


Annual Report 2022



 pharmacycouncil

Te Pou Whakamana Kaimatū o Aotearoa

Our Impact

Pharmacists are competent
and fit to practice

The health and safety
of New Zealanders
is protected



Te Pou Whakamana Kaimatū o Aotearoa | The Pharmacy Council of New Zealand is pleased to submit this report, for the nine months ending 31 March 2022¹, to the Minister of Health. The report is presented in accordance with section 134 of the Health Practitioners Competence Assurance Act 2003 (HPCA Act).

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¹ The Pharmacy Council of New Zealand end of financial year changed from 30 June to 31 March this year. This is a transitional report representing only nine months of activity.

Our year in numbers

Pharmacists must hold an annual practising certificate to practise pharmacy in Aotearoa New Zealand.

Overall, we have seen a 5% increase in practising numbers from those of the previous year and a 17% increase in Intern Pharmacist registrations.

The number of new pharmacist registrations in the period is 81% lower than the previous year due to there being delivery of only one Assessment Centre process during the nine-month transitional period.

4,231



Pharmacists practising on 31 March 2022

30 June 2021: 4,062

44



Pharmacist prescribers practising on 31 March 2022

30 June 2021: 37

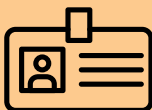
146



New pharmacist registrations

30 June 2021: 264

309



Intern pharmacist registrations

30 June 2021: 256

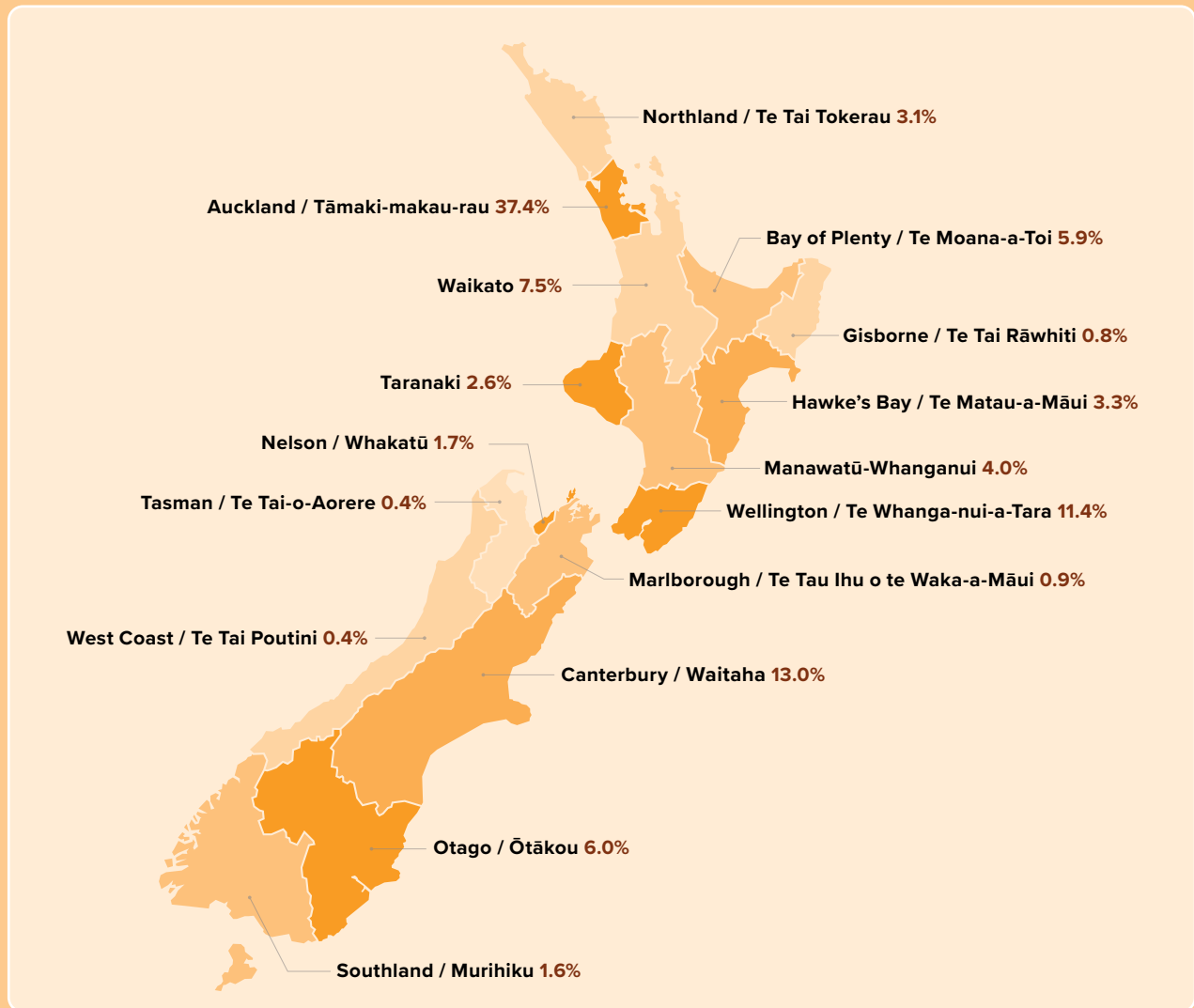
10



Professional Conduct Committee (PCC) cases investigated 2021/22

30 June 2021: 11

Practising pharmacists (including pharmacist prescribers) by location²



3



Health Practitioners Disciplinary Tribunal (HPDT) cases heard

30 June 2021: 3

20



Health & Disability Commissioner (HDC) cases managed

30 June 2021: 24

² 2022 <https://pharmacycouncil.org.nz/public/workforce-demographics/>

Our year in review

'Me mahi tahi tātou mo to oranga o te katoa'
(We work together for the well-being of everyone)

Introduction from the Chair and Chief Executive

What a year – it was a short one for Council being a nine-month transitional financial year 1 July 2021 to 31 March 2022, and another year for pharmacists thanks to COVID-19 that seemed to keep on giving. Despite the ongoing pressure of the pandemic, Council respects and appreciates that pharmacists continued working without any major notifications of changes to fitness and competence levels – well done and thank you all.

Pleasing first performance review

The Ministry of Health conducted its first performance review of all Responsible Authorities throughout 2021/22. Council welcomed the review as a critical part of its efforts in driving for constant quality improvement for itself. It is satisfying for Council and the operational team that the review was complimentary of several of our processes and the achievements we have made, whilst also supporting the improvement initiatives either underway or identified for improvement in later years. We will continue to monitor these, and our progress will be reported in the Annual Report for 2022/23. It is a pleasing result that hopefully provides the public and pharmacists with confidence that Council is operating at expected levels of effectiveness and efficiency. The full report is available on our website³.

Notable achievements

Despite it being a short year where at times it felt like we were cramming twelve months activity into nine, there were many key pieces of work successfully achieved.

We acknowledge that a lot of our work has flow on impacts for the profession and it is pleasing that this was still successfully achieved despite workload pressures within the profession. Included in the work achievements for the year are:

- **New Recertification Programme** – MyRecert - The first year of the new programme, launched with a reduced set of requirements to reflect the pandemic pressures, was successfully introduced in April 2021. Subsequent survey analysis / focus groups are suggesting that the programme objectives of high

trust and recognising professional development is important to help assure quality improvement and innovation are being realised.

- **Annual Practising Certificate (APC) renewal process (March 2022)** – was completed to the expected high standards and all practitioners who were able, were registered and able to continue legally practising from 1 April 2022.
- **Pharmacy Team Relief Fund** – It was debatable whether the relief fund administration on behalf of the Ministry of Health was a core part of Council's mandate, but we are proud and pleased that we were able to bring some real support to the profession. The fund offered the opportunity for regular team members to take a much-needed break while alternative pharmacists / technicians filled in. In this financial year the relief fund supported 4,719 hours of pharmacist time and 2,012 hours of technician time plus their related travel and accommodation costs.
- **Māori and Health Equity** – Council continues its cultural journey. We have a long way to go but we made some big leaps in the journey over these nine months. We have a Te Tiriti Advisory Group (TTAG) now formed, with several great members who are actively overseeing Council's work and providing sound advice. We are very privileged to soon have our own Senior Advisor, Māori and Health Equity, who will push us forward in our organisational cultural journey and significantly influence the cultural safety expectations we have of the profession in the coming years.
- **Competence, Prescribing and Accreditation Standards** – during the period all three sets of standards began a review journey. The linkages between all three of these meant it was necessary to address them all together. The commencement of the work and the detailed planning undertaken is an excellent basis for the work to be completed in the next financial period.

Sound financial management

We are confident Council continues to maintain sound and sustainable financial management. The end of the transitional period result was better than expected,

³ <https://pharmacycouncil.org.nz/2021-performance-review/>

instead of a budgeted deficit of \$2.687m we ended the year with a deficit of \$2.146m (an improvement of \$0.541m).

Celebrating a deficit result might appear strange to readers but it was simply a transitional accounting treatment event reflecting Council's realignment of APC income collection to the expenditure year that it funds. The 2021/22 APC fee collection had been recognised in full in the previous financial statements for the year ending 30 June 2021.

A few events that contributed to the better-than-expected result are:

- Better than budgeted recoveries awarded from the outcomes of HPDT decisions, and further improved by lower than budgeted costs for current disciplinary case activity.
- Lower overall personnel costs due to the timing of resignation, recruitment, and appointment activities, and,
- Lower than expected costs for on-going development work, governance, and operating costs due to the impacts of COVID-19 alert level restrictions between June and December 2021.

Key future initiatives

Council will continue to deliver its core regulatory tools to expected standards and will continue with some of the development initiatives started this year plus some new ones for 2022/23. These include:

- **MyRecert Performance Understanding and Enhancements** – Undertaking some analysis on the first year of MyRecert and making any required immediate changes to the recertification platform and/or changes in any guidance material.
- **Ensure Understanding of New Standards** – A core project to help support the operationalisation of the new competency standards and the prescribing standards to help ensure these standards are fully understood by pharmacists before they are formally introduced in April 2024.

- **Accreditation Processes Development** – Further development of the delivery mechanism to support Council decision making on the NZ pharmacy education programmes. As a priority, we will also be reviewing the pharmacy education programmes of the University of Auckland and the Intern Training Programme provided through EVOLVE by the Pharmaceutical Society.
- **Communications and Engagement** – Implementing several enhancements to our communication and engagement material and mechanisms for increasing engagement with the profession.
- **Health Equity and Cultural Safety** – Further advancing Council's cultural safety journey and enhancing the understanding of Council's expectation for the profession on cultural safety and health equity.

Change in Council Members

It was fabulous to have three new members join Council in November 2021. Mariana Hudson, Natalia Nu'u and Dr Amy Chan further strengthen Council as a robust regulator, with a strong diversity of perspective to regulation. It was also valuable to help maintain the consistency and direction of Council's regulation with Arthur Bauld and Michelle Lomax being reappointed for a further three-year term. Governance of the Council is a critical role and its members have formed a very strong team to ensure it robustly guides, directs, and monitors the performance of the operations of the organisation.

Thank you!

We have not yet found a new 'norm' and we acknowledge pharmacists, like others in the health system, that have abnormal workloads and pressures. Council appreciates your hard work and the fact that you have continued to do this whilst ensuring the safety of the NZ public.

Thank you.

Thanks also to those that participate in Council being able to do its job well for the New Zealand public. Our thanks to the Council members, the operational team, and the many advisors and contractors (who are often pharmacists) who make up Council. Well done on a successful year.



Arthur Bauld

Arthur Bauld
Chair

Michael Pead

Michael Pead
Chief Executive





Who we are

Aotearoa New Zealand's pharmacist regulator and a Responsible Authority constituted under the Health Practitioners Competence Assurance Act 2003 (HPCA Act).



Our mandate

Protect the health and safety of New Zealanders by ensuring pharmacists remain competent and fit to practise.



Our vision

Through skilled and safe practice, pharmacists contribute to better health outcomes for New Zealanders. We aspire to have pharmacists operate at the top of their scope of practice and to not only be competent and professional in their roles but to continually work towards being the best pharmacist they can be.



