



Pharmacy Council of New South Wales

Annual Report 2011

Pharmacy Council of New South Wales

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The Hon. Jillian Skinner MP
Minister for Health
Minister for Medical Research
Level 31, Governor Macquarie Tower
1 Farrer Place
Sydney NSW 2000

Dear Minister

On behalf of the Pharmacy Council of New South Wales we are pleased to submit the Council's Annual Report for the period 1 July 2010 to 30 June 2011, for presentation to Parliament.

The Annual Report has been prepared in accordance with the provisions of the *Annual Reports (Statutory Bodies) Act 1984*, the *Annual Reports (Statutory Bodies) Regulation 2010* and the *Public Finance and Audit Act 1983* as amended.

The Council was granted a one month extension of time to 30 November 2011 to submit this Report under section 13 (3) of the *Annual Reports (Statutory Bodies) Act 1984*. The approval was given on the understanding that this is the Council's first report since the establishment of the National Registration and Accreditation Scheme, which has impacted the timely submission of the financial statements and annual report.

This is the first Annual Report of the Pharmacy Council of New South Wales, following its establishment on 1 July 2010 pursuant to the *Health Practitioner Regulation National Law (NSW) No 86a* and the introduction of the National Registration and Accreditation Scheme for Health Professionals.

The Council continues the regulatory functions of the former Pharmacy Board of New South Wales which was abolished on 30 June 2010, with regards to health, performance and conduct issues involving pharmacists, the maintenance of a Register of NSW pharmacies and the consideration of issues related to pharmacy ownership.

The Council records it's appreciation of the work of the members of its various committees and panels. The President and Members of the Council are grateful for the assistance provided by the staff of the HPCA.

Yours sincerely

Helen Dowling
President

Alison Aylott
Deputy President

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About the Council

The Pharmacy Council of New South Wales was established on 1 July 2010 with the commencement of the health professionals' National Registration and Accreditation Scheme. Through the Scheme, responsibility for registering health practitioners and accrediting educational programs transferred to National Boards. Health professionals no longer need to hold multiple registrations in the same profession and uniform registration standards apply across all jurisdictions. The National Boards are supported by the Australian Health Practitioner Regulation Agency (AHPRA) which has an office in each State and Territory including New South Wales (NSW).

In all States and Territories, with the exception of NSW, health professional National Boards and committees established by these boards are responsible for the regulation of health practitioners including pharmacists.

In NSW the co-regulatory model for dealing with complaints against health professionals has been retained with the continuation of the Health Care Complaints Commission (HCCC). The HCCC is a separate statutory authority which derives its powers from the *Health Care Complaints Act 1993*. The Council and the HCCC consult on and respond to complaints received about pharmacists' performance, conduct and health where the complaint relates to a registered pharmacist's practice in NSW.

In addition to its role in the management of complaint matters, the Council is responsible for the regulation of NSW pharmacy businesses and the maintenance of a Register of Pharmacies.

The Pharmacy Council is one of 10 health professional Councils that manage complaints about the performance, conduct and health of health professionals in NSW.

The Health Professional Councils Authority (HPCA) provides secretariat support to the NSW health professional Councils to assist them in carrying out their regulatory and statutory responsibilities.

Charter

The Council is a statutory body constituted pursuant to the *Health Practitioner Regulation National Law (NSW) No 86a* (the Law) to exercise the powers, authorities, duties and functions imposed by the Law.

Aims and Objectives

The purpose of the Council is to act in the interests of the public by regulating pharmacy businesses and ensuring that registered pharmacists are fit to practise and pharmacy students are fit to have contact with members of the public whilst they undertake approved programs of study.

The Council manages a range of programs, services and procedures to achieve this purpose. As a result, members of the public can be reassured that registered pharmacists are required to maintain proper and appropriate standards of conduct and professional performance.

Council Membership

Clause 7 of Schedule 5C of the Law prescribes that there are to be 10 members of the Council, five of whom are pharmacists elected by local pharmacists and five of whom are appointed by the Governor.

The following members held those positions during the reporting period:

Five elected pharmacists:

Ms Alison Joy Aylott BPharm MPS MACP

Mr Gregory Robert Palmer Hodgson PhC FPS
(until 13 October 2010)

Mr Adrian Wei-Chun Lee BPharm MCom MPS FACP
(appointed 3 August 2010)

Mr Stuart Ludington BPham MPS
(appointed 3 August 2010)

Mr Geoffrey John Pritchard BPharm FPS

Five persons appointed by the Governor:

- one person nominated by the Minister for Health, being an officer of the Department of Health or an employee of a local health district, statutory health corporation or affiliated health organisation:

Ms Terry Anne Maunsell B Pharm FSHP

- one pharmacist nominated by the Minister for Health, being a pharmacist involved in conducting approved programs of study for the pharmacy profession:

Mrs Helen Violet Dowling BPharm
DipHospPharm(Admin) GradDipQI in HCare CHP FSHP

- one Australian lawyer nominated by the Minister for Health:

Ms Zoe Bojanac LLB

- two persons who are not pharmacists, nominated by the Minister for Health to represent the community:

Mr Aaron Ron Greenstein JP (*until mid May 2011*)

Mrs Sandra Everett

The current term of office of Council members expires on 30 June 2012.

The Council noted with sadness the passing of Mr Ron Greenstein in May 2011. Mr Greenstein had been a member of the former Pharmacy Board of NSW from 1997 to 2010 and was subsequently appointed as a non-pharmacist member of the Pharmacy Council at its inception in July 2010. Over a period of many years Ron had been an active contributor to the work of both the former Board and the Council. During his time as a member of these bodies, Ron served on several committees and was a diligent and enthusiastic participant in the work of each of them. Most notably, he was the Chair of the Administrative Committee for the former Board, as well as being a reviewer of the complaint matters that came before the Board.

Mr Greenstein will be remembered for his unflagging commitment to his role as a lay person with the responsibility of representing the interests of consumers.

President of the Council

The President of the Council, one of the pharmacist members appointed by the Governor pursuant to Clause 10 of Schedule 5C of the Law during the reporting period was:

Mrs Helen Violet Dowling

Deputy President of the Council

Clause 10 of Schedule 5C of the Law provides that one member of the Council is to be appointed as Deputy President of the Council. The Deputy President during the reporting period was:

Ms Alison Joy Aylott

Remuneration

Remuneration for members of the Council is as follows:

President	\$33,264 per annum
Deputy President	\$22,176 per annum
Members	\$11,088 per annum

Additionally, Council members receive sitting

fees of \$462 per day and \$231 per half day for the conduct of Inquiries at a meeting of the Council and attendance at committee meetings if held on a day other than the monthly Council meeting.

Council members are reimbursed for expenses incurred only when travelling on Council business at Council direction.

Attendance at Council Meetings

The Council met on the second Wednesday of each month during the 12 month reporting period. One additional extraordinary meeting was held in September 2010.

Attendance at meetings is as follows:

Name	Meetings	
	Ordinary	Special
Ms Alison Aylott	12	1
Ms Zoe Bojanac	12	1
Mrs Helen Dowling	11	1
Mrs Sandra Everett	9	1
Mr Ron Greenstein	8	1
Mr Gregory Hodgson	5	1
Mr Adrian Wei-Chun Lee	11	1
Mr Stuart Ludington	11	1
Ms Terry Maunsell	12	1
Mr Geoffrey Pritchard	10	1

Committees of the Council

Pursuant to s 41F of the Law, the Council may establish committees to assist it with the exercise of its functions. Members of committees need not be Council members.

The following committees were established during the reporting period to support the Council:

Notifications Committee

Ownership Committee

Communication Committee

Policy, Practice and Legal Issues Committee.

Each committee's philosophy revolved around transparency, fairness and equity to all members of the profession that are affected, within the prescribed boundaries of the Law, functions delegated to it by the Council, and any relevant public interest.

Notifications Committee

The Notifications Committee was established in October 2010 and acts under Council delegation to deal with a diverse range of complaints concerning health, conduct and performance issues as they impact on the professional conduct of registered pharmacists and the provision of pharmacy services. This Committee reviews all new complaints in consultation with the HCCC. Complaints referred to the Council for management following consultation with the HCCC are dealt with according to the provisions of the Law.

The Committee met on eight occasions with the first meeting held on 10 November 2010. Meetings of this Committee are held on the third Thursday of each month and are attended by a senior officer from the HCCC.

Attendance at meetings is as follows:

Committee Member	Attendance
Ms Alison Aylott (<i>Chair</i>)	8
Ms Zoe Bojanac	7
Mrs Helen Dowling (<i>ex officio</i>)	7
Mrs Sandra Everett	7
Mr Stuart Ludington	8

Ownership Committee

The ownership of pharmacy businesses in NSW is governed by the Law. Routine changes in ownership of existing pharmacies, proposed ownership in a new pharmacy and the registration of pharmacy premises were administered during the reporting period by Council staff under the direction of the Executive Officer.

The Ownership Committee was established on 14 July 2010 to consider matters related to the ownership of pharmacies and to make recommendations to the Council on:

- 1) cases where breaches of the Law of a serious nature appear to have occurred and what action might be taken, usually after consultation with the Council's Legal Officer
- 2) policy and procedural matters when advice is sought from the Executive Officer or the Legal Officer. This could occur when there are unusual circumstances not covered by existing policies and procedures
- 3) when a need becomes apparent for changes to the Law relating to ownership.

From its establishment until November 2010 the Committee met as necessary. In March 2011 the Committee commenced regular meetings which were held thereafter on the second Wednesday of each month.

Membership and attendance of the Ownership Committee is as follows:

Committee Member	Attendance
Ms Alison Aylott (<i>Chair to February 2011</i>)	5
Mrs Helen Dowling (<i>ex officio</i>)	4
Mr Gregory Hodgson (<i>to October 2010</i>)	0
Mr Adrian Lee (<i>from November 2010 & Chair from February 2011</i>)	5
Mr Stuart Ludington (<i>from November 2010</i>)	5

Communications Committee

The Communications Committee was established on 14 July 2010 to assist the Council to properly and appropriately carry out the following functions:

- publish and distribute information concerning the Law and the Regulations to pharmacists, consumers and other interested persons
- publish reports, information and advice to the general public concerning pharmaceutical matters.

The Committee further assisted the Council by reviewing, assessing and determining the content of the Council's website and newsletter.

The Communications Committee met on three occasions during the reporting period. In addition to formal meetings, the Committee consulted by way of emailed correspondence between meeting dates.

Membership and attendance of the Communications Committee is as follows:

Committee Member	Attendance
Ms Alison Aylott	3
Mrs Helen Dowling (<i>ex officio</i>)	2
Mrs Sandra Everett (<i>to November 2010</i>)	2
Mr Ron Greenstein (<i>from November 2010 to May 2011</i>)	1
Ms Terry Maunsell	2
Mr Geoffrey Pritchard (<i>Chair</i>)	3

Policy, Practice and Legal Issues Committee

The Policy, Practice and Legal Issues Committee was established on 14 July 2010. This Committee is responsible for ensuring that appropriate policies and procedures are in place and to provide assistance with the review of any proposed legislative change.

During the reporting period the Committee reviewed and made recommendations to Council regarding the development and implementation of various policies and guidelines. The Committee's work during the reporting period was actioned by way of emailed consultation in lieu of formal meetings.

Membership of the Policy, Practice and Legal Issues Committee is as follows:

Ms Zoe Bojanac

Mrs Helen Dowling (*ex officio*)

Mrs Sandra Everett

Mr Adrian Lee

Ms Terry Maunsell (*Chair*)

Statutory Committees

Part 8 of the Law prescribes the statutory committees that support the Council in undertaking its regulatory activities to protect the public. The activities and decisions of these bodies are reported in the section Regulatory Activities below.

