

Tasmanian Pharmacy Authority

Annual Report

For year ended 30 June 2016

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Establishment of the Authority

The Tasmanian Pharmacy Authority (the Authority) is a body corporate, established under section 6(1) of the *Pharmacy Control Act 2001* (the Act).

Historically, the former Pharmacy Board of Tasmania had functions including:

- registration of pharmacists; and
- registration of pharmacy premises (regulating the ownership and standards of pharmacy premises).

The first function (registration of pharmacists) is now undertaken by the Australian Health Practitioner Regulation Agency (AHPRA).

The second function (registration of pharmacy premises), as in other states, is still regulated by a state body. In Tasmania, this is the Authority, which was established on 1 February 2011. This Report covers the fourth full financial year of its operations.

Authority Roles and Functions

Functions of the Authority

Section 8 of the Act prescribes the following functions for the Authority:

- a) to administer the scheme of registration of pharmacy business premises;
- b) to approve the ownership of and interests in pharmacy businesses;
- c) to ensure that the services that pharmacy businesses provide from pharmacy business premises to the public are of the highest possible standard;
- d) to prosecute offences against this Act;
- e) to advise the Minister on matters relating to the Act; and
- f) such other functions as are imposed on the Authority by this or any other Act or as may be prescribed.

Role of the Authority

Section 9 of the Act empowers the Authority to do all things necessary or convenient to be done in connection with the performance of its functions.

Membership of the Authority

Membership of the Authority is prescribed under section 7 of the Act.

The Authority consists of

- a) two registered pharmacists nominated by the Minister from a list of names submitted by such bodies representing the professional interests of pharmacists as the Minister determined; and
- b) one person to be a non-pharmacist, nominated by the Minister to represent the interests of the consumers of the services that pharmacists provide.

Membership During this Reporting Period

The members of the Authority during the year ending 30 June 2016 were:

Chairman

Mr Rhys Jones – B.Pharm

Members

Mr Martin Neumeyer – B.Pharm

Ms Kym Child – Consumer Representative

Meetings of the Authority

The Authority held monthly meetings during the reporting period, with the exception of January.

There was a briefing with DHHS and Crown Law regarding the proposed amendments to the Act; and another courtesy (optional) meeting with the Pharmaceutical Society of Australia, both of which are included in the summary below. There were 11 “standard” Authority meetings

Authority Members	Meetings held whilst an Authority Member	Meetings Attended
Mr R Jones	13	13
Mr M Neumeyer	13	12
Ms K Child	13	11

Administration

The Authority can be contacted via:

Ms Margie Cole - Registrar

Address: PO Box 1082
SANDY BAY TAS 7005
Telephone: 0417 752 348
Email: registrar@pharmacyauthority.tas.gov.au
Website: <http://www.pharmacyauthority.tas.gov.au/>
ABN: 34 562 572 269

Sitting Fees of the Authority

Sitting fees remained at the rate determined by the Minister on 1 April 2013:

Chair	\$430
Members	\$326

Representation on National Bodies

During the year, the Pharmacy Premises Registering Authorities of Australia (which represents the various state and territory authorities responsible for pharmacy premises approvals) met twice (November 2015 and April 2016). The meetings were attended by the Authority Chair and the Registrar.

Registration

Register of Pharmacy Premises

The number of pharmacy business premises registered with the Authority at 30 June 2016 was 156.

At 30 June 2016, 70 body corporates and 100 individuals held an Eligibility Certificate for their interests in a pharmacy.

Many applications for the approval of new owners involved trust structures, with either an individual or body corporate as the trustee, rather than straightforward ownership by the pharmacist.

During the year, the Authority approved the following applications. Some alterations or development of new pharmacy business premises were still in progress at 30 June 2016 and have not yet been inspected and finalised:

New pharmacies	4 (one did not proceed)
Changes to ownership or shareholders	14
Premises alterations	8
Pharmacy relocation	3
Pharmacy change of name	7
Other (exempt premises)	1

In addition, the Authority determined in March 2016 that it would approve vaccination areas within pharmacy premises. This was partly in response to Regulation 64 of the *Poisons Regulations 2008* being amended to allow adequately trained pharmacists to independently administer vaccinations in Tasmania, but also because the Authority wanted to ensure that vaccinations administered from a pharmacy business premises, no matter who actually administered it, were in appropriate facilities. Some pharmacy owners applied for a vaccination area which was permanently setup in the premises, while others arranged a temporary facility, which generally had vaccinations administered by a visiting nurse practitioner or doctor.