Our mission

To ensure that all pharmacists are competent and fit to practise in the multitude of roles they perform, to keep everyone's whānau safe and healthy.



Our principles

Be proportionate – We match our response and level of intervention to the circumstances

Be consistent – Our rules and standards are joined up and implemented fairly

Be targeted – Our regulation is focused on the problem, and minimises unintended consequences

Be transparent – We are open and keep our regulations simple and user friendly

Be accountable – We can justify our decisions to the public

Be agile – We anticipate risks and take timely action to mitigate them



Our values

Tikanga (our responsibility for correct processes)

- Clear, informative, and open practices and processes
- Stakeholders understand our work
- Pharmacy practice is safe

Whaioranga (our responsibility to strive for the wellbeing of all)

- The wellbeing of our team and the pharmacists we work with is kept front of mind
- The public are protected from unsafe pharmacy practice

Ōritetanga (our responsibility to ensure we embody equity in partnership)

- We work towards understanding our stakeholder perspectives and needs so we can meet them
- We are respectful, empathetic, fair, and open
- Everyone gets what they need to be successful

Rangatiratanga (our responsibility to lead, facilitate, and act with integrity)

- We lead from a position of relevance, competency, and proactivity
- Our work programme clearly supports the future of pharmacy



What we do

Register intern pharmacists, pharmacists and pharmacist prescribers and maintain the public register.

Prescribe the qualifications for each scope of practice and accredit and monitor New Zealand pharmacy programmes.

Set standards of clinical competence, cultural competence (including competencies that will enable effective and respectful interaction with Māori), and ethical conduct for pharmacists.

Ensure pharmacists are competent and have the skills to practise within the scope of their registration.

Set requirements to ensure continuous professional development for pharmacists so they remain competent.

Act on notifications relating to concerns about a pharmacist's performance, professional conduct, or health.

Promote inter-disciplinary collaboration and co-operation in the delivery of health services.

We focus on ensuring pharmacists...

Are registered (qualified, competent, and fit & proper)

Uphold Council's Code of Conduct and meet the Council's Competence Standards

Hold a current practising certificate (maintain being qualified, competent and fit and proper)

Undertake continuing professional development to maintain and enhance knowledge and expertise

Context of our strategy

The Pharmacy Council regulates the profession of pharmacy in New Zealand in accordance with the HPCA Act.

The Act states our purpose is to 'protect the health and safety of members of the public by providing for mechanisms to ensure that health practitioners are competent and fit to practise their professions'.

We set scopes of practice, qualifications, and professional standards, and manage registration, recertification, notifications, and complaints.

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

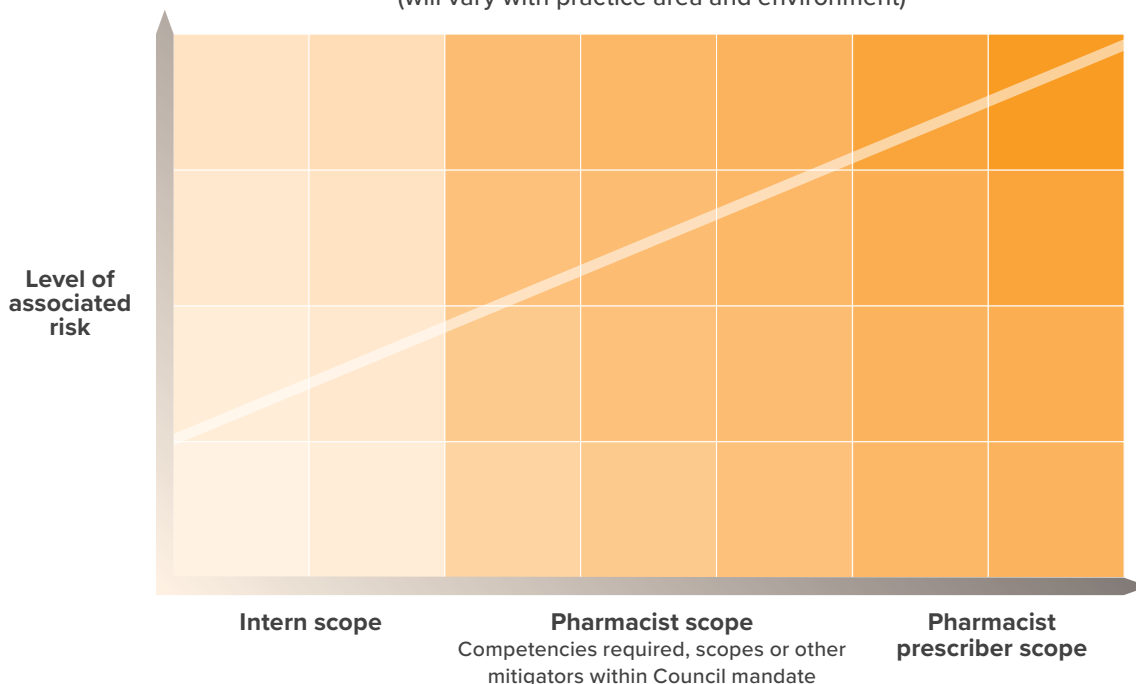
challenges. New Zealand is adopting healthcare models that optimise and integrate the contribution of all health professionals and make best use of technological advances. Pharmacy practice is therefore evolving beyond core dispensing services, elevating the profession's medicines expertise, pharmaceutical knowledge, and consultation skills to optimise treatment outcomes for patients.

Council will prioritise identifying and understanding the risks of harm to patients from current and emergent practice and ensure that pharmacists maintain their competence to care for patients effectively.

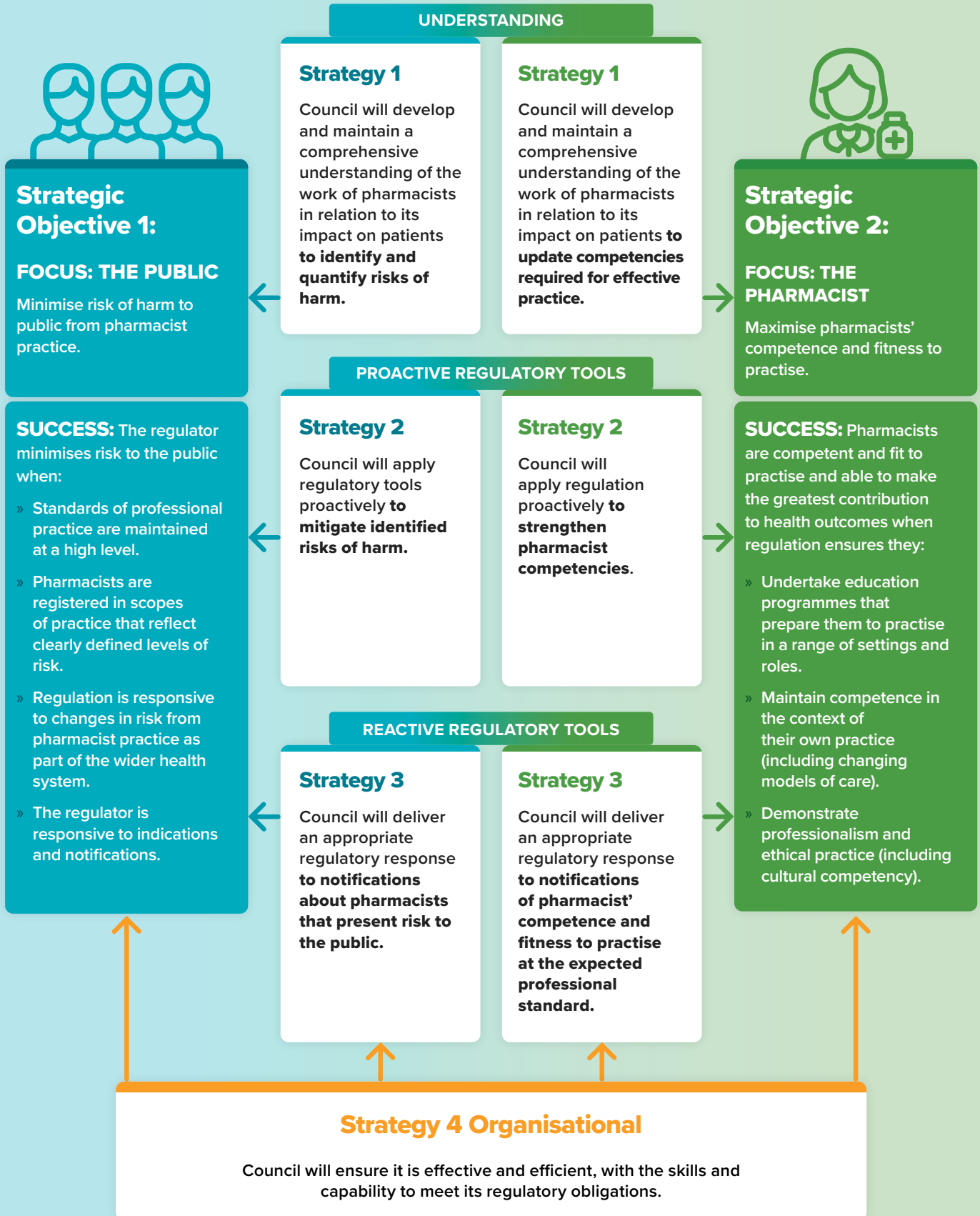
We will be guided by best-practice regulatory principles to understand problems, quantify risks, determine the type of proactive intervention required and, where necessary, apply regulation proportionate to the assessed level of risk.

The framework of environmental consideration for Council can be depicted as follows:

Pharmacy Council competence versus risk matrix
(will vary with practice area and environment)



Pharmacy Council Objectives and Strategies







02

**Our
performance
story**

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.

Strategic Framework Alignment

Strategic Objective 1
(Minimise Risk):

Strategy 2.1 Understanding

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



Strategic Objective 2
(Maximise Competence):

Strategy 1.2 Proactive Regulatory Tools

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.



How did we perform?

Accreditation

- An environmental research and practice scan was completed ensuring that the accreditation standards, guidance and processes we developed were in alignment with contemporary regulatory and accreditation best practice.
- Whakawhanaungatanga and collaboration with pharmacy education providers, professional associations, and individuals with Te Tiriti o Waitangi, cultural safety, and accreditation expertise helped develop the project management model, approach, timelines, and accreditation content and resulted in positive comments from key stakeholder groups on Council's approach to engagement, transparency, and rigour.
- Launched a 'Developments' webpage on Council's site providing the public and key stakeholders with an overview of the accreditation work to further improve transparency and foster collaboration and engagement.
- Version one of draft accreditation standards, policy, and guidance documentation completed and sent out to key stakeholder groups for feedback and suggestions.
- Established a strong independent accreditation expert working and advisory group (AE-WAG) comprising of globally respected experts in pharmacy education, Te Tiriti o Waitangi, cultural safety, and accreditation to provide independent advice and support to Council in developing robust, evidence-informed, and contemporary accreditation standards and processes.

Competence standards for the pharmacy profession

- Environmental research and practice scan was completed ensuring that the pharmacist competence standards and guidance we developed were in alignment with contemporary regulatory practices.
- Whakawhanaungatanga and collaboration with professional associations, and individuals with Te Tiriti o Waitangi, cultural safety, and

competence standard setting expertise helped to develop the project management model, approach, timelines, and competence standards content resulting in positive comments from key stakeholder groups on Council's approach to engagement, transparency, and rigour.

- Version one of draft competence standards and commentary documentation sent out to key stakeholder groups for feedback and suggestions.

Responsible Authority (RA) joint statement on prescribing

- Led the coordination, exploration and development of a storyboard outlining the feasibility of a single unified set of competence standards for prescribing across the seven prescribing RAs.
- Led the exploration of a Tangata Tiriti and Tangata Whenua Advisory group to support the development of a joint statement in a culturally safe manner and which authentically gave effect to Te Tiriti o Waitangi.
- Whakawhanaungatanga and collaboration with RAs developed a shared action plan with agreement across RAs to develop a joint statement for safe and effective prescribing.
- Led the development and presentation of progress updates at the Ministry of Health's Safer Prescribing and Dispensing hui with consumers and key stakeholder groups on a quarterly basis.