The Council does not have an Assessment Committee.

Pharmacy Tribunal

The Pharmacy Tribunal of New South Wales is established under s 165 and comprises four members. The Chairperson or Deputy Chairperson is an Australian lawyer appointed by the Governor. For each Tribunal hearing the three other members are appointed by the Council.

Chairperson

Mr Peter Dwyer

Deputy Chairpersons

Ms Joanne Muller

Mr Nick O'Neill

The Tribunal finalised three matters during the year.

Executive Officer

Under s 41Q of the Law there is to be an Executive Officer of the Pharmacy Council who is responsible for the affairs of the Council subject to any directions of the Council.

Ms Nina Beeston was appointed as the Executive Officer to the Pharmacy Council.

Legislative Changes

The *Pharmacy Practice Act 2006* was repealed with effect from 1 July 2010. The *Health Practitioner Regulation National Law (NSW)* (the Law) commenced on 1 July 2010.

During the reporting period the NSW Parliament passed a number of minor amendments to the Law. In the same reporting period the Governor approved a number of amendments to the *Health Practitioner Regulation (New South Wales) Regulation 2010*.

Health Practitioner Regulation National Law (NSW) No 86a

1. Amendments made by the *Statute Law (Miscellaneous Provisions) Act (No 2) 2010*:

An amendment to the definition of "protected report" in s 138(1) to address an oversight that inadvertently omitted reports prepared under s 152B from the definition.

A consequential transitional amendment was also required in Schedule 5A.

2. Amendments made by the *Health Services Amendment (Local Health Networks) Act 2010*:

Amendments were made to clauses 6(2)(i), 7(2)(a), 8(2)(a) and 9(2)(a) of Schedule 5C to reflect the replacement of Area Health Services with Local Health Networks.

3. Amendments made by the *Health Services Amendment (Local Health Districts and Boards) Act 2011*:

Amendments were made to clauses 6(2)(i), 7(2)(a), 8(2)(a) and 9(2)(a) of Schedule 5C to reflect the replacement of Local Health Networks with Local Health Districts.

Health Practitioner Regulation (New South Wales) Regulation 2010

1. Amendments made by the *Statute Law (Miscellaneous Provisions) Act (No 2) 2010*:

An amendment was made to clause 17(1)(b) to amend an incorrect cross reference to the *NSW Trustee and Guardian Act 2009*.

2. Amendments made by the *Health Practitioner Regulation (New South Wales) Amendment (Savings and Transitional) Regulation 2010*:

Amendments of a savings and transitional nature were made as follows:

- (a) amendment of clause 22(2)(b) to ensure that a delegation made by a former Board under a repealed Act continues in force under the Law until 1 January 2013
- (b) insertion of clause 23 which provides that a registered health practitioner may apply for a review of conditions imposed on the health practitioner's registration by a former Board under a repealed Act (i.e. a repealed NSW health professional registration Act) or by a Council
- (c) insertion of clause 24 which provides that if, immediately before the commencement of the Law, a former Board had started but not completed dealing with a complaint about a registered health practitioner by an inquiry under a repealed Act the inquiry is to continue under the repealed Act but is to be conducted by the relevant Council.

3. Amendments made by the *Statute Law (Miscellaneous Provisions) Act 2011*:

An amendment was made to clause 21 to correct an incorrect reference to "authorised officer" with the correct term "authorised person".

Amendments were made to clauses 24(3) and (5) to correct typographical errors by replacing the term "this Law" with "the Law".

4. Amendments made by the *Health Practitioner Regulation (New South Wales) Amendment (Savings and Transitional) Regulation 2011*:

Clause 25 was inserted in the Regulation in order to address concerns about possible defects in the appointments of some members of any State Boards of the National Boards.

Regulatory Activities

The Council has two primary responsibilities:

- in conjunction with the HCCC, the protection of the public by managing the performance, conduct and health concerns relating to registrants practising in NSW and students training in NSW
- the regulation of NSW pharmacy businesses and the maintenance of a Register of Pharmacies.

Regulation of Pharmacy Practitioners and Students

Registrants	2010	2011
Number of registered pharmacists	8,481	8,110
Complaints/Notifications		
Complaints open as at 1 July 2010		104
New complaints received during 2010/2011		138
Complaints closed during 2010/2011		159
Complaints open as at 30 June 2011		83
Total complaints managed during the reporting period		242

National Registration

From 1 July 2010 responsibility for the registration of pharmacists passed to the Pharmacy Board of Australia under the National Registration and Accreditation Scheme. This Board and the nine other National Boards are responsible for registering health practitioners and for deciding the requirements for registration.

The National Boards also develop and approve standards, codes and guidelines for the respective health profession and approve accredited programs of study which provide the necessary qualification for registration.

Further information about the operations of the Pharmacy Board can be obtained on the Australian Health Practitioner Regulation Agency (AHPRA) website (www.ahpra.gov.au).

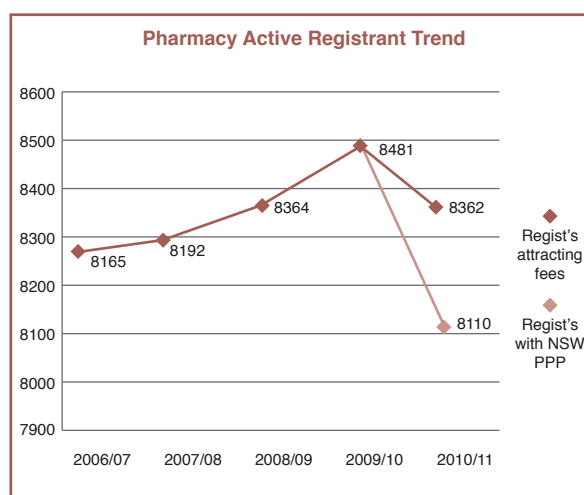
Registrations in NSW

At 30 June 2011, there were 8,110 pharmacy registrants whose principal place of practice was in NSW. This represents 31.3% of the total number of pharmacists registered under the Scheme across Australia. Data for the current reporting year is supplied by AHPRA.

The graph below provides information about the number of pharmacists registered in NSW from 2006/2007 to 2010/2011. There was a 4.4% decrease in the number of active registrants in 2010/2011 (371 registrants) compared to the active registrations in 2009/2010. This reduction is due to a number of factors including:

- general attrition due to relocations or retirements
- under the National Scheme practitioners need register only in their principal place of practice but can practise anywhere in Australia. Under the former scheme, practitioners had to register in every State or Territory in which they wished to practise. Consequently, practitioners who have a principal place of practice in another State or Territory but were previously registered in NSW are not reflected in the 2010/2011 NSW registration volume
- some former registrants may have elected not to renew their registration because they were no longer practising and did not meet recency of practice or continuing education standards.

The Council is responsible for the regulation of pharmacists who provide services in NSW. A number of registrants did not identify a principal place of practice (for example, registrants living overseas). For the purpose of distributing registration fees to the Council, AHPRA allocates one third of these registrants to NSW. Consequently, the fees received by the Council were for 8,362 registrants.



Student registration also commenced in February 2011. The number of student registrants was not available at this time but will be reported in future years. Under the Law only complaints and

notifications about conduct and health may be made against students.

Complaints and Notifications

Any person may make a complaint or notification against a registered health professional or student. A complaint may be made to the HCCC, the Council, or AHPRA. All complaints and notifications are referred to the Council's Notification Committee for consideration.

The *Health Care Complaints Act 1993* requires the Council and the HCCC to advise each other about complaints received and to consult concerning the course of action to be taken. A complaint made to the Council is deemed to be also made to the HCCC, and vice versa.

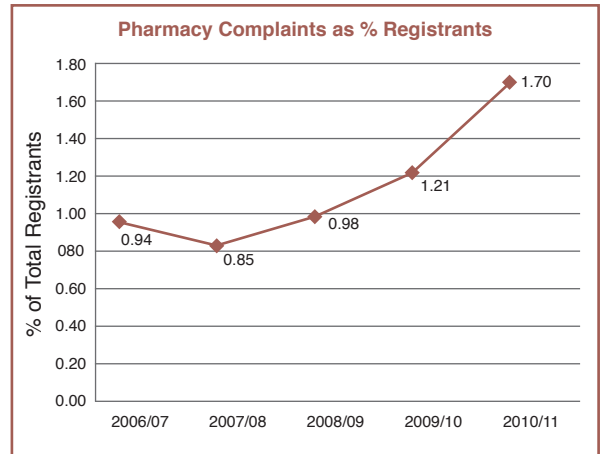
There have been 138 new notifications in NSW during the reporting period.

The following graph indicates the trend in new complaints received since 2006/2007 and indicates an increase in the number of complaints in the past year. There is no apparent reason to explain the increase in volume during 2010/2011.



Note: The 2009/2010 Pharmacy Board of NSW Annual Report covered the nine month period 1 October 2009 to 30 June 2010.

The graph below shows the level of complaints as a percentage of the number of registered pharmacists in NSW. The number of complaints received compared with the number of pharmacists registered in NSW is less than 2%.



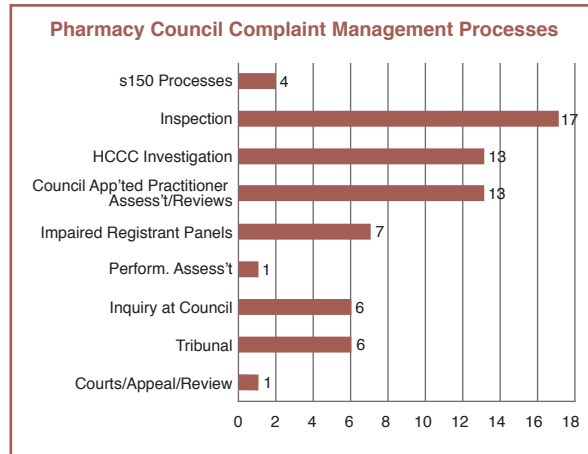
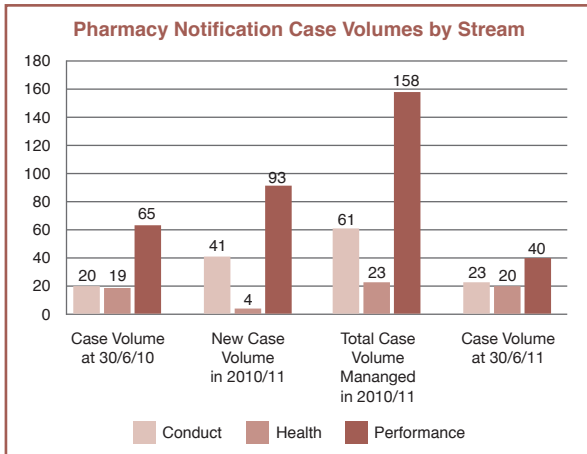
Mandatory Notifications

The Law requires health practitioners, employers and education providers to make mandatory notifications to AHPRA if they believe the registered practitioner or student has behaved in a way that constitutes notifiable conduct or has an impairment. AHPRA then refers the matter to the Council.

There were three mandatory notifications during the reporting period: one involved a pharmacist who demanded supply of medication without prescription and represented himself as an employee of the Pharmacy Board; and two related to misdiagnosis and the dispensing of prescription only medication without a prescription.