Applications approved for an ongoing vaccination area 44

Applications approved for a temporary vaccination area 21

Registration Policy

Pharmacy premises registrations and the issuing of Eligibility Certificates continued to be managed in accordance with the requirements of the Act. Pharmacists intending to buy or sell an existing pharmacy, change its ownership structure, or to move or re-name it, applied to the Authority for approval by submitting the appropriate forms and paying the prescribed fees. As indicated above, the development of a vaccination area was also required to follow an application and approval process.

Fees

The prescribed fees were increased marginally in accordance with the increase in the value of a Fee Unit to \$1.51.

The fees for 2015-16 as defined by the regulations at 30 June 2016 were:

Type of Fee	Section of Act	Fee Units	Fees 2015-16 @ \$1.51 \$
Eligibility Certificate - Initial Application			
Each individual involving no Trust	61B	35	52.85
Each individual involving one Trust	61B	275	415.25
Each individual with more than one Trust	61B	550	830.50
Each body corporate with no Trust	61B	350	528.50
Each body corporate with one Trust	61B	620	936.20
Each body corporate with more than one Trust	61B	900	1359.00
Annual Renewals			
Individual eligibility certificate	61E	70	105.70
Body Corporate eligibility certificate	61E	140	211.40
Certificate of Premises Registration	71K	250	377.50
Late Fees			
Individual Eligibility Certificate	61E	15	22.65
Body Corporate Eligibility Certificate	61E	50	75.50
Premises Registration	71K	100	151.00
Other Fees			
Initial registration of pharmacy business premises	71D	310	468.10
Application to exempt premises from registration	71J	35	52.85
Fee for inspection of register	71M	15	22.65
Fee for a copy or extract from register - <i>per page</i>	71M	5	7.55
Fee for a copy of notice - <i>per page</i>	71M	5	7.55

Review of Activities and Operations 2015-16

Achievements

The Pharmacy Control Act 2001

The Tasmanian Pharmacy Authority was established under the Act which commenced on 1 February 2011. It has been the role of the Authority to implement and administer this Act, which includes considering all applications for alterations, new or relocated premises, transfers of ownership and consideration of ownership eligibility.

The Authority administered the issuing of Eligibility Certificates in accordance with Part 5A of the Act. The complexities of pharmacy ownership when companies and trusts were involved make determining the interests of parties difficult, and the Authority referred company and trust documents to Crown Law for advice.

As far as the Authority is aware, following a review of some structures in 2014-15, all ownership structures now comply with the Act, and no individual has an interest in more than four pharmacy business premises.

Pharmacy Guidelines

The Authority adopted its inaugural Guidelines on 6 February 2013. These continue to be fine-tuned from time to time, and are made available on the Authority's website.

Authority Financial Matters

The Authority again reviewed its risk assessment and budget during the year, and believes that identified risks have been managed appropriately.

The budget ensures that there is security and stability to the Authority's income to ensure it can operate effectively. In particular, the budget security has allowed the Authority to plan for cyclical inspections of all premises. There is also contingency provision for any potential legal costs which might be incurred in the event of a prosecution by the Authority under the Act. The Authority also is conscious of the need to consider, in time, the development of a new database to manage the complex ownership structures, so has funds notionally set aside for this activity.

Authority Website, Database and Records

The Authority made further improvements to its website (hosted on a tas.gov.au domain) during the year, and continually updated, added to and refined the information provided on the website to make it clearer, more useful and more user-friendly.

The process improvements which were introduced for the 2014-15 annual renewals round enhanced the information provided to pharmacy owners, and provided greater detail and accuracy on annual ownership and premises certificates. This process remains in place and was again used for the 2015-16 and 2016-17 annual renewal cycles.

Authority Inspections

During the year, the Authority inspected all new, relocated or altered pharmacy premises to ensure their compliance with the Act and to allow Certificates of Pharmacy Business Premises Registration to be issued; and continued its rolling three year cycle of inspecting all pharmacy business premises.

In May 2016, the Authority resolved to also inspect a pharmacy business premises one to two months after its sale on those occasions where there was to be a total change of ownership.