Clinical Governance and Quality Improvement

- Completed an environmental research scan to understand the quality of care provided by pharmacists.
- Collaborated with Medsafe to develop a joint regulator quality improvement action plan for the pharmacy sector with a view to improve the quality of pharmacist and pharmacy practice.

Looking forward

Accreditation

- Stakeholder consultation and the final version of the accreditation standards and guidance document completed for Council approval by January 2023.
- Development and implementation of a robust review process to support the interim extension of programme accreditations expiring in 2023.

Competence standards for the pharmacy profession

- Set up an independent competence standards expert working and advisory group (CS-WAG) to support Council's development of robust, evidence-informed, and contemporary competence standards and guidance.
- Stakeholder consultation and the final version of the competence standards and guidance document completed for Council approval by January 2023.
- Work with key stakeholders to plan, implement, assess, and continuously improve the standards by December 2023.

Responsible Authority (RA) joint statement on prescribing

- Use feedback from the seven prescribing RAs to develop a refined version of the joint prescribing statement by January 2023.
- Wananga with the prescribing RAs to plan engagement, consultation, communication, and operationalisation of the developed draft joint statement with our respective professions by May 2024.

Clinical Governance and Quality Improvement

- Develop and update Council's regulatory tools to ensure clinical governance and quality improvement related competencies have been clearly incorporated.

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.

Strategic Framework Alignment

Strategic Objective 2:

Strategy 2.2

Council will apply regulation proactively to strengthen pharmacist competencies.



How did we perform?

Assessment Centre

- Auckland-based interns were unable to attend the scheduled November 2021 Assessment Centre due to the ongoing COVID-19 related border and gathering restrictions. A second Assessment Centre was held in December 2021 in Wellington to provide an opportunity for these Auckland-based interns to meet the requirements for registration as a pharmacist.
- Despite minor (immaterial) changes to developmental and operational processes to enable a second Assessment Centre to be delivered at short notice, reliability, and validity of both the November and December 2021 assessments was upheld. This was confirmed by expert psychometric analysis of the results, and the assurance provided to Council by the Intern Assessment Advisory Committee (IAAC), an operational committee tasked with overseeing Assessment Centre results and processes.

Accreditation

- All four pharmacy education programmes remain accredited, one with an ongoing monitoring requirement.
- Work to develop Council's Accreditation Standards for NZ Pharmacy Programmes 2022 continued in 2021/22. Core organisational mechanisms were finalised, including the governance and engagement model and Terms of Reference for the Accreditation Expert Working Advisory Group (AE-WAG). Draft Accreditation Standards and guidance were developed in March 2022, and Council met with education providers to informally seek their views on these, prior to formal consultation.

Recertification

- Annual recertification is Council's primary regulatory tool to gain assurance that a pharmacist remains competent to practise. 2021/22 was the first year that pharmacists

were required to comply with Council's new recertification requirements and use the MyRecert platform. Requirements were reduced for this first year, to give pharmacists the opportunity to familiarise themselves with a new platform and changed learning requirements, but also in recognition of the heavy workload pharmacists were continuing to experience due to COVID.

- Pharmacists' compliance with the new recertification requirements was excellent, and in line with previous years.

Pharmacist Prescriber Education Programme

- Council anticipated a proposal for a new Pharmacist Prescriber Education Programme would be made in 2021/22. No proposal was received, and the Auckland School of Pharmacy Post Graduate Certificate in Clinical Pharmacy in Prescribing remained the sole pharmacist prescriber programme on offer.

Looking forward

Assessment Centre

- Streamline and standardise the process for interns to report Assessment Centre adverse events.
- Identify ways to increase transparency of the Assessment Centre assessment criteria in line with the principles of good assessment.

Accreditation

- Two rounds of consultation on the draft Standards for Accreditation
- AE-WAG membership confirmed, and group meets to advise on proposed changes to Standards and/or Guidance post-consultation.
- TTAG confirms Accreditation Standards and development processes are culturally appropriate
- Final version of Accreditation Standards and Guidance approved by Council and endorsed by TTAG.

- Process for extension of current accreditation for Auckland School of Pharmacy Programmes confirmed and Expert Review Panel appointed.
- Expert Review completed by 31 March 2023.

Recertification

- Full implementation of the new recertification framework in March 2023, when pharmacists must demonstrate compliance with all requirements (versus reduced requirements for the 2021/22 transitional year).
- Continued monitoring of the MyRecert platform, requirements, and patterns of engagement with the framework, including an expert review of a selection of portfolios, user experience survey, and focus group.

Registration, complaints, and discipline

Strategic Framework Alignment

Strategic Objective 1:

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.

Strategic Objective 1:

Strategy 2.1

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

Strategic Objective 1:

Strategy 3.1

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



Strategic Objective 2:

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.

Strategic Objective 2:

Strategy 2.2

Council will apply regulation proactively to strengthen pharmacist competencies.



How did we perform?

Registration

Council authorises the registration of health practitioners and is responsible for maintaining a register of pharmacists. The register is a real-time public database and accessible on the Pharmacy Council website⁴.

More information is also available about pharmacists practising in New Zealand in the Workforce Demographic report on the Pharmacy Council website⁵.

The online renewal process for the 2022/23 APC year was successfully completed. As of 1 April 2022:

- a total of 4,700 applications were received from registered pharmacists (4,358 applications 1 April 2021).
- Council had issued 4,327 current (intern pharmacist, pharmacist) Annual Practising Certificates (APCs):
 - Pharmacists = 4,018 (+3.42% on 2021) (including 45 pharmacist prescribers and 13 Emergency Practising Certificates)
 - Intern Pharmacists = 309
- 294 practising pharmacists did not renew their APC in the recertification period:

- 133 transferred to inactive (non-practising) status.
- 19 requested their removal from the register.
- 142 made no application

Notifications and concerns

- We managed 164 concerns raised about pharmacists practice, of which 54 were new formal⁶ complaints or notifications.
- The total number of concerns raised for this shorter reporting period is similar to that reported (169) for the previous reporting period, (i.e., the 12 months to 30 June 2021).
- 40 concerns could be linked to the COVID-19 pandemic, with health consumers raising concerns about lack of access to medicines, pharmacies closing early or because of staff shortage, refusal to accept paper prescriptions, insufficient vaccine information. Members of the public and health practitioners also complained about pharmacists posting misinformation about COVID-19 vaccines and other treatments.
- The following table outlines the status of formal concerns on 31 March 2022.

Formal Concerns	Open @ 30 Jun 2021	Prior Year Closed 2021/22	New 2021/2022	Current Year Closed 2021/22	Open @ 31 Mar 2022
HDC Complaints	8	5	12	8	7
Competence Notifications	3	2	14	5	10
General Complaints	1	1	28	25	3
	12	8	54	38	20

How we managed cases

Enhancements continued to be made to the Case Management System with detailed end-to-end administration of all cases, case data collection and standardised reporting functions. We improved

technological support for committees' case management processes including more secure access to case information and tools for managing investigations.

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

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

6 We sought a written response from the pharmacist about a notification or complaint against them. This contrasts with concerns that were raised verbally, were withdrawn, were equivocal about the expectation for formal action or did not fall within Council's mandate.

Of the 66 formal concerns managed during the period, 46 were successfully closed (8 from the previous reporting period and 38 from within the new reporting period). In summary, the outcomes of those closed were:

No further action	7
Educational letter	20
Monitoring arrangements	1
Competence Review	1
Referred to HDC	9
Referred to PCC	8
Total	46

Four of the twelve cases that were open at the end of June 2021 remained unresolved by 31 March 2022. Of these, one notification was waiting on further information to be provided from Medicines Control and two complaints are pending outcomes from the HDC before Council can proceed with its process⁷ and were therefore considered inactive during this period. The remaining HDC complaint was closed off early in the following reporting period.

Health information was mostly disclosed by pharmacists at the time of renewal of their APC (103 total disclosures, 37 being health related), although many were either for a self-monitored condition, or those previously advised to the Council.

Statutory Processes

Conduct: Professional Conduct Committee (PCC) and the Health Practitioners Disciplinary Tribunal (HPDT)

The following table summarises the cases investigated by PCCs during this period and HPDT cases.

Disciplinary Investigations & Hearings: Annual Caseload Summary				
	Cases open at 30 June 2021	New Cases	Cases closed	Cases open at 30 June 2022
PCC	6	4	5	5
HPDT	4	4	1	7
Total	10	8	6	12

In four of the five PCC investigations closed during the period, the PCC laid charges with the HPDT. The four new cases included an investigation into allegations of breaching a voluntary agreement, and an investigation into conduct relating to COVID-19 communication. These four new PCC investigations have carried forward to the next reporting period along with one more complex case still in process from the previous reporting period.

During the year we received the written decision and finalised costs for three⁸ HPDT hearings. The timeline between referral by PCC to HPDT, the hearing and subsequent release by HPDT of its decision can be significant and is beyond the control of Council to influence.

A decision from one HPDT hearing was partially appealed by the practitioner, and this appeal process has been carried forward into the next reporting period. The findings as to the practitioner's conduct were not disputed, however the 40 percent level of costs awarded by the Tribunal were challenged and were subsequently adjusted down to 35 percent.

⁷ Under s 70 of the HPCA, no action is to be taken while matter under investigation by the Health and Disability Commissioner

⁸ <https://www.hpdt.org.nz/>
HPDT case references: 1174Phar20494P, 1195Phar20493P, and 1205Phar20489P

HPDT Summary

	2021/22	2020/21
Number of HPDT hearings finalised	3	1
Tribunal costs and disbursements incurred	\$60,800	\$22,490
PCC costs and disbursements incurred	\$236,507	\$47,180
Total PCC and HPDT costs used by the HPDT to determine costs to be awarded	\$297,307	\$69,670
Total costs awarded to Council by HPDT	\$93,363	\$17,000
Fines charged	\$6,000	\$2,000
Total costs and fines awarded by HPDT	\$99,363	\$19,000

Looking forward

Registration

- Modifications to the APC Online system to improve performance and capacity during peak APC renewal periods.
- Further refining processes for how pharmacists record data such as their address or place of work, to improve the accuracy of the data we collect for the demographic report.
- Ongoing quality review of registration processes to ensure the online APC renewal process continues to function efficiently.
- Change to the registration form for Bachelor of Pharmacy graduates applying to register in the intern scope to enable capture of intern workforce data (e.g., workplace, practice setting, forecast average hours worked per week etc).

Notifications and concerns

- Continuing our work 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.

Organisational Support

Strategic Framework Alignment

Strategic Objectives 1 and 2:

Strategy 4.0

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

Governance

Council

Council is charged with oversight of its regulatory functions under the HPCA Act. It met formally a total of four times during the period to conduct its business.

The 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 period to consider the performance reports, 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 its approval.

Risk

A comprehensive Risk Register is maintained, reviewed, and updated regularly by Management for reporting to Council via FARMC. All identified and recorded risks were managed and mitigated appropriately during the review period.

Council has a standing agenda item for each meeting to discuss and approve the status of the Risk Register, confirm its risk appetite, and to provide Management with any additional direction for mitigation actions.

Recruitment & Retention

Council maintains a strong recruitment and staff management process, with a generally stable retention rate.

We did experience a greater than usual rate of turnover in this period and several factors contributed to this. The disruption of COVID-19 certainly played some part, and a general sense of team members re-evaluating their personal and work priorities was a key element of feedback heard throughout the exit interview processes.

For the period ending 31 March 2022, the average length of service for permanent employees was 3.66 years (2021: 5.23 years).