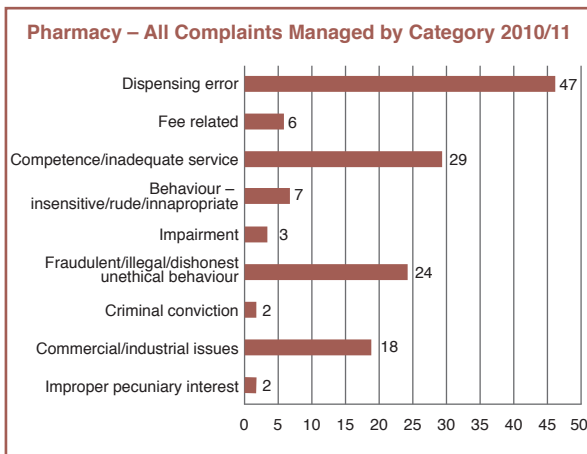
Complaints Management

Complaints and notifications relate to the conduct, health or performance of a practitioner. In some instances, more than one stream may be applicable however one stream was identified as the primary stream based on the seriousness of the matter. The volumes of complaints by the primary stream for each complaint were as follows:



A decision is made by the Council (in consultation with the HCCC) about whether the matter is to be managed by the Council or by the HCCC. Sometimes this decision is deferred until further assessment or investigation is carried out. Information on the processes for making and managing complaints is available on the HPCA website (www.hpca.nsw.gov.au).

The following categories of complaint were managed during the year.



Of notifications managed in 2010/2011, 28% (n=68) were referred for management to other legislated committees or adjudicating bodies other than regular Council meetings. The number of matters referred to different actions is provided below.

Following an assessment of each complaint, the HCCC and the Council determine if the matter should be dismissed or that the matter requires some form of action. A complaint may be dismissed if the matter falls outside the jurisdiction of the Council or the HCCC, it does not raise issues of sufficient seriousness to warrant further action or the parties have resolved the matter. When action is taken for a notification, further assessment or investigation occurs into the health, performance or conduct of the registrant. Subsequently, some registrants may also be referred for further inquiry by an adjudication body such as a Tribunal, Panel or Committee as a result of the assessment/investigation.

Health

The object of the Council's health program is to protect the public, through maintaining the high standards the public is entitled to expect, while maintaining impaired practitioners in practice when it is safe to do so.

A health notification may be self-reported or lodged by third parties and most commonly raises concerns that a registrant may have a physical or mental impairment, disability, condition or disorder (including substance abuse or dependence) that detrimentally affects or is likely to detrimentally affect their capacity to practise safely (or for students, to undertake clinical training). All complaints are treated as allegations until they can be substantiated.

Impaired Registrants Panel

The Law provides for the convening of Impaired Registrants Panels to deal with matters concerning pharmacists who suffer from a physical or mental impairment which affects or is likely to affect the pharmacist's capacity to practise.

Impaired Registrants Panels (IRP) are non-disciplinary and aim to assist pharmacists to manage their impairment while remaining in professional practice as long as this poses no risk to the public. The Panel's role is to assess and make recommendations to Council by inquiring into the matter and obtain reports and other information from any source it considers appropriate. The Panel may counsel the registrant or, on the recommendation of the Panel, the Council may counsel the registrant, impose conditions on the registration, or suspend the registration for a period if the Council is satisfied the practitioner or student has voluntarily agreed to the conditions / suspension.

To assist the IRP in its management of matters, the Council generally directs a pharmacist to undergo an assessment of impairment by a Council appointed practitioner (CAP) before referring the matter to the IRP.

During the reporting period, the Council dealt with four new health matters and 19 health matters carried over from the last reporting period.

Of the four new matters:

Action	
Referred to a CAP for medical assessment followed by referral to an IRP and voluntary conditions imposed on registration	2
Referred to a CAP for medical assessment followed by a medical review, assessment as no longer impaired and discharge from the health program	1
Review following a health disclosure in the registrant's renewal application	1

The following actions were taken on the 19 matters carried over from the last reporting period:

Action	
Referred to a CAP for medical assessment	10
Referred to an IRP for review	8
Voluntary conditions imposed on registration following review by IRP	5
Continued monitoring of previously imposed voluntary conditions	3
Practitioner relocated interstate - matter referred to Pharmacy Board of Australia for management	2
Assessed as no longer impaired and discharged from the health program	4
Practitioner's registration lapsed - no further action taken	2

Performance

Performance issues generally relate to concerns about the standard of clinical performance, that is, whether the knowledge, skill or judgment possessed, or care exercised, by the practitioner is significantly below the standard reasonably expected of a practitioner of an equivalent level of training or experience.

The Council's performance program is designed to provide an avenue for education and retraining where inadequacies in competency are identified, while at all times ensuring that the public is appropriately protected. The program aims to address patterns of practice rather than one-off incidents unless a single incident is thought to be demonstrative of a broader problem. Consequently, assessments are intended to be broad-based and not limited to the substance of the matter that triggered the performance assessment.

Performance Assessments

The aim of a Performance Assessment is to establish whether the pharmacist's performance is at a standard expected of a similarly trained or experienced practitioner. The assessments are conducted in the practitioner's own practice environment by assessors appointed by Council who are familiar with the area of practice of the pharmacist concerned.

During the reporting period, the Council referred one matter for a Performance Assessment. The Assessment is to be conducted in the next reporting period.

Performance Review Panel

The role of the Performance Review Panel (PRP) is to review the professional performance of the pharmacist by examining the evidence placed before it to establish whether the pharmacist's practice of pharmacy meets the standard reasonably expected of a pharmacist of 'an equivalent level of training or experience'. Where deficiencies are identified, practitioners are required to undertake remediation tailored to their individual needs. This may entail attending courses, undertaking supervision or engaging in additional continuing professional development. Conditions on practice may also be required to ensure the public is protected while the practitioner is undertaking remediation.

There were no Performance Review Panels convened during the reporting period.

Conduct

Conduct issues generally relate to behavioural acts or omission and often go to the question of character.

Protective Orders (s 150)

The Council must exercise its powers to either suspend a practitioner's registration or to impose conditions upon the practitioner's practice if it is satisfied that such action is appropriate for the protection of the health or safety of the public or is otherwise in the public interests.

During the reporting period, the Council exercised its protective powers on four occasions:

Order	
Suspension of registration as a pharmacist	1
Imposition of conditions relating to the pharmacist's practise	3

Counselling

Under the Law, the Council may direct a practitioner or student to attend for counselling. Counselling is a non-disciplinary process that enables a Council to address performance or conduct concerns in an informal but sound and influential manner. Counselling may be conducted by two or three Council members.

During the reporting period, the Council dealt with four complaints by directing the practitioner to attend for counselling. Of those matters, two were finalised following counselling and one matter is scheduled for counselling in the next reporting period. One practitioner declined to attend for counselling due to his relocation interstate. This matter was finalised subsequent to the practitioner consenting to a condition on his registration that he not practise as a pharmacist.

Council members conducted counselling as follows:

Council Member	Frequency
Ms Zoe Bojanac	1
Mrs Helen Dowling	1
Mr Stuart Ludington	2
Ms Terry Maunsell	1

Council Inquiry

Complaints may be dealt with by way of

disciplinary proceedings held at a meeting of the Council, including caution or reprimand, imposition of conditions on registration, order assessments or some other action.

During the reporting period, complaints of unsatisfactory professional conduct against three pharmacists were heard by way of Inquiry in a meeting of the Council conducted under Part 8 Division 3 Subdivision 5 of the Law. Findings from these Inquiries are due to be handed down in the next reporting period.

Three matters were finalised which had been carried over into this reporting period under the transitional provisions of the Law following Inquiries conducted by the former Pharmacy Board of New South Wales under Division 4 of Part 4 of the *Pharmacy Practice Act 2006*.

Attendances at these three matters were as follows:

Council Member	Attendance
Ms Alison Aylott	3
Ms Zoe Bojanac (<i>Chair</i>)	3
Mrs Sandra Everett	1
Mr Adrian Lee	1
Mr Stuart Ludington	3
Ms Terry Maunsell	2
Mr Geoffrey Pritchard	3

The three finalised matters are summarised below:

Complaint 1

The subject matter of the complaint concerned various non-compliances with the requirements of the *Poisons and Therapeutic Goods Regulation 2002* for Schedule 8 poisons, including:

- the failure to keep a Schedule 8 drug register at the pharmacy premises
- failure to record the receipt and/or supply of various Schedule 8 drugs in the drug register
- supply of various Schedule 8 drugs on prescriptions which did not comply with the requirements of the Regulation, and
- failing to conduct a periodical inventory of Schedule 8 drugs.

The pharmacist was also convicted at the Downing Centre Local Court of 31 counts relating to contraventions of the Regulation.

Outcome: A finding of unsatisfactory professional conduct was made, the pharmacist was severely reprimanded and conditions of registration imposed.

Complaint 2

This matter concerned a pharmacist who:

- (i) falsely certified information in *Claim for Payment - Pharmaceutical benefits* claim forms and obtained payment of moneys to which he was not entitled
- (ii) instructed staff members to sign and date prescriptions supplied for various residential care facility patients after the date of the patients' deaths, which prescriptions the pharmacist then submitted in his *Claim for Payment - Pharmaceutical benefits* claim form to obtain moneys to which he was not entitled to claim
- (iii) offence under s 103(5)(g) of the *National Health Act 1953*.

Outcome: A finding of unsatisfactory professional conduct was made, in that the pharmacist engaged in improper or unethical conduct in the course of the practice of pharmacy. The pharmacist was severely reprimanded.

Complaint 3

This matter concerned the pharmacist's pharmacy, from which over a period of two months, benzodiazepines, codeine and paracetamol tablets, Ventolin CFC free metered aerosols and Seretide 250/50 Accuhalers were supplied in circumstances where the pharmacist could not be satisfied that each supply was in a quantity and/or for a purpose in accordance with recognised therapeutic standards and the pharmacist failed to make proper enquiries of the prescriber and of the patients concerned.

Outcome: A finding of unsatisfactory professional conduct was made and the pharmacist was severely reprimanded.

Pharmacy Tribunal

The Pharmacy Tribunal deals with serious complaints that may lead to suspension or deregistration, appeals against Council decisions regarding disciplinary matters and appeals against decisions of the National Board in relation to registration matters.

During the reporting period, the Tribunal finalised the following three matters:

DCL SMITH [2010] NSWPH 2 (Douglas Charles Leslie Smith)

The Tribunal found Mr Smith guilty of unsatisfactory professional conduct and professional misconduct. The Tribunal issued a severe reprimand and ordered that his registration as a pharmacist be suspended for a period of six months and that at the conclusion of the period of suspension, a condition be imposed on his registration.

Joseph TRAN - TRAN [2010] NSWPH 4 (Joseph Tran)

The Tribunal found Mr Tran guilty of professional misconduct and unsatisfactory professional conduct. The Tribunal issued a caution and a reprimand and ordered that conditions be imposed on his registration.

HCCC v SAYEGH, JOHN [2011] NSWPH 1 (John Sayegh)

The Tribunal found Mr Sayegh guilty of professional misconduct and unsatisfactory professional conduct. The Tribunal issued a caution and a severe reprimand and ordered that his registration as a pharmacist be suspended for a period of three months and that at the conclusion of the period of suspension, conditions be imposed on his registration.

Mr Peter Dwyer acted as Chairperson for two matters and Mr Nick O'Neill as Deputy Chairperson for one matter.

Two other matters were referred to the Tribunal for hearing in the next reporting period and one matter, that of Peter Wing Keung Ng, is part-heard as at the end of the reporting period.

Outcomes of Tribunal hearings are made publicly available on the Australasian Legal Information Institute (AustLII) website (www.austlii.edu.au) unless the Tribunal makes an order against publication. The Council's website also includes a link to Tribunal decisions.