Twenty nine inspections were undertaken during the year. Almost all inspection identified matters which required action – most commonly moving S2 items so they complied with the Poisons Act, updating reference material; and documenting some standard procedures.

In September 2015, the Authority met with representatives of the Department of Health and Human Services (DHHS), the Health Complaints Commissioner and AHPRA to discuss the Authority's approach to inspections, various responsibilities of all parties, and the sharing of information. This resulted in improvements being made to the sharing of information, especially to DHHS, which it was agreed would receive copies of each Inspection Report presented to the Authority.

As a result, in addition to the Authority routinely informing DHHS of newly registered premises, and bringing to its attention any matter identified during an inspection which may have required its attention under departmental responsibilities, DHHS also received copies of each Inspection Report. The Authority also alerted the AHPRA to potential issues which fell under its jurisdiction, and made one formal report to AHPRA concerning the practices of a pharmacist.

The Inspection Form was further improved to ensure a more consistent and comprehensive approach to inspections, and to reflect the need to check on the suitability of vaccination areas. The Authority's Chief Inspector visited the Victorian Pharmacy Authority and accompanied Inspectors to some pharmacy premises to obtain alternative views and insights to consider for adoption in the Tasmanian inspection regime.

Pharmacists administering vaccines

The Authority met with DHHS staff responsible for administering the program of Approved Pharmacist Immunisers under Regulation 64 of the Poisons Regulations 2008, which was amended in January 2016 to allow adequately trained pharmacists to independently administer vaccinations in Tasmania.

This was a valuable exercise, as those staff had previously been unaware of the Authority's responsibilities insofar as pharmacy business premises were concerned. There were some significant issues identified, which required the Authority to seek legal advice to ensure its responsibilities under the Act were clear, and that the Act did not hinder or unduly limit the administering of vaccines by pharmacists.

Legislation

Pharmacy Control Act 2001

The *Pharmacy Control Act 2001* was proclaimed on 1 February 2011.

Continuing work which commenced in the 2013-14 year, the Authority liaised further with DHHS and Crown Law to progress amendments to the Act which address identified ambiguities and inconsistencies with the Act. The amendments also include a new section concerning alterations to registered pharmacy premises, to give the Authority responsibilities to approve such alterations and which requires the owners of the premises to make application for those alterations.

This resulted in the *Pharmacy Control Amendment Bill 2016* being introduced in April 2016 and passed on 22 June 2016. It is yet to be proclaimed.

Personal Information Protection Act 2004

The Authority approved its Personal Information Protection Statement on 3 October 2012. There were no matters raised under the *Personal Information Protection Act 2004* during the twelve months ended 30 June 2016.

Public Interest Disclosure Act 2002

The Authority approved an Application for Assessed Disclosure Form on 3 October 2012. There were no matters raised under the *Public Interest Disclosures Act 2002* during the twelve months ended 30 June 2016.

Right to Information Act 2009

The Authority approved a Right to Information Statement on 3 October 2012. There were no requests for information under the *Right to Information Act 2009* in the twelve months ended 30 June 2016.

Complaints and Disciplinary Issues

The administration of complaints and disciplinary issues for pharmacists was transferred to the National Registration and Accreditation Scheme prior to the commencement of the Tasmanian Pharmacy Authority in 2011. All matters became the responsibility of AHPRA. As a result of this, the Authority has no role in such issues, and referred any complaints received during the year to AHPRA.

The Authority itself received no complaints about its operations and had no disciplinary issues during the year.

Financial Statements

The Authority re-appointed Crowe Horwath during the year as its Auditors; and obtained the permission of the Auditor-General to dispense with the audits by the Tasmanian Audit Office.

Tasmanian Pharmacy Authority Financial Statements

For year ended 30 June 2016

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Statement by the Registrar



The Registrar has determined that the Authority is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 1 to the financial statements.

In the opinion of the Registrar:

- 1 The financial statements and notes, as set out on the previous pages, present fairly the Authority's financial position as at 30 June 2016 and its performance for the year ended on that date in accordance with the accounting policies described in Note 1 to the financial statements; and
- 2 At the date of the statement, there are reasonable grounds to believe that the Authority will be able to pay its debts as and when they become due and payable.

This statement is made in accordance with a resolution of the Authority, and is signed for and on behalf of the Authority by:

Registrar 
Margie Cole

Dated this  day of  2016.

