserve balances over the coming five years was a high priority for Council. It began with:

- an increase of \$75 to the overall APC fee payable for the current APC year (i.e., a \$50 increase for the disciplinary levy and a \$25 increase for the APC fee).
- a break-even expenditure budget approval of \$4.062m¹⁷ for the 2024/25 financial year to mitigate further erosion of reserves.



¹⁷ The final 2024/25 expenditure budget approval was reduced and set at a level equivalent to the budget approval for the 2023/24 financial year.

Council's proposal to increase fees for the 2025/26 APC year is phase two of its planned reserves rebuild programme and potentially replenishes the Disciplinary reserve to within 75 percent of the \$200k policy minimum by 31 March 2027.

Feedback and submissions

The Council invites all practitioners and other individuals or organisations with an interest in this proposal to comment. We welcome and value all submissions, but please note, multiple, identical submissions do not carry any more weight than a single submission.

The consultation document is also available on our [website](#) for feedback from any interested sector or member of the public.

The Council will consider all submissions and feedback prior to making a final decision on the proposed fees and draft 2025/26 expenditure budget outlined in this document.

Any change to Council's APC fees and disciplinary levies is treated as a secondary legislation process so Council must give effect to any change through placing a notice in the New Zealand Gazette and notifying the Minister of Health who will then arrange to have the notice formally tabled in parliament.

We will not publish any submissions we consider derogatory or inflammatory as this would impact negatively on professional integrity and ethics.

As this is a public consultation, "in confidence" information will only be accepted under special circumstances. Please contact us before submitting material in confidence.

Council will be extending invitations directly to the pharmacist professional membership bodies to meet and discuss the details of this consultation. We also encourage you to consider providing your feedback through these bodies as well.

Your submissions must reach us by **9.00am Monday, 9 December 2024**.

Please send your submissions to:

Pharmacy Council
P O Box 25-137
Wellington 6140
Email: consultations@pharmacycouncil.org.nz

Ngā mihi

Michael A Pead
Chief Executive

Appendix 1: 2025/26 proposed budget

Expenditure – 1 April to 31 March (\$000's)	2023/24	2024/25	2025/26
	Actual	Budget	Proposed Budget
	\$	\$	\$
Project and profession expenses			
Registration	113	109	120
Competence and health	50	69	60
Discipline	428	402	445
Credit loss allowances ¹⁸	149	-	-
Information technology	393	543	500
Regulatory review and development	50	205	150
Governance – fees and expenses	284	308	335
Total project and profession expenses	1,467	1,636	1,610
Strategic projects			
HPCAA review	-	-	60
Statutory performance review	-	-	30
Total strategic projects	-	-	90
Administration expenses			
Personnel and related costs	1,760	1,909	1,960
Rent and premises outgoings	203	185	197
Amortisation and depreciation	197	158	150
Organisation support	66	51	75
General office expenses ¹⁹	133	122	120
Total administration expenses	2,359	2,425	2,502
Total expenditure	3,826	4,061	4,202

¹⁸ Relates to assessment of the collectability of disciplinary debts – not usually budgeted.

¹⁹ Includes service charges for online payment processing fees (credit card and A2A), photocopying, printing, postage, couriers, and telecommunications.

Appendix 2: Other 2025/26 proposed fees (including GST)

Fee	Current fee \$	Proposed fee \$
One Off Fee		
Application for Registration – Intern Pharmacist	233	240
Application for Registration – Pharmacist (includes TTMR* and REQR*)	387	400
Application for Registration – Pharmacist Prescriber	100	105
Application for initial consideration of registration for non-REQR* applicants	777	950
Law and ethics interview fee	231	240
Re-instatement to the Register	157	160
Request Lodgement Fee	157	160
Review Management Fee	562	580
Transfer within the Register	32	35
Register Information		
Inspection of the Register	79	80
Documents for Overseas Registration	79	80
Application Fees – Pharmacist Prescriber		
Application for Registration of Overseas Pharmacist Prescriber	2,325	2,395
Any Other Matter		
Registration certificate	79	80
Non-practising certificate	101	105

*TTMR = **Trans-Tasman Mutual Recognition Act (1997)** applicants from Australia.

*REQR = **Recognised Equivalent Qualification Route** applicants are overseas qualified pharmacists holding recognised qualifications and registration from countries recognised by the Australian Pharmacy Council. These are the United Kingdom, Ireland, Canada, and the United States of America.

* Non-REQR = **Non-Recognised Equivalent Qualification Route**. Applicants that are registered pharmacists overseas, but do not meet the eligibility criteria for REQR route.

Appendix 3: PCC and HPDT external costs incurred - 2004/05 to 2023/24

(\$000's)	FY: 2004/05 to 2013/14	FY: 2014/15 to 2023/24	Total
PCC / HPDT costs and disbursements	1,085	2,260	3,345
Cost recoveries and fines awarded to Council	(457)	(715)	(1,172)
<i>% of costs and fines awarded</i>	42%	32%	35%
Awarded cost recoveries and fines recovered from practitioners	345	366	712
<i>Actual % of costs and fines recovered</i>	32%	16%	21%
Awarded cost recoveries and fines not able to be recovered from practitioners	112	348	460
Total costs not recovered from practitioners	740	1,894	2,633