Appeals

Ng v NSW HCCC and Ors [2010] NSWSC 1220

Peter Wing Keung Ng lodged an appeal in the Supreme Court following a Tribunal Inquiry which resulted in the cancellation of Mr Ng's registration.

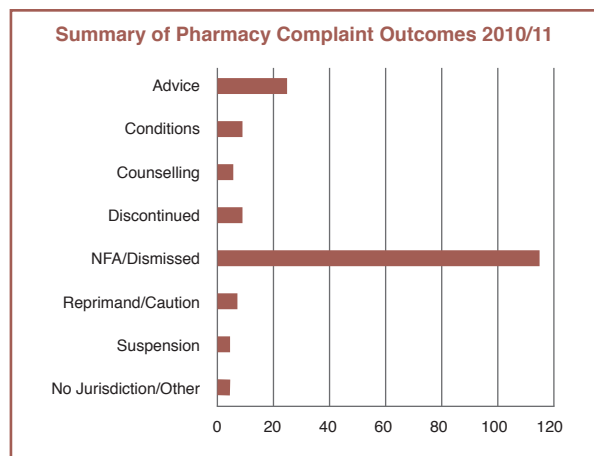
On 22 October 2010, His Honour Justice Adams delivered judgment allowing the appeal, quashing the order for deregistration and remitting the matter for hearing before a

differently constituted Tribunal on the question of consequential orders. In addition, interim orders to be complied with by Mr Ng were set pending determination of the remitted matter before the Tribunal.

At the end of the reporting period, the hearing before the differently constituted Tribunal is part heard with the findings to be handed down in the next reporting period.

Complaint Outcomes

The outcomes of complaints closed in 2010/2011 are summarised in the graph below. The majority of matters did not require further action by the Council. The next most prevalent outcome was the issuing of advice to the practitioner followed by the imposition of conditions on the registration of the practitioner.



Monitoring and Compliance of Orders and Conditions

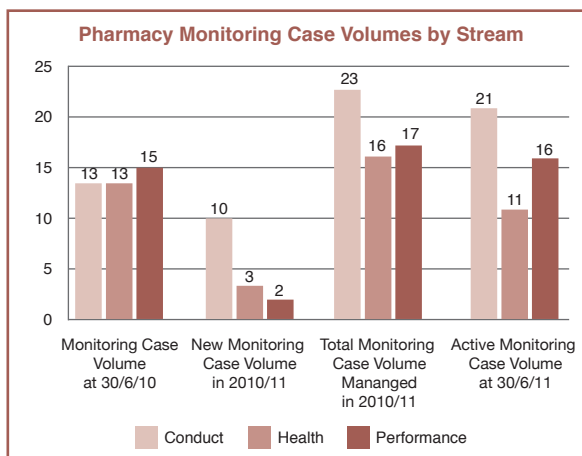
When a complaint about performance, health or conduct is proven, conditions on a registration may sometimes be required to allow registrants to safely remain in practice. In some cases, where there are significant concerns about a person's fitness to practise, registration may be suspended or cancelled.

The Council monitors compliance with orders made and conditions imposed on pharmacists. Consequently, the Council Secretariat monitors conditions imposed by the Pharmacy Tribunal, conditions imposed following a Council Inquiry or a s 150 decision, and voluntary conditions agreed to by an impaired practitioner following a meeting with an Impaired Registrants Panel.

Conditions fall into two categories: practise conditions, which are available publicly on the AHPRA website (www.ahpra.gov.au) and health

conditions, which are not published publicly. During 2010/2011 effective working relationships with AHPRA and the HCCC were established to facilitate compliance monitoring across all three organisations.

During the year, 56 cases were monitored, and 48 remain active as at 30 June 2011.



Regulation of Pharmacy Businesses

Pharmacies	2010	2011
Number of registered pharmacies	1,799	1,813

Register of Pharmacies

Clause 14 of Schedule 5F of the Law requires the Council to keep a Register of Pharmacies.

Prior to 1 July 2010, the Register of Pharmacies was kept and maintained by the former Pharmacy Board of New South Wales as required by the *Pharmacy Practice Act 2006*. Clause 25 of Schedule 5A of the Law provides that the Register of Pharmacies kept under the *Pharmacy Practice Act 2006* is taken, as at 1 July 2010, to be the Register of Pharmacies kept by the Council.

Changes to the Register of Pharmacies occur upon the approval of applications to the Council and payment of the relevant fee.

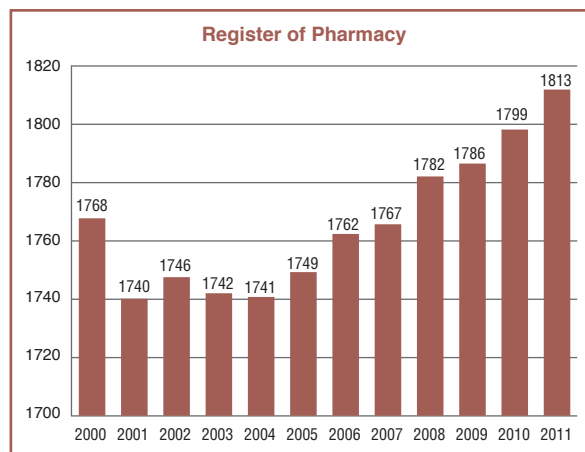
During the reporting period the Council approved the following applications:

Application	Approvals
New Pharmacy	38
Professional Services Room	0
Change of Pharmacy Name	102
Change of Pharmacy Address	59
Change of Pharmacy Ownership	164
Acquisition of pecuniary interest by acquiring shares in a Pharmacists' Body Corporate and or appointment of new director(s)	2
Copy of the Register of Pharmacies	2

The Council received notices of closure for 23 pharmacies during the reporting period.

There were 1,813 pharmacies on the Register of Pharmacies as at 30 June 2011.

The following chart illustrates the change since 2000 in the number of approved premises on the Register of Pharmacies. The data relates to the number of pharmacies as at 30 September for each of the years 2000 to 2009 and the number of pharmacies as at the end of June for the years 2010 and 2011.



Pharmacy Inspectors

Pharmacy inspectors have the State-wide function of conducting inspections and investigations to enforce compliance with the Law and the *Health Practitioner Regulation (New South Wales) Regulation 2010*. This includes inspection of existing, new and relocating pharmacies and investigation of complaints against pharmacists and pharmacies. The position also has responsibilities under the *Poisons and Therapeutic Goods Act 2008* regarding safe handling of medications.

Pharmacy inspectors are appointed as authorised persons under s 164 of the Law. The powers of authorised persons as set out in s 164A of the Law include the power to enter and inspect premises, to copy and/or seize records and to require persons to answer questions.

During the reporting period the Council was assisted by one pharmacy inspector. A vacancy for a second pharmacy inspector is expected to be filled in the next reporting period.

Pharmacy inspectors conduct inspections in relation to the following:

- routine inspections - pharmacies across NSW are routinely inspected every 18 months to ensure compliance with the requirements of the Law and Regulations
- application approvals - the approval by the Council of an application related to the relocation of an existing pharmacy or the establishment of a new pharmacy business is subject to a satisfactory inspection to ensure compliance with the legislative requirements prior to commencing business on a new site
- complaints - the Council's Notifications Committee may request an inspection be conducted as part of its process of making

inquiries into a complaint. During the reporting period inspections were conducted following receipt of the following types of complaints:

- operating a pharmacy without a pharmacist in charge
- dispensing error
- supply of out of date (expired) medication
- attitude towards customers
- inadequate record keeping
- smoking/drinking alcohol on the premises
- drug destructions - pharmacy inspectors are authorised by the NSW Department of Health Pharmaceutical Services Unit to dispose/destroy unusable Schedule 8 medication.

During the reporting period the following inspections were conducted:

Inspection	No
Routine inspections	898
Relocations and new pharmacies	103
Complaint related	17
Drug destructions	140

Fees

Clause 12(5) of Schedule 5F of the Law provides that an application for approval of a pharmacy premises or a registration of pecuniary interest in a pharmacy business must be accompanied by the fee decided by the Council.

The schedule of fees as determined by the former Pharmacy Board was adopted by the Council on 1 July 2010. During the reporting period the Council undertook a review of the fees which had remained unchanged since July 2002.

The review indicated that the revenue received from the fees did not cover the administrative and legal costs incurred in processing the volume of applications received. The Council decided upon a revised schedule of fees effective from 2 May 2011.

The fees which applied during the reporting period are as follows:

Application	Fee prior to 2 May 2011	Fee from 2 May 2011
New Pharmacy	\$275	\$500
plus Inspection fee	\$200	\$300

Application	Fee prior to 2 May 2011	Fee from 2 May 2011
Professional Services Room	\$100	\$150
plus Inspection fee	\$200	\$300
Change of Pharmacy Name	\$30	\$50
Change of Pharmacy Address	\$200	\$300
Change of Pharmacy Ownership	\$275	\$500
Acquisition of pecuniary interest by acquiring shares in a Pharmacists' Body Corporate and/or appointment of new director(s)	N/A	\$500
Annual Renewal of Pharmacy Registration	\$175	\$300
Inspection of the Register of Pharmacies	\$30	\$30
Copy of the Register of Pharmacies	\$600	\$750

Applications for New Pharmacy and Change of Pharmacy Ownership involving complex pharmacists' body corporate and trust structures are referred by Council for external legal review with the cost of the legal review met by the applicant. Twelve applications were referred for external legal review during the reporting period at an average cost to the applicant of \$1,900.

All application forms are available on the Council website.

Meetings and Conferences

The Council was represented at the following meetings and conferences during the reporting period:

- the Council hosted a function in February 2011 for the purpose of introducing the new membership of the Council to stakeholders and to share information about the new regime
- Ms Christine Campbell, Legal Officer represented the Council and gave a presentation at the NSW State Legal Conference in March 2011 in Sydney
- Ms Terry Maunsell, Ms Christine Campbell and Ms Nina Beeston hosted a visit on 31 March 2011 from a delegation of 10 hospital pharmacists from China accompanied by an interpreter
- Ms Zoe Bojanac, Mr Geoffrey Pritchard and Ms Nina Beeston represented the Council at the Pharmaceutical Society of Australia's Rural and Remote Pharmacy Working Group Meetings held in April and June 2011

- Ms Alison Aylott and Ms Terry Maunsell represented the Council at the 9th International Conference in Life Long Learning in Pharmacy held in Rotorua, New Zealand from 29 June to 2 July 2011.

Education and Research

Section 41S of the Law allows the Council to establish an Education and Research Account. Money in the account may be expended by the Council for or towards any purpose relating to education and research about the health, performance and/or conduct of registered pharmacists or students and for meeting any administrative costs incurred with respect to the account.

The Council has agreed to participate in and contribute to an Australian Research Council (ARC) research proposal in partnership with the University of Sydney, the Medical, Psychology, Dental and Nursing and Midwifery Councils and AHPRA NSW. The project is a comparative study of the notifications and complaint systems of NSW compared with other States, and will be undertaken over the next three years.

Overseas Travel

Ms Alison Aylott and Ms Terry Maunsell represented the Council at the 9th International Conference in Life Long Learning in Pharmacy held in Rotorua, New Zealand from 29 June to 2 July 2011.

Promotion of Council Activities

The Council issues a newsletter twice a year to inform pharmacists and proprietors of NSW pharmacies of changes to the Law and Regulations and other matters of importance to the profession.

The Council maintains a website which is updated on a regular basis (www.pharmacycouncil.nsw.gov.au) and is the principal medium for disseminating information to registrants and students.

The Annual Report is accessible on the website.