Annual Turnover	2022	2021
Employees on 30 June	12	12
<i>FTE</i>	11.2	10.9
Resignations during the year	6	2
<i>FTE</i>	4.7	1.4
Turnover Rate	42%	17%

Statutory performance review

- On behalf of the Ministry of Health, and as part of the Responsible Authority (RA) accountability requirements under the HPCA Act, a formal external performance review⁹ of Council was completed for the very first time this year. The review found that:
 - The Council's processes and systems are well established to register applicants, issue practising certificates, review and improve competence, and respond to complaints, conduct and health notifications.
 - The Council demonstrates the principles of right-touch regulation through its policies, processes, systems, consultations, plans and how it works with the profession and stakeholders.
- Recommendations from the performance review build on current initiatives including:
 - Continuing to complete setting up the Council's own accreditation standards, structures, processes, and policies.
 - Further evolving clinical and cultural standards via designated projects (including quality improvement, cultural safety and health equity, and prescriber standards)
 - Continuing the journey for improvement of cultural safety and health equity, including recruitment of a dedicated role
 - Continue to implement a policy and Standard Operating Procedure (SOP) review process.

9 <https://pharmacycouncil.org.nz/2021-performance-review/>

Capability & Capacity

- Council successfully changed its financial year from June to March during the review period and this transitional report is therefore representative of only nine months of regulatory activity.
- Work continued to refine internal planning and reporting processes integrating our financial and non-financial information. We are developing a more holistic view of Council's operations and progress towards achievement of our strategic objectives.
- The transition to a new payroll system was implemented seamlessly and on time in September 2021. Administrative efficiencies were quickly achieved through team access to desktop / mobile app functionality fully removing the requirement for paper-based leave applications and approvals.
- Council had planned to relocate (along with the Dental Council) from its temporary Willis Street premises to smaller shared and permanent premises before the end of March 2022. Supply chain & workforce issues relating to COVID-19 caused delays in finalising the configuration of the new premises meaning both Councils were not able to successfully complete the relocation until the beginning of June 2022.

Looking forward

- Focus on addressing the recommendations from the Ministry of Health performance review.
- Conclude the recruitment process for the Senior Advisor Māori & Health Equity role in support of Council's commitment to its Te Tiriti obligations and deliver the work programme to build and enhance Council's organisational capability and capacity in Te Reo and the understanding of Te Ao Māori.
- Council will also begin recruiting for a permanent Communications Advisor later in the coming year. Purposeful and well-defined communications are a key element in promoting not only a better understanding of Council's regulatory role to its stakeholders but also in ensuring that pharmacists receive useful and appropriate information from Council, delivered in appropriate timeframes and through mediums designed to maximise its reach and professional / public benefit.
- The coming year sees a continuation 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

Our priorities

Outcomes – Next 10 years

The public has trust and confidence in the pharmacy profession	Pharmacists have a strong professional identity and practice
Council is an active partner with Māori	Pharmacists are responsive to the diverse communities in Aotearoa New Zealand

Areas of focus - Next 4 to 6 years

<p>We are an active partner with Māori</p> <p>The aims, aspirations, involvement, and engagement of Māori as tangata whenua continue to be integral to our priorities</p> <p>We have ready access to the views of Māori as tangata whenua</p>	<p>We work with others for greater impact</p> <p>We have strong connections and collaborations with others</p> <p>We have ready access to the views of Pacific peoples and ethnic and cultural groups</p>	<p>We use research, surveys, and data analysis to inform our work</p> <p>We know where to focus our effort and how to get the highest impact</p> <p>We support and encourage the professionalism of pharmacists</p> <p>Our regulation is targeted and supports and encourages safe practice to minimise harm</p>	<p>We are accessible to pharmacists and others</p> <p>Our systems are simple to use, we are considerate and helpful, and requirements are clear, communicated effectively, and enforced fairly and consistently</p>
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Priorities – Next 2 years (E)xternal and (I)nternal

E. Developing Māori & Health Equity work programme for profession	E. Reviewing & refreshing Competence Standards	E. Reviewing & refreshing Prescriber Standards and a RA Joint Statement on Prescribing	E. Reviewing & refreshing Accreditation Standards
E. Building framework for implementation of in-house accreditation processes	E. Clinical Governance & Quality Improvement	E. Building sector relationships – greater focus on communications and engagement activities	E. Engaging on legislative changes
I. Developing Māori & Health Equity work programme for Council team	I. Establishing Practice, Policy & Research team	I. Needs analysis and replacement of Assessment Management system	I. Digital Investment strategy to support and build capability and capacity

Operational approach (Ongoing)

Responsive, public safety-focused and intelligence-led regulatory and compliance activities

Our governance

Council member appointments

Council members are appointed by the Minister of Health for an initial term of between two and three years, with the possibility of renewal for two additional terms.

Member	Appointed	Reappointed
Arthur Bauld (Chair)	December 2015	November 2021
Michelle Lomax (Deputy Chair)	September 2019	November 2021
Katrina Azer	September 2019	
Dr Amy Chan	November 2021	
Mariana Hudson	November 2021	
Natalia Nu'u	November 2021	
Ming-chun Wu	September 2019	
Ahmad Zareh	September 2019	



Arthur Bauld (Chair)

Ngāti Wai / Ngāpuhi /
Te Rarawa / Ngāti Toa /
Ngāti Raukawa
DipPharm, RegPharmNZ

Arthur has more than 30 years of pharmacy practice experience in retail and hospital pharmacies.

Arthur is an Addictions Pharmacist with the Auckland Opioid Treatment Service.

He was a Co-President of the Māori Pharmacists Association and was their representative on the Auckland School of Pharmacy Board of Studies. His experience also includes academic, regulatory, and organisation board roles.

“My motivation comes largely from my whānau and a sense of duty, as well as from the people around me. I see pharmacists excelling in their hugely diverse professional roles and improving the quality of peoples’ lives every day, and that inspires me to contribute.”



**Michelle Lomax
(Deputy Chair)**

LLB

Michelle is a lawyer at Community Law in Christchurch.

Michelle has health sector and governance experience. She has been an elected member of the Linwood Central Heathcote Community Board also in Christchurch and was also elected to the West Coast District Health Board for six years and has advocated on mental health, disability, maternal and child health, and rural health issues. She’s also served as a high school trustee and chair.



Katrina Azer

BPharm, RegPharmNZ

Katrina is a Christchurch based pharmacist with more than 11 years of community pharmacy and business experience.

Katrina has worked closely with the Pharmacy Council since 2011. She’s been on Council committees for professional conduct and intern assessment activities. She’s also been on Council working groups on the *Code of Ethics* and Competence Standards.

Katrina is a member of the Pharmaceutical Society NZ Early Career Pharmacist Steering group and is a strong advocate for pharmacists in their early years of practice.



Dr Amy Chan

BPharm (Hons), PhD
(Philosophy), RegPharmNZ

Amy is a clinical academic pharmacist in a joint appointment between the University of Auckland and Auckland District Health Board. Amy has over 10 years’ experience in the public health service, ranging from patient-facing clinical roles to project roles, to management of a clinical pharmacy service in mental health.

Amy is passionate about improving the health and well-being of New Zealanders through improving medicines use and outcomes and supporting workforce development. She has experience working with public and commercial sectors, and with charities, at a national and global level, including the International Pharmaceutical Federation (FIP) and World Health Organisation, providing expert input to ensure safe and quality use of medicines and optimal health outcomes.

She is excited to bring these experiences and skills back to New Zealand, to improve the health of New Zealanders, through involvement with New Zealand statutory boards.



Mariana Hudson

BPharm, PG Cert
Clinical Pharmacy, MPA,
RegPharmNZ

Mariana is a community minded Wāhine Māori pharmacist who is driven to identify gaps and therefore improve how pharmacy services are delivered in Aotearoa. She is the President of Ngā Kaitiaki o Te Puna Rongoā – the Māori Pharmacists' Association (MPA) and aims to provide leadership from a governance level for all MPA members and provide Māori health leadership. She is also on the Board (as an observer) of the Bay of Plenty District Health Board and has experience in the private sector as a previous part-owner of both community pharmacies in Ōpōtiki. She is building her capacity in the Rangahau (Research) arena through a Career Development Award from the Health Research Council of NZ working in partnership with the DHB and Manawaora – the Centre for Health on a project adapting the LifeCurve App. In September 2021 she was also granted a prestigious scholarship from the NZ Heart Foundation that will allow her to explore the inequities within organisations that fund research, in turn creating a roadmap that can be used to inform future Te Tiriti focussed strategic planning.

One of her challenges is being part of a team that is leading a community-wide approach for the Protection, Planning, Detection, Prevention and Response to COVID-19 in her hometown.

Mariana has supported the Pharmacy Council for assessment centre planning and organisation, and the EVOLVE team in the growth and development of interns, including being a site approved Preceptor for over 10 years. She has continued to support the Pharmaceutical Society and the EVOLVE team with case reviews and clinical mentoring. Above all this Mariana remains whānau focussed.



Natalia Nu'u

BPharm (Hons), BSc,
RegPharmNZ

Natalia is a pharmacist and co-owner of an Auckland pharmacy and has worked in community pharmacy since 2002. Before completing her Bachelor of Pharmacy with Honours she graduated with a Bachelor of Science in Chemistry. Natalia has a passion for pharmacy and a desire to contribute to the profession. She was a member of the Metro Auckland Pharmacy Advisory Group and consulted on Pharmac's Pacific Responsiveness Strategy.

Natalia is a founding member and Executive Board Member of the Pacific Pharmacists' Association; a network for the Pacific pharmacy workforce around New Zealand with a passion for helping the Pacific community and promoting the pharmacy profession to Pacific youth. She is a Pacific Career Role Model for the University of Auckland, and a facilitator and assessor as part of the Pharmaceutical Society EVOLVE Intern Training Programme.

"My experience in community pharmacy has shown me the resilience and tenacity of pharmacists to continue to put patients first even in the most challenging situations. This is what motivates me to give back to the profession. In all that I do I am mindful that I represent my profession, my culture, and my family and this serves to keep me honest and grounded."



Ming-chun Wu

CMInstD, MBA, BSc, BBus,
BEd, BA

Ming-chun is a Chartered Director with the Institute of Directors and has over 10 years' experience in transforming and improving organisations.

Ming-chun has held senior strategy and policy roles in large public sector organisations and has in-depth knowledge of governing legislation like the HPCA Act.

Her governance experience includes advisory boards and professional, community, and volunteer organisations. She's also an experienced secondary teacher, has been on the National Executive and was the Auckland Regional Chairperson for the New Zealand Post Primary Teachers' Association.

Ming-chun is currently a Trustee for the Wellington Community Trust, Board Chairperson and Trustee for Volunteer Wellington, and the Vice-Governor on the Board of Directors for Altrusa International in New Zealand.



Ahmad F Zareh

BPharm (Hons),
RegPharmNZ

Ahmad is a community pharmacist, who is co-owner of four New Zealand Life Pharmacies. He won the Good Sort Pharmacist of the Year Award in 2017.

Ahmad was a board member of Refugees as Survivors New Zealand, looking after refugee health and wellbeing. He was also President of the Auckland Pharmacy Student Association.

He won the 2019 Kiwibank Local Hero Award in Waikato and was a finalist for the National Hero Award.

Independent advisor



Jeffrey Galt

B. Com (Hons)

Jeff was appointed by Council as its Independent advisor in 2016 and is also the elected Chair of the Finance Assurance and Risk Management Committee (FARMC). Jeff's role is to ensure the Council has the requisite skills in finance, risk, and assurance. The advisory role has no voting rights on Council matters under the HPCA Act.

Jeff is a member of Chartered Accountants Australia New Zealand, a Chartered Member of the Institute of Directors, and is a Fellow Member of the Institute of Internal Auditors in New Zealand.

He has extensive senior management experience in finance, accounting, assurance, and risk management. He's worked in the public and private sectors in Canada, Australia, and New Zealand. He's travelled extensively for work across North America, the United Kingdom, the Bahamas, and Azerbaijan. In New Zealand Jeff has held senior roles at Wellington Free Ambulance, the Earthquake Commission, ACC, Biosecurity NZ, Westpac NZ Limited, Audit New Zealand, the Reserve Bank of New Zealand, and Housing New Zealand.