Tasmanian Pharmacy Authority

Statement of Comprehensive Income

For the Year Ended 30 June 2016

	2016	2015
	\$	\$
Income		
Annual renewal - body corporate EC	14,090	12,373
Annual renewal - premises reg	56,878	55,209
Annual renewal - individual EC	11,085	10,933
Application fee for individual EC	2,076	1,377
Application fees for new body EC	3,866	9,309
Application fees for new premises	2,718	2,753
Exempt premises application	53	52
Interest	148	42
Total Income	<u>90,914</u>	<u>92,048</u>
Expenditure		
Accounting fees	1,480	1,400
Administration expenses	2,904	1,425
Depreciation expense	199	199
Inspection expenses	8,798	7,811
Legal fees	6,471	4,551
Equipment Maintenance	65	-
Other staff expenses	1,457	1,043
Registrar fees	35,400	28,500
Sitting fees	15,238	14,052
Superannuation	458	278
Telephone and fax	1,110	1,105
Travel - domestic	-	1,140
Total Expenses	<u>73,580</u>	<u>61,504</u>
Net surplus/(deficit) for the year	<u>17,334</u>	<u>30,544</u>
Other comprehensive Income	-	-
Total comprehensive income for the year	<u><u>17,334</u></u>	<u><u>30,544</u></u>

Tasmanian Pharmacy Authority

Statement of Financial Position

As At 30 June 2016

	Note	2016 \$	2015 \$
Assets			
Current Assets			
Cash and cash equivalents		197,221	180,838
Trade and other receivables	3	1,673	1,524
Total Current Assets		<u>198,894</u>	<u>182,362</u>
Non-Current – Assets			
Property, plant and equipment	4	117	316
Total Non-Current Assets		<u>117</u>	<u>316</u>
Total Assets		<u>199,011</u>	<u>182,678</u>
Liabilities			
Current Liabilities			
Trade and other payables	5	6,990	9,901
Deferred income	6	82,703	80,793
Total Liabilities		<u>89,693</u>	<u>90,694</u>
Net Assets		<u>109,318</u>	<u>91,984</u>
Equity			
Accumulated surpluses		109,318	91,984
Total Equity		<u>109,318</u>	<u>91,984</u>

Tasmanian Pharmacy Authority

Statement of Changes in Equity

2016

	Accumulated surpluses	Total
	\$	\$
Balance at 1 July 2015	91,984	91,984
Net surplus/(deficit) for the year	17,334	17,334
Balance at 30 June 2016	<u>109,318</u>	<u>109,318</u>

2015

	Accumulated surpluses	Total
	\$	\$
Balance at 1 July 2014	61,440	61,440
Net surplus/(deficit) for the year	30,544	30,544
Balance at 30 June 2015	<u>91,984</u>	<u>91,984</u>

Tasmanian Pharmacy Authority

Statement of Cash Flows

For the Year Ended 30 June 2016

	2016	2015
Note	\$	\$
Cash Flows from Operating Activities		
Receipts from customers	92,916	98,765
Interest received	148	42
Payments to suppliers and employees	(76,681)	(60,642)
Net cash provided by (used in) operating activities	7 <u>16,383</u>	<u>38,165</u>
Net increase (decrease) in cash and cash equivalents held	16,383	38,165
Cash and cash equivalents at beginning of year	180,838	142,673
Cash and cash equivalents at end of financial year	2 <u>197,221</u>	<u>180,838</u>

Tasmanian Pharmacy Authority

Notes to the Financial Statements

30 June 2016

1 Summary of Significant Accounting Policies

(a) Basis of preparation

This financial report is a special purpose financial report prepared in order to satisfy the financial reporting requirements of the *Pharmacy Control Act 2001*. The Registrar has determined that the not-for-profit Authority is not a reporting entity. The Authority is a not-for-profit entity for financial reporting purposes.

The financial report, except for the cash flow information has been prepared on an accruals basis and is based on historic costs and does not take into account changing money values or, except where specifically stated, current valuations of non-current assets. Financial information, where presented, has been rounded to the nearest dollar.

The following significant accounting policies, which are consistent with the previous period unless otherwise stated, have been adopted in the preparation of this financial report.

(b) Comparative figures

Comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(c) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments.

(d) Trade and Other Receivables

The Authority considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required.

(e) Property, plant and equipment

Property, plant and equipment are carried at cost. All assets excluding freehold land, are depreciated over their useful lives to the Authority.