Management and Administration

Shared Services

The Health Professional Councils Authority (HPCA) is an administrative unit of the Health Administration Corporation (HAC). It was established on 1 July 2010 to provide secretariat and corporate services to the NSW health professional Councils to support their regulatory responsibilities. The HPCA replaces the Health Professionals Registration Boards (HPRB), which was abolished on 30 June 2010.

The HPCA currently supports 10 Councils:

- Chiropractic Council of New South Wales
- Dental Council of New South Wales
- Medical Council of New South Wales
- Nursing and Midwifery Council of New South Wales
- Optometry Council of New South Wales
- Osteopathy Council of New South Wales
- Pharmacy Council of New South Wales
- Physiotherapy Council of New South Wales
- Podiatry Council of New South Wales
- Psychology Council of New South Wales

Each Council's Executive Officer and support staff provide secretariat services to enable it to fulfil its statutory role in regulating NSW health practitioners. In addition the HPCA coordinates shared administrative, financial, legal and policy services across all of the Councils to assist them to meet their legislative and policy requirements as statutory bodies.

On behalf of the Councils, the HPCA liaises with AHPRA regarding financial, registration and reporting matters; with the HCCC on complaints management issues; and with the Department of Health on human resources and providing advice and responses to the Minister for Health and the Director-General on regulatory matters and appointments.

This coordinated approach provides efficiencies through shared services that would be costly for small bodies like the Councils, to implement on their own. It also allows Councils to direct their attention to protection of the public by concentrating on their core regulatory functions.

GIPA - Access to Information

The *Government Information (Public Access) Act 2009* (GIPA Act) came into effect on 1 July 2010 replacing the former *Freedom of Information Act 1989*. The GIPA Act creates rights to information that are designed to meet community expectations of more open and transparent Government.

The Council received one request for access to documents under GIPA during the reporting period. The application was received on 27 June 2011 and was still being processed as at the end of the reporting period.

Privacy

The Council is subject to the provisions of the *Privacy and Personal Information Protection Act 1998* and the *Health Records and Information Privacy Act 2002*.

No complaints regarding privacy matters were received during the reporting period.

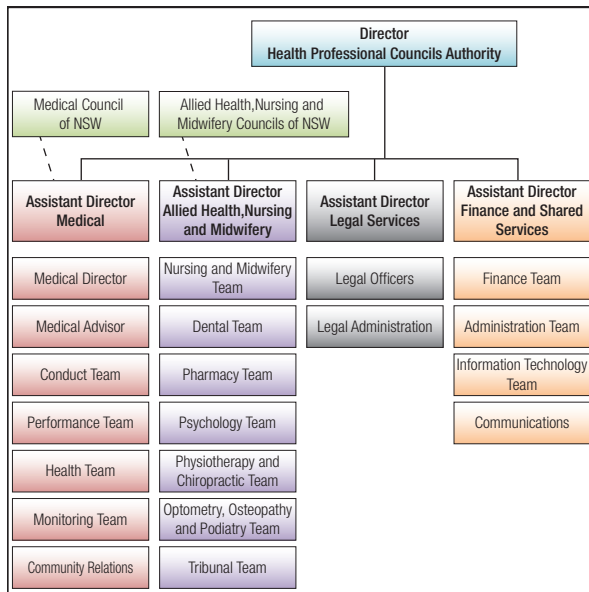
Human Resources

Section 41C (2) of the Law prescribes that a Council cannot employ staff. The HPCA staff who support the Council are employed under Chapter 1A of the *Public Sector Employment and Management Act 2002*.

As at 30 June 2011 there were 89 permanent full-time and 11 temporary full-time positions.

On 1 July 2010, three staff members of the former independent Pharmacy Board of New South Wales transitioned to the HPCA and provided secretariat support to the Council during the reporting period.

HPCA Organisation Chart as at June 2011



The HPCA adopts NSW Department of Health personnel policies and practices and ensures that staff have access to these policies through the Department of Health intranet.

Learning and Development

A priority for the HPCA in 2010/2011 has been to ensure that all staff receive appropriate induction to the Department of Health and their roles as public sector employees, in particular those staff who transferred from the previously independent Boards.

Staff participated in the Department of Health Orientation Program, which included familiarisation with the structure and functions of the Department, the NSW Health Code of Conduct and discussion of conflict of interest and fraud prevention issues.

The Department's Coaching and Performance System (CAPS) has been introduced to identify skills needs and is assisting staff and managers to align individual staff strengths with organisational goals. All staff have access to the Department's learning and development program to support their training needs and professional development, and during the year staff attended a range of courses.

Priorities for 2011/2012 include extensive training in the new case management system being implemented and ongoing records management and TRIM training.

A learning and development program is also being developed to address the information and training

needs of secretariat staff and members of Council, Committees, Panels and Tribunals. The program will focus on developing knowledge of the Law, Council's regulatory responsibilities and processes to protect the public. It will comprise in-house training and use of external expertise.

Staff also have access to the Department of Health's Employee Assistance program. Converge International provides confidential, professional counselling services to staff and their immediate families.

Industrial Relations Policies and Practices

The HPCA maintained a harmonious industrial environment throughout the year. There were no industrial disputes and the transition of staff from the HPRB, and secondment of former registration staff to AHPRA was achieved through extensive consultation and open communication. The HPCA implements the NSW Department of Health industrial relations policies and practices.

Equal Employment Opportunity (EEO)

The HPCA has a strong commitment to equal employment opportunity (EEO) and recruits and employs staff on the basis of merit. This provides a diverse workforce and a workplace culture where people are treated with respect.

The Council also implements EEO principles and anti-discrimination practices in its activities and the membership of its committees and adjudicating bodies to ensure access and equity regarding representation and participation in Council activities.

As at 30 June 2011, the Council had eight members, including five female members.

Occupational Health and Safety

In accordance with the *Occupational Health and Safety Act (NSW) 2000* and the *Occupational Health and Safety Regulation (NSW) 2001*, the HPCA maintains its commitment to the health, safety and welfare of staff and visitors to the workplace.

An Occupational Health and Safety Committee is in place, and hazard monitoring and mitigation is undertaken continuously. Membership of the Committee is being reviewed and terms of reference are being prepared. Selected staff attended first aid and fire warden training.

Multicultural Policies and Services Programs

The Council applies the NSW Government's Principles of Multiculturalism and ensures that information and services are available to meet the diverse language needs of the people of NSW.

The Council and the HPCA websites provide advice on how to access translating and interpreting services in 19 languages for people making an inquiry or a complaint about a health practitioner. A number of HPCA staff are also able to provide assistance in translating and interpreting in a range of languages.

Responsibility for the registration and accreditation of overseas trained health professionals rests with the National Board. The Council supports the National Board's commitment to providing opportunities for overseas trained health practitioners to be registered and practice in Australia. The following strategies are in place to address the Principles of Multiculturalism:

- ensuring the use of ethnic media to disseminate Council information
- promoting a culturally diverse workforce, membership of Committees and participation in the Council's regulatory activities
- maintaining ongoing commitment to the Principles of Multiculturalism and the requirements of relevant legislation and Government policy.

These are strategies that the Council has continued to implement since its transition from the former independent Pharmacy Board of New South Wales.

Disability Action Plan

The Council supports the NSW Government's Disability Policy Framework and the Principles outlined in Schedule 1 of the *Disability Services Act 1993*.

The HPCA maintains a range of strategies to implement these requirements including:

- workplace assessment and adjustments to support staff and members of Council and its adjudicating bodies with a disability
- assistance from external providers to prepare and coordinate return to work plans for staff with work related injuries and/or temporary disabilities

- provision of ergonomic furniture and equipment for all staff, including those requiring workplace adjustment
- access to disabled washrooms, including access for clients and others participating in Council business, hearings and Tribunals
- a TTY service available for the hearing impaired
- installation of a hearing loop in Tribunal hearing rooms.

Waste Reduction and Purchasing Policy (WRAPP)

The HPCA manages implementation of the NSW Government's WRAPP on behalf of the Council. During the year the HPCA maintained efforts to reduce waste, recycle paper products, consumables and equipment, and to purchase resources with recycled content, with the following results:

- purchased all A4 copy paper with 50% recycled content
- recycled 95% of total paper waste
- recycled 100% of paper/cardboard packaging; separated and directed packaging material to the building's centralised recycling systems
- provided paper recycling containers at each workstation to divert paper from waste bins and landfill
- increased the number of wheelie bins for recycled paper placed throughout the office
- sent 100% of toner cartridges for recycling.

The following waste avoidance strategies are in place:

- scrap recycled paper diverted for use as message pads and notetaking
- increased use of email for internal communication and with Council members
- clients referred to Council websites for access to publications and other information as an alternative to providing hard copy documents
- increased use of double-sided printing where possible
- inclusion of "please consider the environment before printing" note on email communication.

From July 2011, the HPCA will participate in the Sydney Central Recycling Program, being implemented by the owners of the Pitt Street building. The Program aims to improve recycling activity with increased use of centrally located colour-coded bins.

Consultants

The 10 health professional Councils together commissioned three consultancies to assist with the transition to the new regulatory regime and the distribution of financial and shared services being provided through the HPCA.

The Council made the following contribution to these consultancies:

Engagements costing less than \$50,000

Service Provided	No	Cost inc. GST \$
Financial management	2	3,942
Governance and administration	1	524
Total	3	4,466

Insurance

The Council's insurance activities are conducted by the HPCA through the NSW Department of Health's insurance cover through the NSW Treasury Managed Fund, and include:

- legal liability - public liability, professional indemnity, product liability
- Comprehensive Motor Vehicle Insurance Policy
- Personal Accident Policy for volunteer workers
- property coverage
- workers compensation.

Risk Management

Identification of risk for the HPCA and the Council has been a priority during the year. A risk register has been prepared and an internal audit plan developed for implementation from 2011/2012, which will focus on the HPCA's shared services.

NSW Treasury has granted the Council an exemption from the Internal Audit and Risk Policy (TPP09-05) on the grounds that it is a small agency for which the administrative and cost burden of full compliance would be prohibitive.

In November 2010, the Internal Audit Bureau (IAB) undertook a high level review of the HPCA's governance and policy processes.

A comprehensive policy framework has been developed and ongoing monitoring of compliance and reporting is being implemented. The framework enables compliance risks to be managed and supports the Council in meeting these obligations.

Other risk management activities include:

- regular preventive maintenance programs on plant and equipment
- security entry and alarm system in place for access to HPCA premises
- computer system Disaster Recovery Plan
- back-up and off-site storage of computer data
- implementation of the TRIM records management system and a new case management system to better monitor and manage Council's regulatory responsibilities and hence improve public safety.

During 2011/2012 the HPCA will establish an Audit and Risk Committee with Council participation, with an independent Chair and representative membership.

Annual Report Costs

The Council printed 60 copies of the Annual Report at an approximate cost of \$69 per copy (GST inc.).

Financial Management

The HPCA provides financial management services to the Council including the payment of accounts, budget preparation and monitoring and coordination of regular financial reporting to the Council.

HPCA staff work with AHPRA on behalf of the Council to determine practitioner fees and the regulatory component of those fees paid to the Council to enable it to undertake its regulatory functions.

During 2011/2012 the HPCA will work with Councils to develop an overall funding model to ensure the equitable distribution of shared costs and staffing resources across all Councils.

Format

The accounts of the Council's administrative operations, as well as Education and Research activities, together with the Independent Auditor's Report are set out in the Financial Statements included in this Annual Report.

Performance

The accounts in respect of the Council's administrative operating expenditure for the year show expenditure of \$1,335,688.

Investment Performance

The Council earned an average of 4.25% p.a. on its daily bank balances.