Council committees

Statutory

Competence and Fitness to Practise Committee (CFPC)

The Competence and Fitness to Practise Committee (CFPC) is appointed by the Pharmacy Council (the Council) under clause 16 Schedule 3 of the HPCA Act and has the power to carry out functions and duties under Council delegation (clause 17, Schedule 3 of the HPCA Act) by way of a Pharmacy Council delegation in respect of:

- Competence
- Health

Non-Statutory

Finance Assurance & Risk Management Committee (FARMC)

The Finance Assurance and Risk Management Committee (FARMC) is a sub-committee of Council and meets regularly throughout the year to assist Council in discharging its responsibilities relative to financial accountability, control frameworks and risk management assurance.

Our people

Our success as a regulatory organisation is underpinned by our people.

Number of permanent and fixed term employees

Council's capacity and capability to deliver the full thirteen regulatory functions described in section 118 of the HPCA Act (2003) continues to be a critical focus point for the team.

At the end of 2021/22 we had 14.6 full-time equivalent employees / contractors (FTEs) across 20 people, including the Chief Executive and the Registrar.

Of these 2.8 FTEs were fixed term appointments (three people) and 0.6 FTEs were contracted advisors with specialist skills (five people).

In addition, the two permanent vacancies were successfully filled during the first quarter of the 2022/23 reporting period (1.6 FTEs).

Council also calls upon the services of other independent contractors (for the most part these are practising pharmacists), to support the delivery of its regulatory work through their participation in advisory

groups, working parties, focus groups, monitoring and supervision activities, and professional conduct committee processes. Council appreciates the willingness of the profession to engage and contribute considerable time and energy to Council's work programme.

Building our regulatory capability

As part of being a modern regulator, our operational team members are encouraged and supported to undertake and complete the Government Regulatory Practice Initiative (G-REG) Certificate in Regulatory Compliance (Core Knowledge) Level 3.

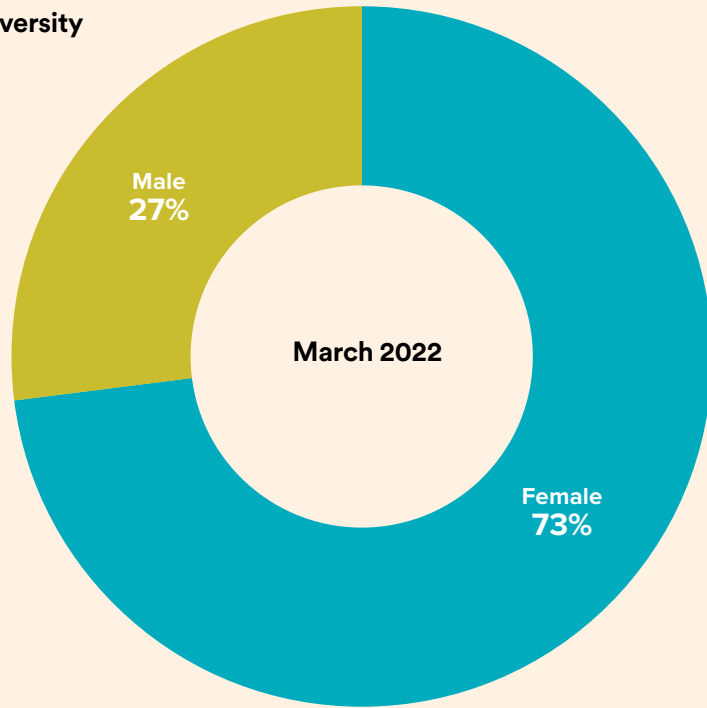
Council also encourages all new team members to undertake specific training around the requirements of the HPCA Act and has also supported a team member to begin the Victoria University of Wellington inaugural Post-graduate Certificate in Public Management programme designed specifically for the regulatory sector.



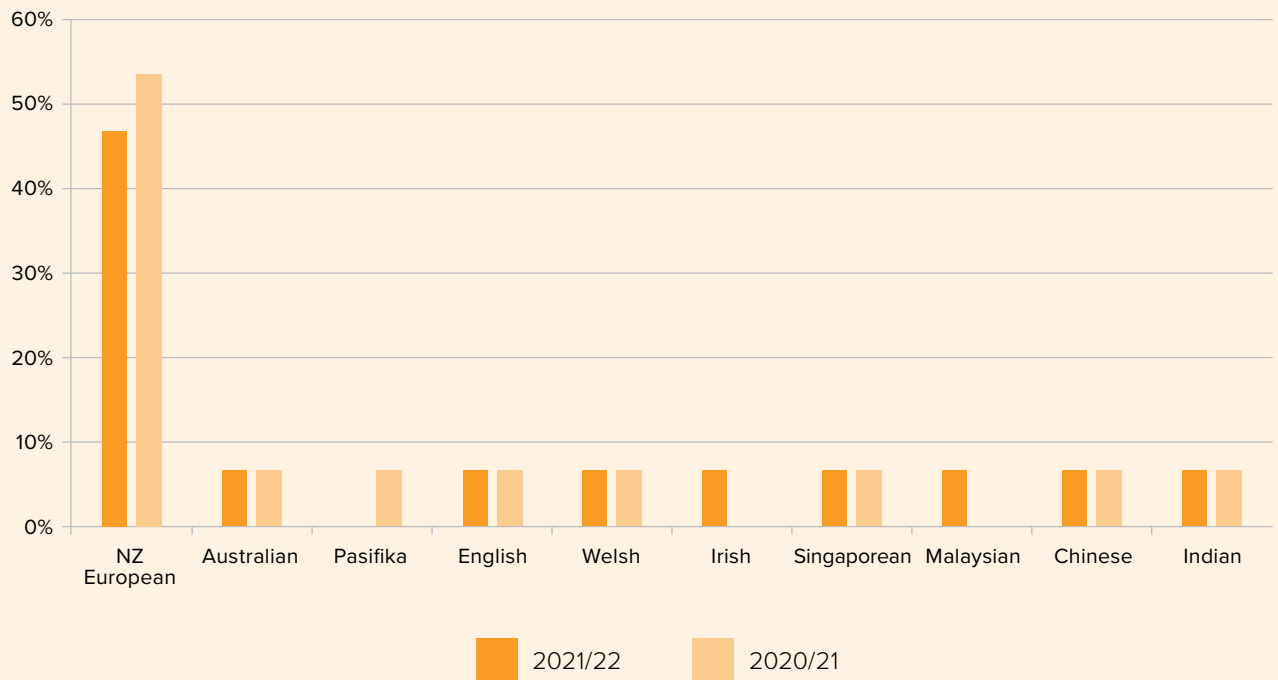
- Permanent Employee
- Fixed Term Employee
- Contractor

Diversity

Council is committed to ensuring diversity is represented and respected in its recruitment processes.



For a small organisation, our operational team is made up of a range of ethnic groups. Team members identify as...



Being a good employer

We are committed to being a good employer by ensuring our policies and practices are fair and proper in their treatment of our employees in all aspects of their employment.

Our practices include

Leadership, accountability, and culture

- having up-to-date operational staff and governance handbooks
- actively engaging all staff in the development of policies and procedures that affect their roles
- supporting the development of effective leadership skills

Recruitment, selection, and induction

- using recruitment process based on merit
- ensuring diversity is represented and respected as part of our recruitment process
- having a mix of full-time and part-time team members

Employee development, promotion and exit

- ensuring all staff have access to professional development opportunities
- conducting independent exit interviews as part of monitoring the culture of the organisation

Flexibility and work design

- working with team members to allow flexible working arrangements where business needs can enable this

Remuneration recognition and conditions

- reviewing team salaries annually, ensuring that relevant external factors are also considered
- maintaining a market aligned remuneration system

Harassment and bullying prevention

- operating a zero tolerance for workplace bullying and harassment
- encouraging all team members to raise issues immediately with the Chief Executive or Council members

Safe and healthy environment

- giving team members access to an Employee Assistance Programme providing confidential counselling and advice
 - providing access to annual flu vaccinations
 - providing team members with up-to-date emergency procedures and personal provisions to keep at their desks
 - providing health and safety equipment in the office in the event of a disaster
-

Our functions

Administration of the pharmacist registration regulatory framework is delivered through the 13 regulatory functions embedded in section 118 of the HPCA Act and is supported by specific funding sources.

Scope and Standards

Scope of practice

- determine scope of practice for interns, pharmacists, and pharmacist prescribers

Competence Standards / Code of Ethics

- set competence standards and *Code of Ethics*
- describe pharmacy practice standards, protocols and set competence programmes

Funded by:
Annual Practising Certificate fee

Assurance of Qualifications and Competence

Qualifications

- prescribe the qualifications for each scope of pharmacist practice
- accredit and monitor the educational institutions and degrees, courses of study and programmes that deliver these qualifications

Competence

- set the recertification requirements for pharmacists to provide assurance of ongoing competence.

Funded by:
Annual Practising Certificate fee

Registration, Complaints and Discipline

Registration and Certification

- authorise registration of interns, pharmacists, and pharmacist prescribers
- consider applications for annual practising certificates
- maintain a public register of pharmacists

Complaints and Notifications

- assess complaints and notifications
- consider whether professional, clinical, and ethical standards have been upheld by individuals
- co-ordinate Professional Conduct Committees
- Health Practitioners Disciplinary Tribunal (outsourced)

Funded by:
Annual Practising Certificate fee
Other Administrative fees
Disciplinary Levy

Organisational

Governance

- council member meeting fees, travel & secretariat costs

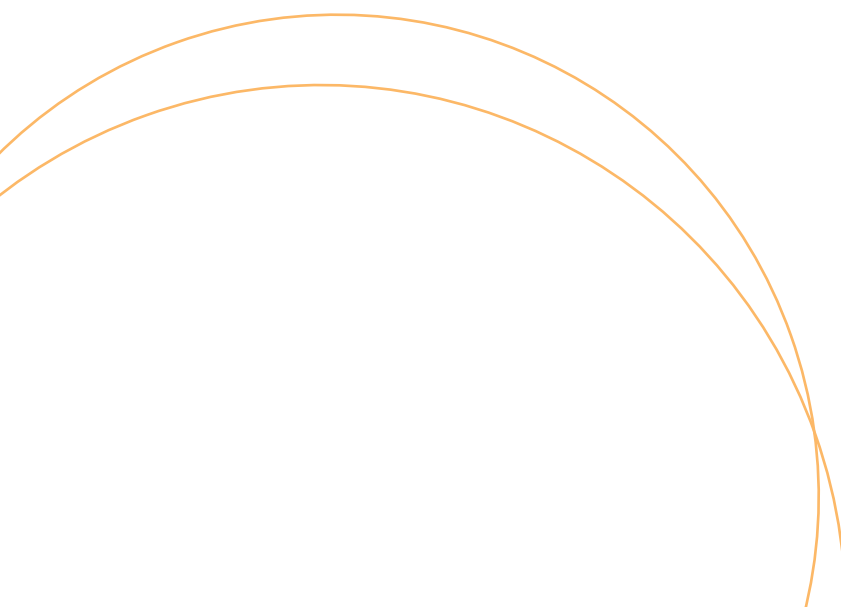
Strategy, Planning and Performance

- advice to Council
- strategic policy development
- Responsible Authority obligations to the Minister of Health
- performance monitoring and reporting requirements
- Annual Report
- Communications
- stakeholder engagement & relationship management
- external and internal communications
- website content development and maintenance

Business Operations

- finance, legal & human resources
- IT, database, and information management
- operational policy

Funded by:
Annual Practising Certificate fee
Interest on investments



Our financial performance 2021/22

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Our financial performance 2021/22

Along with previous year's Annual Reports, the approved and audited financial statements are also available for review and download from Council's website.¹⁰

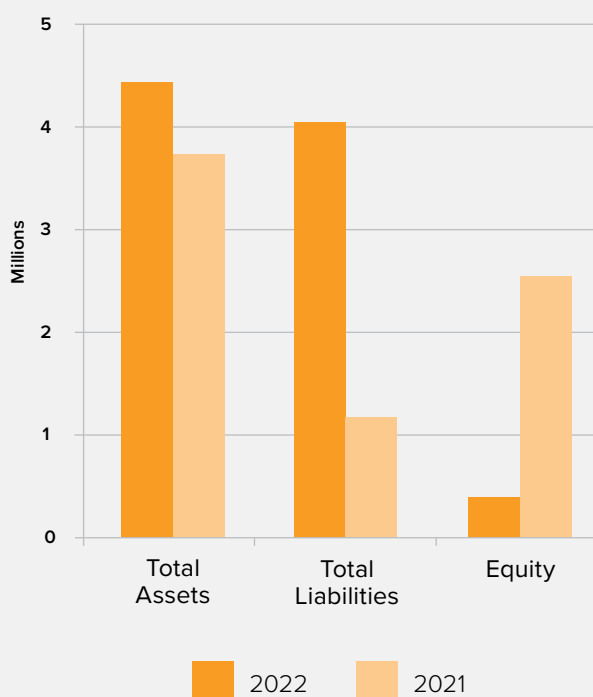
Introduction

The Pharmacy Council's financial performance report for the 2021/22 nine-month period reflects a transitional change of financial year end to 31 March from 30 June.