The depreciation rates used for each class of depreciable asset are shown below:

Fixed asset class	Depreciation rate
Computer equipment	20%

(f) Income tax

The Authority is exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997*.

(g) Revenue and other income

Registration and application fee income is recognised in the period to which it relates.

Interest revenue is recognised upon receipt.

All revenue is stated net of the amount of goods and services tax (GST).

(h) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. 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 in the statement of financial position are shown inclusive of GST.

2 Cash and Cash Equivalents

	2016	2015
	\$	\$
Cash on hand	197,221	180,838
	<u>197,221</u>	<u>180,838</u>

3 Trade and Other Receivables

	2016	2015
	\$	\$
Trade receivables	1,147	1,051
GST receivable	526	473
	<u>1,673</u>	<u>1,524</u>

4 Property, Plant and Equipment

	2016	2015
	\$	\$
Computer Equipment	996	996
Accumulated depreciation	(879)	(680)
	<u>117</u>	<u>316</u>

5 Trade and Other Payables

	2016	2015
	\$	\$
Trade payables	5,812	8,008
PAYG withholding	1,178	706
Employee reimbursements	-	1,187
	<u>6,990</u>	<u>9,901</u>

6 Deferred Income

	2016	2015
	\$	\$
Premises Renewal in advance	57,758	56,240
Individual EC in advance	10,570	10,670

Body Corp EC Renewal in advance

14,375	13,883
<u>82,703</u>	<u>80,793</u>

7 Cash Flow Information

(a) Reconciliation of result for the year to cashflows from operating activities

Reconciliation of net income to net cash provided by operating activities:

	2016	2015
	\$	\$
Net surplus/(deficit) for the year	17,334	30,544
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in profit:		
- depreciation	199	199
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	(149)	2,024
- increase/(decrease) in trade and other payables	(2,911)	2,144
- increase/(decrease) in income in advance	1,910	3,254
Cash flow from operations	<u>16,383</u>	<u>38,165</u>

8 Contingent Liabilities and Contingent Assets

In the opinion of the Authority there were not any contingencies at 30 June 2016 (30 June 2015: None).

9 Authority Details

The registered office of the Authority is:

Tasmanian Pharmacy Authority

PO Box 1082

SANDY BAY TAS 7005

Tasmanian Pharmacy Authority

Auditors' Independence Declaration To the Registrar of Tasmanian Pharmacy Authority

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2016, there have been:

- (i) no contraventions of the auditor independence requirements as set out in the *Accounting Professional Ethical Pronouncements* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.


Crowe Horwath Tasmania



Alison Flakemore
Audit Partner

Dated this 26th day of July 2016.

Hobart, Tasmania.

Tasmanian Pharmacy Authority

Independent Audit Report to the members of Tasmanian Pharmacy Authority

Report on the Financial Report

We have audited the accompanying financial report being a special purpose financial report, of Tasmanian Pharmacy Authority, which comprises the statement of financial position as at 30 June 2016, 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, and the statement by the Registrar.

The Registrar's Responsibility for the Financial Report

The Registrar of the authority is responsible for the preparation of the financial report and has determined that the basis of preparation described in Note 1, is appropriate to meet the requirements of the *Pharmacy Control Act 2001* and is appropriate to meet the needs of the members. The Registrar's responsibility also includes such internal control as the Registrar determine is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Independence

In conducting our audit, we have complied with the independence requirements of the Accounting Professional Ethical Pronouncements.

Tasmanian Pharmacy Authority

Independent Audit Report to the members of Tasmanian Pharmacy Authority

Opinion

In our opinion, the financial report presents fairly, in all material respects, the financial position of Tasmanian Pharmacy Authority as at 30 June 2016, and its financial performance and its cash flows for the year then ended in accordance with the accounting policies described in Note 1 to the financial statements and the *Pharmacy Control Act 2001*.

Basis of Accounting and Restriction on Distribution.

Without modifying our opinion, we draw attention to Note 1 to the financial report which describes the basis of accounting. The financial report is prepared to assist Tasmanian Pharmacy Authority to comply with the financial reporting provisions of the Pharmacy Control Act 2001. As a result, the financial report may not be suitable for another purpose.


Crowe Horwath Tasmania


Alison Flakemore
Audit Partner

Dated this 10th day of August 2016.

Hobart, Tasmania.