Budget

The consolidated budget in respect of the administrative operations for the period 1 July 2011 to 30 June 2012 is as follows:

	\$
Revenue	
Fees	2,258,968
Less Operating Costs	
Bank charges	943
Labour costs	895,340
Occupancy costs	57,624
Subsistence and transport	65,598
Sitting fees	226,441
Council fees	144,144
Council Member election costs	40,000
Computer services	18,278
Fees for services	115,788
Legal fees	52,999
Medical consultancy fees	24,000
Postage and communications	9,475
Printing and stationery	27,000
Room hire	10,717
Miscellaneous	23,009
Temporary labour	24,852
Total Operating Costs	1,1736,208
Gross Profit/(Loss)	522,760
Other Income/Expenses	
Depreciation	(78,204)
Interest received	89,455
Operating Profit/(Deficit)	534,011

Response to Audit Report Findings

The Council provides the following response to significant issues identified by the Audit Office of NSW in the audit of the Council's financial statements, in accordance with s 7(1)(iia) of the *Annual Reports (Statutory Bodies) Act 1984*.

Financial statements submitted late

The financial statements were due for submission to the Audit Office of NSW on 11 August 2011. The financial statements were instead submitted on 16 August 2011, five days after the statutory deadline. NSW Treasury subsequently granted the Council an extension to 18 August 2011.

Recognition and Disclosure inadequacies

Following the abolition of the Pharmacy Board on 30 June 2010, its assets and liabilities were transferred to the Pharmacy Council. As a restructured entity the Council was required to present comparative accounts. One of the large accounting firms was engaged to assist the Council with preparation of the accompanying disclosure notes and financial statements for this first year. Specifically the firm was engaged to provide accounting advisory services in relation to certain transactions being:

1. Letter of advice regarding the accounting and disclosure implications of the restructuring of the Council on 1 July 2010; and
2. Accounting assistance in relation to various year-end matters including disclosure review of the Council's financial statements as at 30 June 2011; accounting treatment of building leases including related make good provisions; and review of cash flow disclosures in the 2011 financial statements in respect of specific transactions.

The Audit Office of NSW was not satisfied that the disclosure notes prepared by the accounting firm met required accounting standards in respect to the accounting and disclosure implications of the establishment of the Council on 1 July 2010. The accounting firm subsequently amended the equity transfer disclosure note to the Audit Office of NSW's satisfaction.

The auditors also identified eight instances of monetary misstatements which have been corrected in the financial statements as approved by the Council and published in this Annual Report.

The HPCA is currently reviewing processes to improve the quality of the 2012 financial statements.

Use of cash from other Councils to finance operations of other Councils

During its first financial year the HPCA followed the practice put in place by the former Health Professionals Registration Boards, whereby cash received by the HPCA on behalf of the Councils has been held in a common account. A full reconciliation was conducted at the end of the financial year. In future the HPCA will reconcile cash on a quarterly basis and seek formal approval under s 10 of the *Public Authorities (Financial Arrangements) Act 1987* if over the course of a financial year cash is required to finance operations of another Council.

Recognition of Assets

The 10 health professional Councils share and jointly pay for a common secretariat, premises (with the exception of the Medical Council) and a range of assets. The costs are apportioned across the Councils and the Councils with fewer registrants contribute comparatively smaller amounts to the overall costs. Where the total value of an asset is more than \$5,000, and where the Councils collectively meet the

cost of a single asset, the asset is consistently capitalised although the portion a smaller Council contributes to that asset may be less than \$5,000. Audit Office of NSW has noted that amounts of less than \$5,000 are being recognised in financial statements. However it would be incorrect to simultaneously capitalise and expense the same assets across different statutory accounts. The only other alternative available to the Council is to recognise all assets, including items over \$5,000 as expenses in the financial statements. This would also be deemed to be a misstatement. The HPCA on behalf of all Councils, including the Pharmacy Council, will seek approval from the Chief Financial Officer of the Ministry of Health to vary the accounting policy for the treatment of shared assets.

Amortisation of intangible assets

In line with the comments made by the external auditors intangible assets will be amortised over a longer period of time.

The need for a Service Level Agreement

The Council and the HPCA agree with comments by the external auditor about the need to establish relevant service level agreements and will act on this advice.

Accounts Payable Performance Report

The consolidated accounts payable performance report for the HPCA is as shown below:

Aged Analysis at end of each quarter

Quarter	Current (within due date) \$	Less than 30 days overdue \$	Between 30 to 60 days overdue \$	Between 60 to 90 days overdue \$	More than 90 days overdue \$
September	3,156,302	31,173	25,789	16,382	0
December	1,151,215	839,503	-218	248	0
March	1,454,399	7,080	0	1,645	0
June	1,282,574	1,001	0	-34	0

Accounts paid on time within each quarter

Quarter	Accounts paid on time		\$	Total amount paid
	Target %	Actual %		
September	100	97.7	3,156,302	3,229,647
December	100	57.8	1,151,215	1,990,748
March	100	99.4	1,454,399	1,463,124
June	100	99.9	1,282,574	1,283,542



Independent Auditor's Report

Pharmacy Council of New South Wales

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of the Pharmacy Council of New South Wales (the Council), which comprises the statement of financial position as at 30 June 2011, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information.

Auditor's Opinion

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Council as at 30 June 2011, and of its financial performance for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2010.

My opinion should be read in conjunction with the rest of this report.

The Council's Responsibility for the Financial Statements

The members of the Council are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the PF&A Act and for such internal control as the members of the Council determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on my audit. I conducted my audit in accordance with Australian Auditing Standards. Those standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the members of the Council, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

My opinion does *not* provide assurance:

- about the future viability of the Council
- that it has carried out its activities effectively, efficiently and economically
- about the effectiveness of its internal control
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.

Independence

In conducting my audit, I have complied with the independence requirements of the Australian Auditing Standards and other relevant ethical pronouncements. The PF&A Act further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their role by the possibility of losing clients or income.



Peter Barnes
Director, Financial Audit Services

21 November 2011
SYDNEY



PHARMACY COUNCIL OF NEW SOUTH WALES

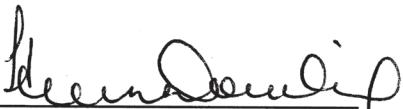
YEAR ENDED 30 JUNE 2011

STATEMENT BY MEMBERS OF THE COUNCIL

Pursuant to section 41C(1B) *Public Finance and Audit Act 1983*, and in accordance with the resolution of the members of the Pharmacy Council of New South Wales, we declare on behalf of the Council that in our opinion:

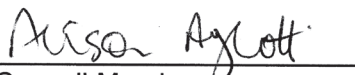
1. The accompanying financial statements exhibit a true and fair view of the financial position of the Pharmacy Council of New South Wales as at 30 June 2011 and financial performance for the year then ended.
2. The financial statements have been prepared in accordance with the provisions of Australian Accounting Standards, Accounting Interpretations, the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2010*, and the Treasurer's Directions.

Further, we are not aware of any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.



Council Member

Date: 17 November 2011



Council Member

Date: 17 November 2011

Pharmacy Council of New South Wales

Statement of Comprehensive Income
for the Year Ended 30 June 2011

	Notes	2011 \$
EXPENSES		
Personnel services	3	(558,690)
Other operating expenses	4	(776,998)
Education and Research expenses	5	<u>(367)</u>
Total Expenses		<u>(1,336,055)</u>
REVENUE		
Registration fees		1,291,786
Other revenue		111,156
Interest revenue	6	<u>28,721</u>
Total Revenue		<u>1,431,663</u>
Gain/(Loss) on disposal of assets		<u>(10,765)</u>
Surplus/(Deficit) for the year		<u>84,843</u>
Other comprehensive income		<u>-</u>
Total comprehensive income for the year		<u>84,843</u>

The accompanying notes form part of these financial statements.



Pharmacy Council of New South Wales

Statement of Financial Position
as at 30 June 2011

	Notes	2011 \$
ASSETS		
Current Assets		
Cash and cash equivalents	7	1,731,619
Receivables	8	<u>40,662</u>
Total Current Assets		<u>1,772,281</u>
Non-Current Assets		
Leasehold improvements	9	10,177
Motor vehicles	9	24,773
Plant and equipment	9	464
Intangibles	10	<u>7,626</u>
Total Non-Current Assets		<u>43,040</u>
Total Assets		<u>1,815,321</u>
LIABILITIES		
Current Liabilities		
Payables	11	177,999
Fees in advance		1,122,389
Provisions	12	<u>67,645</u>
Total Current Liabilities		<u>1,368,033</u>
Non-Current Liabilities		
Provisions	12	<u>7,912</u>
Total Non-Current Liabilities		<u>7,912</u>
Total Liabilities		<u>1,375,945</u>
Net Assets		<u>439,376</u>
EQUITY		
Accumulated funds		<u>439,376</u>
Total Equity		<u>439,376</u>

The accompanying notes form part of these financial statements.

Pharmacy Council of New South Wales

Statement of Changes In Equity for the Year Ended 30 June 2011

	Notes	2011 \$
TOTAL ACCUMULATED FUNDS		
Balance at 1 July 2010		-
Transfer in of net assets due to restructure	18	468,585
Payment to Department of Health (As part of arrangement of structure)	18 (a)(i)	<u>(114,052)</u>
Restated transfer balance as at 1 July 2010		354,533
Surplus/(Deficit) for the year		84,843
Other comprehensive income		<u>-</u>
Balance at 30 June 2011		<u>439,376</u>

The accompanying notes form part of these financial statements.



Pharmacy Council of New South Wales

Statement of Cash Flows
for the Year Ended 30 June 2011

	Notes	2011 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments		
Suppliers and employees		<u>(1,401,350)</u>
Total Payments		<u>(1,401,350)</u>
Receipts		
Receipts from members		1,975,397
Interest received		<u>29,332</u>
Total Receipts		<u>2,004,729</u>
Net Cash Flows from Operating Activities	13	<u>603,379</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of plant and equipment		19,579
Purchases of plant and equipment		<u>(44,556)</u>
Net Cash Flows from Investing Activities		<u>(24,977)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from restructure of previously abolished Board	18	1,590,999
Australian Health Practitioner Regulation Agency as per Government Gazette no 90	18	(323,730)
Payment to NSW Department of Health (owner) as per Government Gazette no 90	18	<u>(114,052)</u>
Net Cash Flows from Financing Activities		<u>1,153,217</u>
Net Increase/(Decrease) in cash		1,731,619
Opening cash and cash equivalents		<u>-</u>
Closing cash and cash equivalents	7	<u>1,731,619</u>

The accompanying notes form part of these financial statements.

Pharmacy Council of New South Wales

Notes to and Forming Part of the Financial Statements
for the Year Ended 30 June 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Reporting Entity

The Pharmacy Council of New South Wales ("The Council") as a not-for-profit reporting entity with no cash generating units, performs the duties and functions contained in the *Health Practitioner Regulation National Law (NSW) No 86a*. The Council was established under Part 5A 41B of the *Health Practitioner Regulation National Law (NSW) No 86a*.

These financial statements have been authorised for issue by the Council on 17 November 2011.

The *Pharmacy Practice Act 2006* was repealed on 1 July 2010. As a result the Pharmacy Board of New South Wales was abolished on the same day. In accordance with the *Health Practitioner Regulation National Law (NSW) No 86a*, the assets and liabilities of the Board were transferred to the newly established Pharmacy Council of New South Wales as equity.

b. Basis of Preparation

The Council has adopted the going concern basis in the preparation of the financial statements.

The financial statements are general purpose financial statements and have been prepared in accordance with applicable Australian Accounting Standards (which include Australian Accounting Interpretations), and the requirements of the Public Finance and Audit Act and Regulation and the Treasurer's Directions. The financial statements have been prepared on the basis of historical cost.