Realigning Council's end of financial year with the registration year has helped to simplify and streamline the annual planning and budgeting process. We believe it has also made Council's annual financial statements more user friendly and transparent for monitoring and reporting purposes.

The transition to a 31 March balance date did affect the overall budget set by Council for the 2021/22 financial year as the accounting treatment for the Annual Practising Certificate (APC) income received by Council in March of 2021 for the 2021/22 registration year required it to be fully recognised in the financial statements to 30 June 2021.

Financial Position



Accumulated funds

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 Notes 22 & 27 of the financial statements.

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 recent years.

In accordance with the April 2021 Agenda Decision published by the International Financial Reporting Standards (IRFS) Interpretation Committee (IFRIC), Council reviewed previously capitalised costs to confirm whether their accounting treatment aligned with the Agenda Decision requiring the expensing of costs incurred in customising and configuring changes to software provided by a supplier through a cloud-based computing arrangement – described as "SaaS" (Software as a Service).

Previously capitalised costs associated with the launch of the MyRecert platform in May 2021 should have been expensed at the time they were incurred. The change has been accounted for retrospectively, and the comparative values for the 2020/21 financial results have been restated this year, impacting Council's accumulated comprehensive revenue and expense reporting, and reducing the previously reported reserves balance on 30 June 2021 by the total cost of the development project (\$164,249¹¹).

Bank balance and reserves minimum

The annual APC funding cycle and associated cash flows must fully sustain Council's regulatory workplan, disciplinary caseload, general operations, and capital programme until the APC renewal process in March of the following year.

The General Fund Reserve policy is based on the average of one month's budgeted / forecasted operational costs over the coming two budget years.

Council may only seek APC funding from practitioners once each recertification year which makes it critical that fees are set at appropriate levels to enable Council's regulatory functions to continue unimpeded throughout the year.

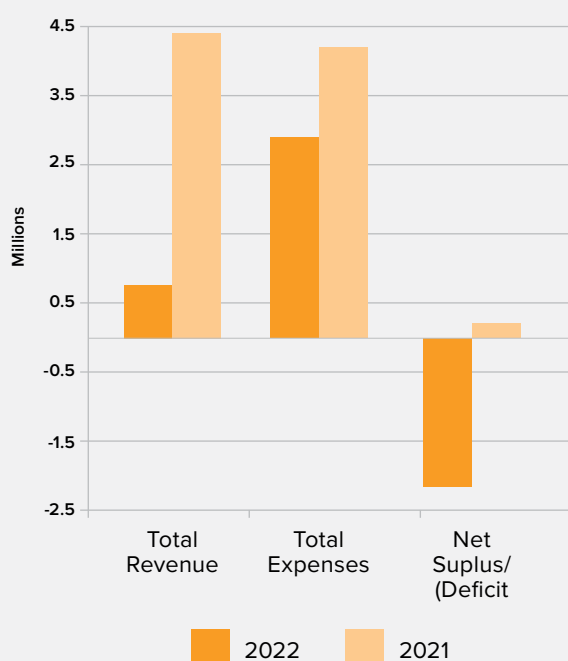
¹⁰ <https://pharmacycouncil.org.nz/public/annual-reports/>

¹¹ See notes 3 and 27 in the financial statements for more detail.

The Disciplinary Fund Reserve policy is based on Council’s assessment of the likelihood of needing to meet unplanned costs of significant or complex disciplinary cases.

In this case should there be an unexpected increase in disciplinary activity and associated costs Council is permitted to apply an additional disciplinary levy collection during the year to cover these further costs. The alignment of the APC year with the budget year allows presentation of financial statements that reflect Council’s financial position in direct relation to the regulatory activities funded by its annual income stream.

Financial performance



Council has returned an operating deficit of \$2,146,486 for the nine months ended 31 March 2022. This result was achieved against a budgeted deficit for 2021/22 of \$2,687,277.

This improved result is due to better than budgeted recoveries awarded from the outcomes of the Health Practitioner Disciplinary Tribunal (HPDT) decisions (and further improved by lower than budgeted costs for current disciplinary case activity); lower overall personnel costs due to the timing of resignation, recruitment, and appointment activities; and, lower

than expected costs for on-going development work, governance, and operating costs due to the impacts of COVID-19 alert level restrictions between June and December 2021 when New Zealand moved away from the use of ‘alert levels’ into the ‘traffic light’ framework.

On behalf of the Ministry of Health, Council was pleased to be able to administer a fourth tranche of Pharmacy Team Relief Funding (established to provide for situations where the impact of increased workloads on pharmacy staff due to COVID-19 could potentially affect public safety).

While this activity is not considered core business for Council, the total income recognised of \$356,638 in the 2021/22 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 \$347,390 (2021: \$1,102,645) 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 \$10,248 actual cost incurred (2021: \$53,227). The impact of this accounting treatment on the statutory financial statements has contributed to the reporting variance between budget years.

On 31 March 2022 Council held funds of \$165,512 (GST inclusive) being the remaining unallocated funding. The Ministry of Health have asked Council to administer a fifth tranche in the coming year to ensure the funds will be fully spent.

APC Fees

For the registration year commencing 1 April 2021 the total APC fee (comprising the APC fee and Disciplinary levy) remained set at the \$800.62 (GST inclusive) as published in the Gazette in January 2020¹².

Pharmacists and interns pay APC fees, which for this shorter period represents only 21 percent of Council’s total reported operating revenue for 2021/22. (2021: 81 percent) The APC fee covers operational, capital and policy-setting costs.

APC fee income of \$2,874,959 (GST exclusive) collected by Council in March 2022 for the 2022/23 registration year has been recorded in these financial statements as income in advance to fund Council’s operational and capital activities for the corresponding period 1 April 2022 to 31 March 2023.

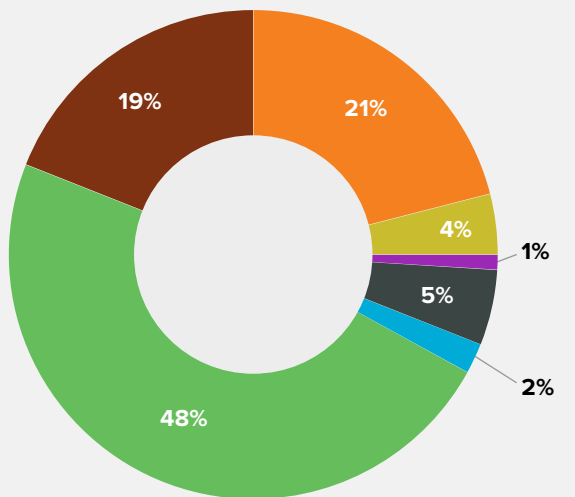
¹² <https://pharmacycouncil.org.nz/public/annual-reports/>

Council's income budget for the nine months of 2021/22 was limited to APC fees for interns moving into the pharmacist scope of practice, graduates registering into the intern scope of practice, other regulatory and administrative fees collected during the year, and other income received (i.e., interest on investments).

Disciplinary Levy

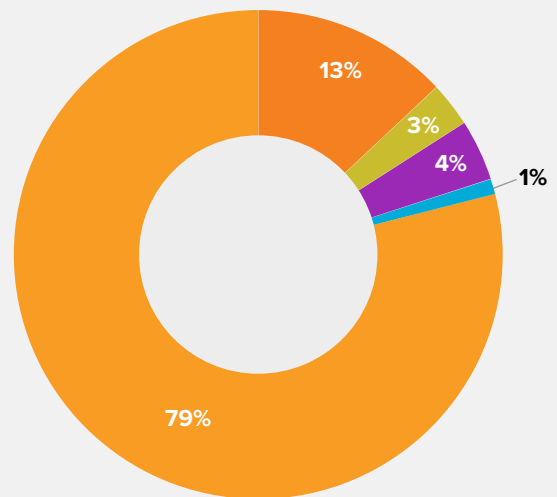
The Disciplinary Levy is charged to fund the costs of PCC investigations and prosecutions and any subsequent HPDT hearings. The Disciplinary Levy was not adjusted by Council for the 2021/22 APC year and is currently set at \$93.61 (including GST) and represents four percent of the total reported operating income for 2021/22.

Revenue 2022

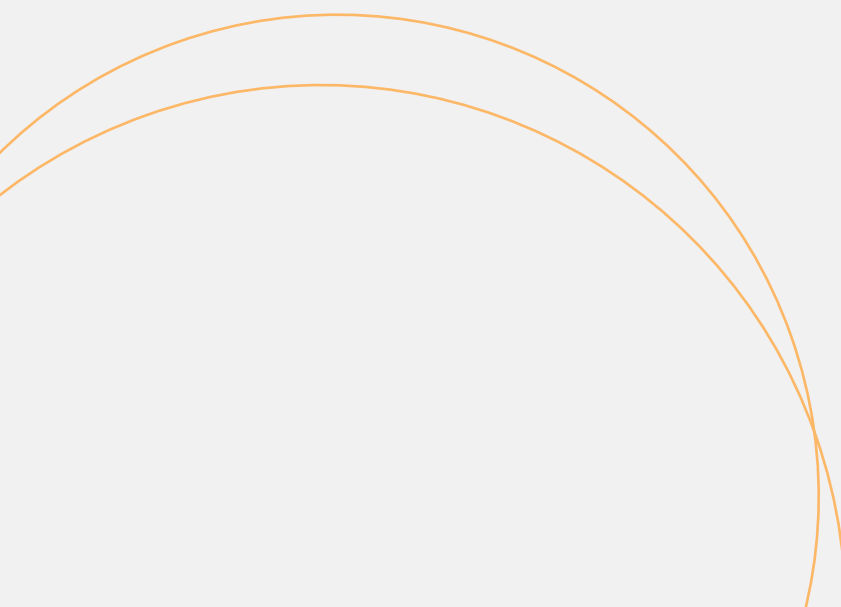


- APC Fees
- Disciplinary Levy
- Non-Practising Fees
- Registration Fees
- Other Fees
- Interest & Other Income
- Recoveries

Expenses 2022



- Registration & Discipline
- Review & Development
- Governance
- Stakeholder Engagement
- Operating & Administration



Pharmacy Council of New Zealand
Statement of Comprehensive Revenue and Expense
For the nine months ended 31 March 2022
(twelve months ended 30 June 2021)

		(9 months)	(12 months)
			Restated
	Notes	2022	2021
	3	\$	\$
Revenue from non-exchange transactions			
Annual Practising Certificate fees	6	162,650	2,705,712
Disciplinary levies		32,185	365,377
Disciplinary recoveries		99,363	18,411
		<u>294,198</u>	<u>3,089,500</u>
Revenue from exchange transactions			
Registration fees		39,742	41,876
Non-Practising fees		4,745	78,554
Overseas pharmacist fees		9,000	7,800
Other fees	7	9,951	14,464
Interest income		7,437	30,651
Credit card recoveries		42,077	41,329
Other income	8	357,856	1,102,889
		<u>470,809</u>	<u>1,317,563</u>
Total revenue		<u>765,007</u>	<u>4,407,063</u>
Expenses			
Registration and discipline	9	362,726	545,551
Review & development		98,687	116,378
Governance	18	122,625	202,072
Stakeholder engagement		35,861	68,700
Operating and administration	10	2,291,593	3,276,584
Total expenses		<u>2,911,493</u>	<u>4,209,285</u>
Total (deficit) / surplus for the year		<u>(2,146,486)</u>	<u>197,778</u>
Other Comprehensive Income		-	-
Total Comprehensive (expenses) and revenue for the year		<u><u>(2,146,486)</u></u>	<u><u>197,778</u></u>