Judgements, key assumptions and estimations management has made are disclosed in the relevant notes to the financial statements.

All amounts are rounded to the nearest dollar and are expressed in Australian currency.

c. Statement of Compliance

The Council's financial statements and notes comply with Australian Accounting standards, which include Australian Accounting Interpretations.

d. Income Recognition

Income is measured at the fair value of the consideration or contribution received or receivable.

The National Registration and Accreditation Scheme for all health professionals commenced on 1 July 2010. The former registration Boards in NSW were all abolished and registration and accreditation functions became the responsibility of the new National Boards established under the National scheme. NSW opted out of the complaint handling component of the National scheme and the health professional Councils were established in NSW effective from 1 July 2010 to manage the complaints function in a co-regulatory arrangement with the NSW Health Care Complaints Commission.

Under Section 26A of the *Health Practitioner Regulation National Law (NSW)* the complaints element of the registration fees payable during 2011 by NSW health practitioners was decided by the Council established for that profession subject to approval by the Minister for Health.

The Council, under the *Health Practitioner Regulation National Law (NSW)*, shall receive fees on a monthly basis from the Australian Health Practitioner Regulation Agency (AHPRA) being the agreed NSW complaints element for the 2011 registration fee.

Fees are progressively recognised as income by the Council as the annual registration period elapses. Also included in the fees, are monies received by the Pharmacy Council for the regulation of pharmacy businesses in NSW (as per the *Health Practitioner Regulation National Law (NSW) No 86a*, Schedule 5F). This includes fees for annual registration of pharmacy premises, new or varied applications for pharmacy businesses and acquisition of pecuniary interest in pharmacy body corporate. Fees in advance represent deferred income at balance date.

Interest income is recognised as it is accrued, taking into account the effective yield on the financial asset as set out in AASB 139 *Financial Instruments: Recognition and Measurement*.



Pharmacy Council of New South Wales

Notes to and Forming Part of the Financial Statements
for the Year Ended 30 June 2011

e. Accounting for the Goods and Services Tax (GST)

Income, expenses and assets are recognised net of the amount of GST, except where that amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables are stated with the amount of GST included.

Cash flows are included in the statement of cash flow on a gross basis. The GST components of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the ATO are classified as operating cash flows.

f. Insurance

The Council's insurance activities are conducted through the NSW Treasury Managed Fund Scheme of self-insurance for Government agencies. The expense (premium) is determined by the Fund Manager based on past experience.

g. Assets

i. Acquisitions of Assets

All acquisitions of assets controlled by the Council are initially recorded at cost. Cost is the amount of cash or cash equivalents paid or the fair value of the consideration given to acquire the asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the specific requirements of other Australian Accounting Standards.

The cost of assets recognised in the financial statements has been calculated based on the benefits expected to be derived by the Council.

Assets acquired at no cost, or for nominal consideration, are initially recognised as assets and revenues at their fair value at the date of acquisition.

Fair value is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arms-length transaction.

Where payment for an item is deferred beyond normal credit terms, its cost is the cash price equivalent, i.e. the deferred payment amount is effectively discounted at an asset-specific rate.

ii. Capitalisation Thresholds

The Health Professional Councils Authority (HPCA) acquires all assets on behalf of the Council. Assets that cost over \$5,000 at the time of purchase by the HPCA are to be capitalised. These capitalised assets costs are then allocated to the Council using an appropriate allocation method.

iii. Impairment of Property, Plant and Equipment

As a not-for-profit entity with no cash generating units, the Council is effectively exempted from AASB 136 Impairment of Assets and impairment testing. This is because AASB 136 modifies the recoverable amount test to the higher of fair value less costs to sell and depreciated replacement cost. This means that, for an asset already measured at fair value, impairment can only arise if selling costs are material. Selling costs are regarded as immaterial.

iv. Maintenance

Day-to-day servicing costs or maintenance are charged as expenses as incurred, except where they relate to the replacement of a component of an asset in which case the costs are capitalised and depreciated.

h. Intangibles

Intangible assets that are acquired have finite useful lives and are measured at cost less accumulated amortisation and accumulated impairment losses.

Fair value is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arms-length transaction.

Intangible assets are tested for impairment where an indicator of impairment exists. If the recoverable amount is less than its carrying amount the carrying amount is reduced to recoverable amount and the reduction is recognised as an impairment loss.

Pharmacy Council of New South Wales

Notes to and Forming Part of the Financial Statements
for the Year Ended 30 June 2011

The Council recognises intangible assets only if it is probable that future economic benefits (synonymous with the notion of service potential) will flow to the Council and the cost of the asset can be measured reliably. Intangible assets are measured initially at cost. Where an asset is acquired at no or nominal cost, the cost is its fair value as at the date of acquisition.

All research costs are expensed. Development costs are only capitalised when certain criteria are met. The useful lives of intangible assets are assessed to be finite.

Intangible assets are subsequently measured at fair value only if there is an active market. As there is no active market for the Council's intangible assets, the assets are carried at cost less any accumulated amortisation.

The Council's intangible assets are amortised using the straight line method over a period of two to four years. In general, intangible assets are tested for impairment where an indicator of impairment exists. However, as a not-for-profit entity with no cash generating units, the Council is effectively exempted from impairment testing.

i. Depreciation and Amortisation

Depreciation and amortisation is provided for on a straight-line basis for all depreciable assets and amortisable intangible assets so as to write off the amounts of each asset as it is consumed over its useful life to the Council. Depreciation and amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Depreciation rates used are as follows:

- Plant and Equipment 25%
- Furniture and Fittings 16%
- Motor Vehicles range between 25% - 29%
- Leasehold Improvements 4%

Amortisation rates used are as follows:

- Software 50%

j. Loans and Receivables

Loans and receivables are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method, less an allowance for any impairment of receivables. Short-term receivables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial. An allowance for impairment of receivables is established when there is objective evidence that the Council will not be able to collect all amounts due. The amount of the allowance is the difference between the assets carrying amount and the present value of the estimated future cash flows, discounted at the effective interest rate. Bad debts are written off as incurred.

k. Payables

These amounts represent liabilities for goods and services provided to the Council and other amounts, including interest. Payables are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method. Short-term payables with no stated interest rates are measured at the original invoice amount where the effect of discounting is immaterial.

l. Provision for Personnel Services

Personnel services are acquired from the Health Administration Corporation.

Liabilities for salaries and wages (including non-monetary benefits), annual leave and paid sick leave that fall due wholly within 12 months of the reporting date are recognised and measured in respect of employees' services up to the reporting date at undiscounted amounts based on the amounts expected to be paid when the liabilities are settled.

Liabilities for annual leave are recognised and measured as the amount unpaid at the reporting date at current pay rates in respect of employees' service up to that date including appropriate oncosts.



Pharmacy Council of New South Wales

Notes to and Forming Part of the Financial Statements
for the Year Ended 30 June 2011

Annual leave benefits, payable later than 12 months, have been measured at the present value of estimated cash flows to be made for those benefits in accordance with AASB 119 *Employee Benefits*.

Unused non-vesting sick leave does not give rise to a liability as it is not considered probable that sick leave taken in the future will be greater than benefits accrued in the future.

The outstanding amount of payroll tax, workers compensation and superannuation guarantee contributions, which are consequential to employment, are recognised as expenses where the employee entitlements to which they relate have been recognised.

All employees receive the Superannuation Guarantee levy contribution. All superannuation benefits are provided on an accumulation basis - there are no defined benefits. Contributions are made by the entity to an employee superannuation fund and are charged as an expense when incurred.

m. Provision for Make Good

Provisions include the Council's proportionate liability of the estimated make good liability of the Pharmacy Council of New South Wales, discounted to today's present value.

n. Equity Transfers

The transfer of net assets between NSW public sector agencies is designated as a contribution by owners by NSW Treasury Policy and Guidelines Paper TPP 09-03 and recognised as an adjustment to 'Accumulated Funds'. This treatment is consistent with Australian Interpretation 1038 Contributions by Owners Made to Wholly-Owned Public Sector Entities.

Transfers arising from an administrative restructure between Government departments are recognised at the amount at which the asset was recognised by the transferor Government department immediately prior to the restructure. In most instances this will approximate fair value. All other equity transfers are recognised at fair value.

o. Adoption of New and Revised Accounting Standards

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2011, and have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Pharmacy Council of New South Wales, except for AASB 9 *Financial Instruments*, which becomes mandatory for the 2014 financial statements and could change the classification and measurement of financial assets. The Council does not plan to adopt this standard early and the extent of the impact has not been determined.

2. EQUITY - ACCUMULATED FUNDS

The accumulated funds include all current year funds and the transfer of net assets of the abolished Board due to the restructure.

Pharmacy Council of New South Wales

Notes to and Forming Part of the Financial Statements
for the Year Ended 30 June 2011

3. PERSONNEL SERVICES

Personnel services are acquired from the Health Administration Corporation and the cost is calculated as follows:

	2011 \$
Salaries and wages	478,446
Superannuation	51,270
Payroll taxes	26,223
Workers compensation insurance	2,751
	<u>558,690</u>

4. EXPENDITURE MANAGED ON BEHALF OF THE COUNCIL THROUGH THE HEALTH ADMINISTRATION CORPORATION

The Council's accounts are managed by the Health Administration Corporation. Executive and administrative support functions are provided by the Health Professional Councils Authority, which is an administrative unit of the Health Administration Corporation. The Health Administration Corporation has determined the basis of allocation of material costs to the Council.

Salaries and associated oncosts are paid by the Health Administration Corporation. Staff are employed in the Government Service and are listed in Chapter 1A of the *Public Sector Employment and Management Act 2002*. The Health Administration Corporation continues to pay for the staff and associated oncosts.

Details of transactions managed on behalf of the Council through the Health Administration Corporation are detailed below:

	Notes	2011 \$
(i) Personnel services		
Personnel services	3	<u>558,690</u>
(ii) Other operating expenses		
Rent and building expenses		106,725
Subsistence and transport		48,712
Council fees		109,865
Sitting fees		76,823
Fees for service		59,219
Postage and communication		17,353
Printing and stationery		13,900
Depreciation and amortisation	9-10	39,538
Equipment and furniture		4,015
Contracted labour		245,155
General administration expenses		40,193
Auditor's remuneration		15,500
Total expenditure		<u>776,998</u>
Total operating expenses		<u>1,335,688</u>



Pharmacy Council of New South Wales

Notes to and Forming Part of the Financial Statements
for the Year Ended 30 June 2011

5. EDUCATION AND RESEARCH

The Council is responsible for the administration of the Education and Research account. The Minister for Health may determine that a set amount of funds out of the fees received to be transferred to the Education and Research account.

i. Education and Research expenses

	2011 \$
Other Expenses	367
Total (excluding GST)	367

ii. Education and Research account

	2011 \$
Opening balance	-
Transfer of assets due to restructure	733
Outgoings	(733)
Closing balance	-

6. INTEREST

	2011 \$
Interest revenue	29,614
Interest expense (discount unwind on make good)	(893)
	28,721

The interest received, was paid under a Special Interest Arrangement with the bank which applied to all daily balances of bank accounts administered on behalf of all health professional Councils by the Health Administration Corporation. In addition to daily balances receiving interest at a rate revised each week, the bank also waived normal bank fees payable such as transaction fees, dishonoured cheques fees, and charges applicable to overseas drafts.

	2011 %
Weighted Average Interest Rate	4.43

The interest expense is for the discount unwind on the make good provision during the year.



Pharmacy Council of New South Wales

Notes to and Forming Part of the Financial Statements
for the Year Ended 30 June 2011

7. CURRENT ASSETS - CASH AND CASH EQUIVALENTS

	2011 \$
Cash at bank	174,254
Cash at bank - held by HPCA*	<u>1,557,365</u>
	<u>1,731,619</u>

* This is cash held by the Health Professional Councils Authority, an administrative unit of the Health Administration Corporation, on behalf of the Council for its operating activities.

The Council operates the bank accounts shown below:

	NOTES	2011 \$
Operating account**		<u>174,254</u>
		<u>174,254</u>

** managed by the Health Professional Councils Authority, an administrative unit of the Health Administration Corporation.

8. CURRENT ASSETS - RECEIVABLES

	2011 \$
Other receivables	13,072
Interest receivable	1,632
Trade receivables	<u>25,958</u>
	<u>40,662</u>

No receivables are considered impaired.

The trade receivables include monies that AHPRA has collected from registrants as at 30 June 2011 and has remitted the monies to HPCA in July 2011.



Pharmacy Council of New South Wales

Notes to and Forming Part of the Financial Statements
for the Year Ended 30 June 2011

9. NON-CURRENT ASSETS - PROPERTY, PLANT AND EQUIPMENT

The Council has an interest in property, plant and equipment used by all health professional Councils. Plant and equipment is not owned individually by the Council. The amounts recognised in the financial statements have been calculated based on the benefits expected to be derived by the Council.

	Leasehold Improvements 2011 \$	Motor Vehicles 2011 \$	Furniture & Fittings 2011 \$	Plant & Equipment 2011 \$	Total 2011 \$
At 1 July 2010 - fair value					
Transfer of net assets due to restructure	-	60,380	966	-	61,346
Net carrying amount	-	60,380	966	-	61,346
At 30 June 2011 - fair value					
Gross carrying amount	10,238	37,738	-	4,448	52,424
Accumulated depreciation and impairment	(61)	(12,965)	-	(3,984)	(17,010)
Net carrying amount	10,177	24,773	-	464	35,414

Reconciliation

A reconciliation of the carrying amount of each class of property, plant and equipment at the beginning and end of the current reporting period is set out below:

	Leasehold Improvements 2011 \$	Motor Vehicles 2011 \$	Furniture & Fittings 2011 \$	Plant & Equipment 2011 \$	Total 2011 \$
Year ended 30 June 2011					
Net carrying amount at start of year	-	60,380	966	-	61,346
Additions	11,087	2,856	-	4,448	18,391
Disposals	-	(29,377)	(966)	-	(30,343)
Depreciation	(910)	(9,086)	-	(3,984)	(13,980)
Net carrying amount at end of year	10,177	24,773	-	464	35,414

Pharmacy Council of New South Wales

Notes to and Forming Part of the Financial Statements
for the Year Ended 30 June 2011

10. INTANGIBLE ASSETS

The Council has an interest in intangible assets used by all health professional Councils. The asset is not owned individually by the Council. The amounts recognised in the financial statements have been calculated based on the benefits expected to be derived by the Council.

	Work in progress 2011 \$	Intangibles 2011 \$	Total 2011 \$
At 1 July 2010 - fair value			
Transfer of net assets due to restructure	-	-	-
Net carrying amount	-	-	-
At 30 June 2011 - fair value			
Gross carrying amount	3,943	29,242	33,185
Accumulated amortisation and impairment	-	(25,559)	(25,559)
Net carrying amount	3,943	3,683	7,626
Year ended 30 June 2011			
Net carrying amount at start of year	-	-	-
Additions	3,943	29,242	33,185
Disposals	-	-	-
Amortisation	-	(25,559)	(25,559)
Net carrying amount at end of year	3,943	3,683	7,626

11. CURRENT LIABILITIES - PAYABLES

	2011 \$
Accrued personnel services	7,981
Trade payables and other payables	170,018
	177,999



Pharmacy Council of New South Wales

Notes to and Forming Part of the Financial Statements
for the Year Ended 30 June 2011

12. CURRENT LIABILITIES - PROVISIONS

Personnel services are acquired from the Health Administration Corporation.

	2011 \$
Current	
Personnel Services	67,645
	<u>67,645</u>
Non-Current	
Make good	7,912
	<u>7,912</u>

13. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES TO NET COST OF SERVICES

	2011 \$
Net cash used on operating activities	84,843
Depreciation and amortisation	39,538
Net gain/(loss) on sale of plant and equipment	10,765
Changes in assets and liabilities:	
Decrease/(Increase) in receivables	15,828
Decrease/(Increase) in prepayments	556,344
Increase/(Decrease) in payables	20,752
Increase/(Decrease) in provisions	<u>(124,691)</u>
Net Cash Flows from Operating Activities	<u>603,379</u>

Pharmacy Council of New South Wales

Notes to and Forming Part of the Financial Statements
for the Year Ended 30 June 2011

14. FINANCIAL INSTRUMENTS

The Council's main risks arising from financial instruments are outlined below, together with the Council's objectives, policies and processes for measuring and managing risk. Further quantitative and qualitative disclosures are included throughout the financial statements.

The Council has overall responsibility for the establishment and oversight of risk management and reviews and agrees on policies for managing each of these risks.

i. Financial instrument categories

Financial Assets	Note	Category	Carrying Amount 2011 \$
Class:			
Cash and Cash Equivalents	7	N/A	1,731,619
Receivables ¹	8	Loans and receivables (measured at amortised cost)	27,590
Financial Liabilities			
Financial Liabilities	Note	Category	Carrying Amount 2011 \$
Class:			
Payables ²	11	Financial liabilities (measured at amortised cost)	177,999

Notes:

1. Excludes statutory receivables and prepayments (i.e. not within scope of AASB 7).
2. Excludes statutory payables and unearned revenue (i.e. not within scope of AASB 7).

ii. Credit risk

Credit risk arises when there is the possibility of the Council's debtors defaulting on their contractual obligations, resulting in a financial loss to the Council. The maximum exposure to credit risk is generally represented by the carrying amount of the financial assets (net of any allowance for impairment).

Credit risk arises from the financial assets of the Council, including cash, receivables, and authority deposits. No collateral is held by the Council. The Council has not granted any financial guarantees.

Cash

Cash comprises cash on hand and bank balances held by the Council and the HPCA on behalf of the Council. Interest is earned on the daily bank balances.

Receivables - trade debtors

All trade debtors are recognised as amounts receivable at balance date. Collectability of trade debtors is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. An allowance for impairment is raised when there is objective evidence that the entity will not be able to collect all amounts due. This evidence includes past experience, and current and expected changes in economic conditions and debtor credit ratings. No interest is earned on trade debtors. The Council is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors.

iii. Liquidity risk

The liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in Treasurer's Direction 219.01. If trade terms are not specified, payment is made



Pharmacy Council of New South Wales

no later than the end of the month following the month in which an invoice or a statement is received. Treasurer's Direction 219.01 allows the Minister to award interest for late payment.

All payables are current and will not attract interest payments.

iv. Market risk

The Council does not have exposure to market risk on financial instruments.

15. COMMITMENTS

i. Operating lease commitments

Future non-cancellable operating lease rentals not provided for and payable:

	2011
	\$
Less than 1 year	61,636
Between 1 and 5 years	295,364
Total (including GST)	357,000

ii. Capital commitments

Aggregate capital expenditure for the acquisition of a Monitoring and Complaints System and leasehold improvements at Level 6 477 Pitt Street office contracted for at balance date and not provided for:

	2011
	\$
Less than 1 year	13,075
Between 1 and 5 years	-
Total (including GST)	13,075

16. RELATED PARTY TRANSACTIONS

The Council has only one related party, being the Health Professional Councils Authority (HPCA), an administrative unit of Health Administration Corporation.

The Council's accounts are managed by the Health Administration Corporation. Executive and administrative support functions are provided by the HPCA, which is an administrative unit of the Health Administration Corporation. All accounting transactions are carried out by HPCA on behalf of the Council.

17. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There are no material unrecorded contingent assets and liabilities as at 30 June 2011.

Pharmacy Council of New South Wales

18. EQUITY TRANSFERS

As a result of the commencement of the *Health Practitioner Regulation National Law (NSW) No 86a*, assets and liabilities of the Pharmacy Board of New South Wales were transferred to the newly established Pharmacy Council of New South Wales on 1 July 2010 and the former Pharmacy Board of New South Wales was abolished.

The establishment of the Council and the transfer of assets and liabilities referred to above was classified as a restructure of administrative arrangements and accounted for in accordance with NSW Treasury's Accounting Policy: Contribution by owners made to wholly owned Public Sector Entities (TPP09-03) as a contribution by owners. Assets and liabilities were transferred at book values at 30 June 2010 per transferor entities as these book values were considered reasonable approximations of fair value to the Council, with a net credit to Equity of \$468,585.

Comparative disclosures are required by TPP09-03 to facilitate a comparison of the operating results and financial position to the previous year.

The comparative Statement of Comprehensive Income of the Council set out below includes adjustments to align the prior year's comparatives to the functions transferred to the Council.

Statement of Comprehensive Income

	30 June 2010*	Acquisition Adjustments		Total
	\$	\$		\$
Fees	1,376,643	(500,869)	(1)	875,774
Interest revenue	67,198			67,198
Personnel services expense	(1,111,830)	795,760	(2)	(316,070)
Other expenses	(937,441)			(937,441)
Education and Research expenses	(26,306)			(26,306)
Surplus for the Year	(631,736)	294,891		(336,845)

(* per prior year statutory accounts)

Adjustments:

1. Adjustment to recognise fee revenue relating to registration function not transferred to new Council.
2. Adjustment to recognise expenses relating to registration function not transferred to new Council.



Pharmacy Council of New South Wales

Notes to and Forming Part of the Financial Statements
for the Year Ended 30 June 2011

The comparative Statement of Financial Position at 30 June 2010 acquired by the Council on 1 July 2010 is set out below.

Statement of Financial Position	30 June 2010*
	\$
CURRENT ASSETS	
Cash and cash equivalents	1,590,999
Trade and other receivables	56,490
Leasehold improvements	-
Motor vehicles	60,380
Furniture and fittings	966
Plant and equipment	-
Intangibles	-
TOTAL CURRENT ASSETS	1,708,835
NON-CURRENT ASSETS	
TOTAL NON-CURRENT ASSETS	-
TOTAL ASSETS	1,708,835
CURRENT LIABILITIES	
Trade and other payables	157,247
Fees in advance	889,775
Make good provisions	115,487
Short-term provisions	77,741
TOTAL CURRENT LIABILITIES	1,240,250
NON-CURRENT LIABILITIES	
Long-term provisions	-
TOTAL NON-CURRENT LIABILITIES	-
TOTAL LIABILITIES	1,240,250
NET ASSETS	468,585
EQUITY	
Accumulated funds	468,585
TOTAL EQUITY	468,585

(* per prior year statutory accounts)

Pharmacy Council of New South Wales

Transactions and adjustments recognised on 1 July 2010 as a result of the restructure were as follows:

- a) The New South Wales Government Gazette No 90, dated 2 July 2010 ordered that the Council make the following payments:
 - i) An amount of \$114,052 to the NSW Department of Health in respect of an unrecorded liability for the Council's contribution towards the national registration implementation costs. This was treated as a transaction with owners and debited to Equity, and subsequently paid on 2 September 2010; and
 - ii) An amount of \$323,730 to the Australian Health Practitioner Regulation Agency being the estimated registration fees component of total fees received in advance by the former Board as at 30 June 2010. This amount was reclassified from Fees in Advance to Trade and Other Payables, and subsequently paid on 14 March 2011.
- b) Net adjustments to increase make-good provisioning by \$4,823 in respect of the fair value of leasing arrangements acquired.

End of Audited Financial Statements

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