Pharmacy Council of New Zealand
Statement of Changes in Net Assets
For the nine months ended 31 March 2022

	Notes	Accumulated comprehensive revenue and expense \$	Total \$
Balance at 1 July 2020		2,336,220	2,336,220
Surplus for the year		197,778	197,778
Other comprehensive income		-	-
Balance at 30 June 2021		<u>2,533,997</u>	<u>2,533,997</u>
(Deficit) for the year		(2,146,486)	(2,146,486)
Other comprehensive income		-	-
Balance at 31 March 2022	22	<u><u>387,511</u></u>	<u><u>387,511</u></u>

Pharmacy Council of New Zealand
Statement of Financial Position
As at 31 March 2022

	Notes	31 March 2022 \$	30 June Restated 2021 \$
Current Assets			
Cash and Cash Equivalents	13	4,118,253	1,243,717
Investments	14	-	2,100,000
Receivables from non-exchange transactions		48,596	18,772
Provision for doubtful debts		(37,763)	-
Prepayments and other receivables		7,739	14,801
		<u>4,136,825</u>	<u>3,377,290</u>
Non-Current Assets			
Intangible assets	15	243,819	244,693
Property, plant and equipment	16	39,733	50,213
Work in progress	17	-	25,753
		<u>283,552</u>	<u>320,659</u>
Total Assets		<u>4,420,377</u>	<u>3,697,949</u>
Current Liabilities			
Accounts payable		193,856	130,025
Other payables and accruals	19	639,593	612,869
Income in advance	21	2,874,959	-
Employee entitlements		96,420	118,803
Provision for onerous lease	25	108,348	90,789
		<u>3,913,176</u>	<u>952,485</u>
Non-Current Liabilities			
Provision for onerous lease	25	119,689	211,466
		<u>119,689</u>	<u>211,466</u>
Total Liabilities		<u>4,032,865</u>	<u>1,163,951</u>
Net Assets		<u>387,511</u>	<u>2,533,997</u>
EQUITY			
Accumulated comprehensive revenue and expense	22	387,511	2,533,997
TOTAL EQUITY		<u>387,511</u>	<u>2,533,997</u>

Signed for and on behalf of the Council Members who authorised these financial statements for issue on 28/09/2022.



Chair of Council



Chief Executive



Pharmacy Council of New Zealand
Statement of Cash Flows
For the nine months ended 31 March 2022

	Notes	(9 months) 2022 \$	(12 months) 2021 \$
Cash flows from operating activities			
<i>Receipts</i>			
Receipts from APC fees	21	162,650	2,705,712
Receipts from Disciplinary Levy	21	32,185	365,377
Receipts from other exchange transactions		429,015	1,246,916
Receipts from other non-exchange transactions	21	3,053,172	107,287
Interest received		11,217	46,707
		<u>3,688,239</u>	<u>4,471,998</u>
<i>Payments</i>			
Payments to suppliers and employees		<u>2,829,678</u>	<u>3,707,846</u>
Net cash flows from operating activities		<u>858,561</u>	<u>764,153</u>
Cash flows from investing activities			
<i>Receipts</i>			
Sale of property, plant and equipment and intangibles		-	1,162
		<u>-</u>	<u>1,162</u>
<i>Payments</i>			
Purchase of property, plant and equipment and intangibles		84,025	395,017
Investments in short term deposits	21	(2,100,000)	(600,000)
		<u>(2,015,975)</u>	<u>(204,983)</u>
Net cash flows from investing activities		<u>2,015,975</u>	<u>206,145</u>
Net Cash Flows from/(used in) Financing Activities		<u>-</u>	<u>-</u>
Net Change in Cash and Cash Equivalents		2,874,536	970,298
Cash and Cash Equivalents at the Beginning of the Financial Year		<u>1,243,717</u>	<u>273,419</u>
Cash and Cash Equivalents at the End of the Financial Year	13	<u>4,118,253</u>	<u>1,243,717</u>

Pharmacy Council of New Zealand
Notes to the Financial Statements
For the nine months ended 31 March 2022

1 Reporting entity and statutory base

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.

The financial statements for the Pharmacy Council are for the nine month period ended 31 March 2022, and were approved and authorised for issue by the Council Members on 28/09/2022.

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.

Pharmacy Council of New Zealand
Notes to the Financial Statements
For the nine months ended 31 March 2022

3 Changes in accounting policies and disclosures with retrospective allocation

At its September 2020 meeting, Council approved a change of financial year end from 30 June to 31 March to take effect for the financial year ending 31 March 2022. These financial statements represent the activities of Council for this nine month transitional period. Comparative figures for 2021 are included for the twelve month financial period ending 30 June 2021, as per the Pharmacy Council's last Annual Report. In the opinion of the Council and management there is no sound basis or need to present nine-month actual comparative results.

The Council has changed its accounting policy, in the 2022 financial year, for the recognition of costs for customising and configuring changes to Software provided by a supplier through a cloud-based computing arrangement - described as "SaaS" (Software as a Service). This is relevant for the costs associated with the MyRecert platform incurred in the 2021 financial year, that were previously capitalised and subsequently amortised. In line with the recent Agenda Decision (April 2021) published by the IFRS Interpretation Committee (IFRIC), the Council has reviewed the previously capitalised costs to confirm that the treatment aligns with the Agenda Decision. The result of this review is that this previously capitalised cost should have been expensed at the time it was incurred.

This change in accounting policy has been accounted for retrospectively, and the comparative values for 2021 have been restated, this has impacted the accumulated comprehensive revenue and expense and the effect of the changes are in Note 27.

There have been no other changes in accounting policies during the financial period other than those disclosed.

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 periods presented in these financial statements.

4.1 Basis of measurement

These financial statements have been presented based on historical cost.

4.2 Functional and presentational currency

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

Pharmacy Council of New Zealand
Notes to the Financial Statements
For the nine months ended 31 March 2022

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, fines and recoveries

Disciplinary levies imposed and collected as part of the annual recertification cycle are recognised in full on the first day of the recertification year, that is on 1 April for pharmacists and pharmacist prescribers and 15 December for interns. Levies received within the recertification year to which they relate are recognised in full on receipt.

Disciplinary fines and costs recovered represent fines and costs awarded against practitioners by the Health Practitioners Disciplinary Tribunal (HPDT). Costs represent recoveries of a portion of the costs of Professional Conduct Committees (PCCs) and the HPDT.

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.

Annual Practising Certificate (APC) fees

The Council's annual recertification cycle runs from 1 April to 31 March for pharmacists and pharmacist prescribers and from 15 December to 14 December for intern pharmacists. Fees received in advance of the start of the recertification cycle are recognised on the first day of the recertification year, that is, either 1 April or 15 December. Fees received within the recertification year to which they relate are recognised in full on receipt.

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.

Pharmacy Council of New Zealand
Notes to the Financial Statements
For the nine months ended 31 March 2022

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.

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.

Pharmacy Council of New Zealand
Notes to the Financial Statements
For the nine months ended 31 March 2022

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, investments (short-term), 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.

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.

Pharmacy Council of New Zealand
Notes to the Financial Statements
For the nine months ended 31 March 2022

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 nine months ended 31 March 2022.

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 (cash in bank) 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.

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

Pharmacy Council of New Zealand

Notes to the Financial Statements

For the nine months ended 31 March 2022

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 Work in progress

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

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.

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.

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 |

Pharmacy Council of New Zealand
Notes to the Financial Statements
For the nine months ended 31 March 2022

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.

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:

Pharmacy Council of New Zealand
Notes to the Financial Statements
For the nine months ended 31 March 2022

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.

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.

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.

Pharmacy Council of New Zealand
Notes to the Financial Statements
For the nine months ended 31 March 2022

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:

- condition of the asset
- nature of the asset, its susceptibility and adaptability to changes in technology and processes.
- 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.

Pharmacy Council of New Zealand
Notes to the Financial Statements
For the nine months ended 31 March 2022

6 Annual Practising Certificate fees	2022	2021
	\$	\$
Pharmacist	41,781	2,558,591
Pharmacist Prescriber	-	24,978
Intern Pharmacist	108,251	101,904
Return to Practise	11,615	18,738
APC Application fee	1,004	1,501
Total Annual Practising Certificate fees	162,650	2,705,712

Council's financial year end date has changed and all APC fees received by Council in March 2022 for the 2022/23 recertification year beginning 1 April 2022 have been recorded as income received in advance.

7 Other fees	2022	2021
	\$	\$
Transfer within Register	4,797	8,644
Interview Assessment Fee	4,278	4,635
Certificate of Identity	876	696
Other Fees	-	490
Total Other fees	9,951	14,464

8 Other income	2022	2021
	\$	\$
Miscellaneous Income	357,856	1,102,889
Total Other income	357,856	1,102,889

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 the 2020/2021 financial year to provide short term locum resourcing of pharmacists and technicians to pharmacies where the effects of increased workloads on staff due to Covid-19 could potentially impact on public safety. A fourth tranche of funding was administered during the year.

Total contract income recognised: \$357,638 (\$347,390 relates to claims payable to pharmacies, and \$10,248 to the recovery (at cost) of Council's administration of the application and claims process).

Pharmacy Council of New Zealand
Notes to the Financial Statements
For the nine months ended 31 March 2022

9 Registration and discipline

	2022	2021
	\$	\$
Registration	9,296	27,220
Discipline	259,785	432,799
Competence and health	93,645	85,532
Total Registration and discipline	362,726	545,551

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

Costs of \$9,609 were incurred for an appeal (now concluded) of an HPDT decision to the High Court. (2021: \$49,375)

Disciplinary Caseload	In Process @ 30Jun21	Opened This Year	Prior Year Cases Closed	Current Year	
				Cases Closed	In Process @ 31Mar22
PCC	6	4	5	0	5
HPDT	4	4	1	0	7
TOTAL	10	8	6	0	12

The low volume of HPDT cases closed during the nine month period was affected by significant backlogs in the HPDT committee processes that has affected all Responsible Authorities.

Pharmacy Council of New Zealand
Notes to the Financial Statements
For the nine months ended 31 March 2022

10 Operating and administration

Operating and administration expenses include the following specific expenses:

		2022	Restated
	Notes	2021	2021
		\$	\$
Accountancy advice		4,259	3,040
Advisory services	i	56,765	94,976
Amortisation costs		34,824	104,529
Audit fees	12	14,362	13,341
Bank fees		117	199
Bad debts and debt collection	ii.	37,763	(29,190)
Credit Card and Account to Account bank fees		53,206	46,733
Depreciation		18,320	22,962
Information technology costs	iii	280,509	367,913
Insurance		15,741	13,107
Legal costs		22,346	15,968
Loss on write off / disposal of assets		-	1,162
Movement in onerous lease provision		(7,379)	(9,476)
Premises and occupancy costs		187,483	124,510
Sundry costs		7,957	2,788
Personnel costs		1,162,708	1,431,724
Pharmacy Team Relief Fund Claims	11	347,390	1,049,418
Printing and stationery		4,939	10,151
Postage and courier		1,537	3,649
Telecommunications		6,511	9,080
Total Operating and administration		2,249,358	3,276,584

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

ii. Council has made a provision of \$37,763 for doubtful debts relating to one outstanding disciplinary debtor. The debtor has appealed the HPDT ruling and Council is awaiting the outcome of this action.

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

Pharmacy Council of New Zealand
Notes to the Financial Statements
For the nine months ended 31 March 2022

11 Pharmacy Team Relief Fund

	Notes	2022 \$	2021 \$
Ministry of Health funding received		500,000	1,700,000
Residual <i>Tranche Three</i> funding not fully disbursed 2021/22		23,150	-
Pharmacy <i>Tranche Four</i> claims processed in full & pending receipt		(347,390)	(1,049,418)
Council administration costs recovered		(10,248)	(53,227)
Reimbursement due to Ministry of Health for unallocated funds		-	(597,355)
Total Pharmacy Team Relief Fund	15	<u>165,512</u>	<u>0</u>

Council was contracted by the Ministry of Health during the year to administer a fourth tranche of the Pharmacy Team Relief Fund.

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.

Funds remaining after final disbursement of Tranches Three and Four (\$165,512 excl GST) have since been approved by the Ministry of Health to be held over for a further tranche to be disbursed in 2022/23. This amount is recorded in other payables and accruals.

12 Auditor's remuneration

Baker Tilly Staples Rodway provides audit services to the Council on behalf of the Office of the Auditor General. The audit fees charged for the 2022 year are \$14,362. (2021 \$13,341)

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

13 Cash and cash equivalents

Cash and cash equivalents include the following components:

	2022 \$	2021 \$
Cash at bank	1,318,253	1,243,717
Short term bank deposits	2,800,000	-
Total Cash and cash equivalents	<u>4,118,253</u>	<u>1,243,717</u>

Pharmacy Council of New Zealand
Notes to the Financial Statements
For the nine months ended 31 March 2022

14 Investments

	2022	2021
	\$	\$
Term deposits - Maturing within 12 months of balance date	-	2,100,000
	<u>-</u>	<u>2,100,000</u>

15 Intangible assets

2022	Website	Software	Total
	\$	\$	\$
Cost	47,038	776,274	823,311
Accumulated depreciation	11,759	567,733	579,492
Net book value	35,278	208,541	243,819

2021	Website	Restated Software	Total
	\$	\$	\$
Cost	47,038	700,087	747,125
Accumulated depreciation	-	502,432	502,432
Net book value	47,038	197,655	244,693

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

2022	Website	Software	Total
	\$	\$	\$
Opening balance	47,038	197,655	244,693
Additions	-	76,186	76,186
Disposals	-	-	-
Amortisation	11,759	65,300	77,060
Closing balance	35,278	208,541	243,819

Pharmacy Council of New Zealand
Notes to the Financial Statements
For the nine months ended 31 March 2022

16 Property, plant and equipment

2022	Computer Equipment \$	Furniture & Fittings \$	Office Equipment \$	Total \$
Cost	134,100	43,212	24,752	202,064
Accumulated depreciation	109,872	28,071	24,389	162,332
Net book value	24,228	15,141	363	39,733

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

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

2022	Computer Equipment \$	Furniture & Fittings \$	Office Equipment \$	Total \$
Opening balance	30,652	17,528	2,033	50,213
Additions	7,839	-	-	7,839
Disposals	-	-	-	-
Depreciation	14,263	2,387	1,669	18,320
Closing balance	24,228	15,141	363	39,733

17 Work in progress

There was no capital work in progress at the reporting date. (2021: \$25,753)

Pharmacy Council of New Zealand
Notes to the Financial Statements
For the nine months ended 31 March 2022

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 Council members for attending Council, Council sub committees (Finance Assurance & Risk Management [FARMC], Competence & Fitness to Practice [CFTP] and Intern Assessment Advisory Committees [IAAC]), working party meetings, and participating in other fora are disclosed below.

	2022	2021
	\$	\$
Councillors Fees*	99,385	141,660
Councillors Expenses	448	33,847
Total	99,832	175,507
*Fees Paid to Councillors		
K Azer	6,184	11,096
A Bauld	± 45,623	23,796
A Chan	^ 3,320	-
J Harrison	± -	50,909
M Hudson	^ 4,980	-
M Lomax	7,880	10,809
N Nu'u	^ 3,486	-
E Salis	-	1,826
C Schimanski	-	2,215
M Wu	8,198	11,953
A Zareh	6,339	10,183
J Galt	# 13,376	18,873
Total *Fees Paid to Councillors	99,385	141,660

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

Pharmacy Council of New Zealand
Notes to the Financial Statements
For the nine months ended 31 March 2022

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

^ Appointed 17 November 2021

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

There were no other related party transactions. (2021: \$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 Registration & 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 and the FARMC Chair 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.

	2022	2021
	\$	\$
Total remuneration	662,402	824,036
Number of full-time equivalents (FTE)	5.6	5.5

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

During the reporting period, total remuneration and compensation of \$Nil (2021: \$Nil) was provided by the Council to employees who are close family members of key management personnel.

Pharmacy Council of New Zealand
Notes to the Financial Statements
For the nine months ended 31 March 2022

19 Other payables and accruals

	Notes	2022 \$	2021 \$
Exchange payables			
Pharmacy Team Relief Fund	11	165,512	597,355
GST to IRD		363,894	-
Accruals		110,186	54,994
Total exchange payables		639,592	652,349
Non exchange payables			
PAYE to IRD		-	46,736
Total non exchange payables		-	46,736
Total other payables and accruals		639,592	699,085

20 Leases

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

	2022 \$	2021 \$
Lease of premises 80 The Terrace (Pharmacy Council Share)		
Not later than one year	89,995	86,534
Later than one year and no later than five years	53,809	117,392
Later than five years	-	-
	143,804	203,926

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	2022	2021
Lease of premises 109 Willis Street (Pharmacy Council Share)	\$	\$
Not later than one year	16,707	40,387
Later than one year and no later than five years	-	-
Later than five years	-	-
	<u>16,707</u>	<u>40,387</u>

The lease agreement at 80 The Terrace (start date 1 November 2014) is in the names of the Dental Council, Physiotherapy Board of New Zealand, Medical Sciences Council of New Zealand, New Zealand Medical Radiation Technologists Board, and the Pharmacy Council of New Zealand (five responsible authorities) all of which have joint and several liability. This lease expires on 31 October 2023 with a right of renewal of a further six years.

	2022	2021
Lease of premises 80 The Terrace (five responsible authorities)	\$	\$
Not later than one year	364,089	350,091
Later than one year and no later than five years	217,695	474,931
Later than five years	-	-
	<u>581,784</u>	<u>825,022</u>

The lease agreement at 109 Willis St (start date 1 March 2019) is in the names of the Dental Council and the Pharmacy Council of New Zealand (two responsible authorities), both of which have joint and several liability. This lease expires on 31 May 2022 and will not be renewed.

	2022	2021
Lease of premises 109 Willis Street (two responsible authorities)	\$	\$
Not later than one year	33,415	80,773
Later than one year and no later than five years	-	-
Later than five years	-	-
	<u>33,415</u>	<u>80,773</u>

Pharmacy Council of New Zealand
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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:

	2022	2021
	\$	\$
Financial assets		
Cash and cash equivalents	^ 4,118,253	1,243,717
Investments	-	2,100,000
Receivables from non-exchange transactions	48,596	18,772
	<u>4,166,849</u>	<u>3,362,489</u>
Financial liabilities		
Accounts payable	193,856	130,025
Accruals	^ 503,736	954,604
Income in advance	± 2,874,959	-
IRD	363,894	(39,480)
Employee entitlements	96,420	118,803
	<u>4,032,865</u>	<u>1,163,951</u>

^ At balance date Council held funds totalling \$192,984 (inclusive of GST) in a separate bank account on behalf of the Ministry of Health for distribution via the Pharmacy Team Relief Fund. The Ministry of Health has extended the agreement expiry date from 31 December 2021 to 31 December 2022 for the remainder of the funding to be disbursed through a fifth tranche to pharmacists.

± Council's financial year end date has changed and all APC fees, non practising fees and disciplinary levies received by Council in March 2022 for the 2022/23 recertification year beginning 1 April 2022 have been recorded as income received in advance.

Pharmacy Council of New Zealand
Notes to the Financial Statements
For the nine months ended 31 March 2022

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.

	2022	Restated 2021
	\$	\$
General Fund		
Opening balance	2,372,802	1,855,527
Movements during the year	(2,201,237)	188,775
Closing balance	293,580	2,208,552
	2022	2021
	\$	\$
Disciplinary Fund		
Opening balance	325,445	480,693
Movements during the year	(231,513)	(155,248)
Closing balance	93,931	325,445
Total accumulated comprehensive revenue and expense	387,511	2,533,997

23 Capital & operating commitments

The lease agreement at 22 The Terrace (start date 2 June 2022) is in the names of the Dental Council and the Pharmacy Council of New Zealand (two regulatory authorities), both of which have joint and several liability for the fitout costs. This lease expires on 2 June 2028.

Capital

Fabric Property Limited (the Landlord) has funded the base fitout (estimated to cost \$750,000) for the premise at 22 The Terrace and to be jointly tenanted with the Dental Council of New Zealand. The Landlord has agreed to make a contribution of \$90,000 to the final fitout cost. Net fitout costs are reimbursable by both Councils to the Landlord on an equal share basis over a period of six years at an interest rate of 8% per annum. (2021: \$Nil)

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Operating

Council has signed (with the Dental Council of New Zealand) an Agreement to Lease with Fabric Property Limited committing to total lease costs and operating expenses of \$1,801,800 over a six year period for its permanent premise at 22 The Terrace. The two Councils have agreed to meet these lease cost on an equal share basis, which equates to a \$900,900 commitment by the Pharmacy Council. (2021: \$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 were no contingent assets or liabilities at year-end. (2021: \$Nil)

25 Provision for Onerous Lease

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

	2022	2021
Provision for Onerous Lease	\$	\$
Opening balance	302,255	397,636
Amounts incurred and charged against the provision	(66,839)	(85,905)
Gain on provision from reassessment	(14,108)	(18,587)
Unwinding of discount	6,729	9,111
Closing balance	228,037	302,255

	2022	2021
Provision for Onerous Lease	\$	\$
Current	108,348	90,789
Non Current	119,689	211,466
Closing balance	228,037	302,255

Pharmacy Council of New Zealand
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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 provision has been calculated as the minimum amount payable under their contract, less expected recoveries from sub-letting.

26 Changes to comparative figures

Changes have been made to prior year comparatives in relation to the prior period adjustment, see note 27.

27 Prior Period Adjustment

Effect of transactions pre 1 July 2021 (opening balance of the equity comparatives in the 2022 Financial Statements).

Accumulated Comprehensive Revenue and Expense		\$
Accumulated comprehensive revenue and expense 30 June 2021 under old policy	362,027	
Add: Reversal of accumulated amortisation of software up until 30 June 2021	4,693	
Less: Recognition of software as an expense incurred until 30 June 2021	(168,942)	
Accumulated comprehensive revenue and expense 30 June 2021 under new policy	197,778	

Statement of Comprehensive Revenue and Expense		\$
Total administration expenses (as at 30 June 2021) under old policy	3,112,334	
Less: Reversal of amortisation of software 1 July to 30 June 2021 under old policy	(4,693)	
Add: Amortisation of software 1 July to 30 June 2021 under new policy	168,942	
Total administration expenses (as at 30 June 2021) under new policy	3,276,583	

Statement of Financial Position		\$
Intangible assets balance as to 30 June 2021 under old policy	408,942	
Less: Recognition of software as an expense incurred until 30 June 2021	(168,942)	
Add: Reversal of accumulated amortisation of software 1 July to 30 June 2021	4,693	
Intangible assets balance as to 30 June 2021 under new policy	244,693	

Pharmacy Council of New Zealand
Notes to the Financial Statements
For the nine months ended 31 March 2022

28 Events after the reporting date

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

Independent Auditor's Report

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INDEPENDENT AUDITOR'S REPORT TO THE READERS OF THE PHARMACY COUNCIL OF NEW ZEALAND'S FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED 31 MARCH 2022

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 31 March 2022, the statement of comprehensive revenue and expense, the statement of changes in net assets and statement of cash flows for the nine months period 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 31 March 2022; and
 - its financial performance and cash flows for the nine months period 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 30 November 2022. 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 blue ink, appearing to read "Chrissie Murray".

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

Contact details

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