

Tasmanian Pharmacy Authority

Annual Report

For year ended 30 June 2015

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Establishment of the Authority

The Tasmanian Pharmacy 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 Tasmanian Pharmacy Authority, which was established on 1 February 2011. This report covers the third 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 2015 were:

Chairman

Mr Rhys Jones – B.Pharm

Members

Mr Martin Neumeyer – B.Pharm

Ms Jane Beaumont – Consumer Representative to 6 August 2014

Ms Kym Child – Consumer Representative from 7 August 2014

Meetings of the Authority

The Authority held monthly meetings during the reporting period. The Legislation Sub Committee, created during the 2013-14 year to focus on progressing amendments to the Act, did not meet during the reporting period.

| Authority Members | Meetings held whilst an Authority Member | Meetings Attended |
|-------------------|---|-------------------|
| Mr R Jones | 12 | 12 |
| Mr M Neumeyer | 12 | 12 |
| Ms J Beaumont | 2 | 1 |
| Ms K Child | 10 | 9 |

Administration

Contact Details

Ms Margie Cole continued to be the Authority's appointed Registrar.

The postal address of the Authority was PO Box 1082, Sandy Bay, TAS 7005 and the mobile phone number was 0417 752 348. The Authority did not have a facsimile machine.

The Authority's ABN is 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 – PPRAA (which represents the various states and territory authorities responsible for pharmacy premises approvals) met twice (November 2014 and May 2015). The first meeting was attended by the Authority Chair and the Acting Registrar, and the later one by both the Authority Chair and the Registrar.

Registration

Register of Pharmacy Premises

The number of pharmacy business premises registered with the Authority at 30 June 2015 was 155.

At 30 June 2015, 68 body corporates and 104 individuals held an Eligibility Certificate for their interests in a pharmacy.

The majority of applications for approval of new owners involved trust structures, with either an individual or body corporate as the trustee.

During the year, the Authority approved the following applications. Some alterations or new pharmacy business premises are still in progress and have not yet been inspected and finalised:

| | |
|--------------------------------------|----|
| New pharmacies | 3 |
| Changes to ownership or shareholders | 13 |
| Ownership changes | 16 |
| Premises alterations | 11 |
| Pharmacy relocation | 6 |
| Pharmacy change of name | 12 |
| Other | 1 |

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. The advice of Crown Law was routinely obtained for applications for ownership involving body corporate and trust structures.

Fees

The prescribed fees were increased marginally in accordance with the increase in the value of a Fee Unit to \$1.48.

The fees as defined by the regulations at 30 June 2015 were:

| Type of Fee | Section of Act | Fee Units | Fees 2014-15 @\$1.48 \$ |
|---|----------------|-----------|----------------------------|
| Eligibility Certificate - Initial Application | | | |
| Each individual involving no Trust | 61B | 35 | 51.80 |
| Each individual involving one Trust | 61B | 275 | 407.00 |
| Each individual with more than one Trust | 61B | 550 | 814.00 |
| Each body corporate with no Trust | 61B | 350 | 518.00 |
| Each body corporate with one Trust | 61B | 620 | 917.60 |
| Each body corporate with more than one Trust | 61B | 900 | 1332.00 |
| Annual Renewals | | | |
| Individual eligibility certificate | 61E | 70 | 103.60 |
| Body Corporate eligibility certificate | 61E | 140 | 207.20 |
| Certificate of Premises Registration | 71K | 250 | 370.00 |
| Late Fees | | | |
| Individual Eligibility Certificate | 61E | 15 | 22.20 |
| Body Corporate Eligibility Certificate | 61E | 50 | 74.00 |
| Premises Registration | 71K | 100 | 148.00 |
| Other Fees | | | |
| Initial registration of pharmacy business premises | 71D | 310 | 458.80 |
| Application to exempt premises from registration | 71J | 35 | 51.80 |
| Fee for inspection of register | 71M | 15 | 22.20 |
| Fee for a copy or extract from register - <i>per page</i> | 71M | 5 | 7.40 |
| Fee for a copy of notice - <i>per page</i> | 71M | 5 | 7.40 |

Review of Activities and Operations 2014-15

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. The Authority had regular dialogue with officers from Crown Law and DHHS concerning apparent irregularities in, and the interpretation of, the Act.

During 2014-15, following clarification of the Act, a review of ownership structures was undertaken. This review identified some arrangements which had been approved by the previous Pharmacy Board but which were not satisfactory. The relevant owners subsequently amended their ownership structures to ensure compliance with the Act.

Pharmacy Guidelines

The Authority adopted its inaugural Guidelines on 6 February 2013. These were amended in December 2014 to add a section regrading pharmacy closure or relocation; and again in April 2015 to add a section regarding the requirement to display a "Limited Supply Notice" for pharmacies which do not hold Commonwealth Department of Health approval to supply Pharmaceutical Benefits Scheme (PBS) subsidised medicine in accordance with section 90 of the *National Health Act 1953*.

Authority Financial Matters

The Authority again reviewed its risk assessment and budget during the year, and believes that the 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.

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 on annual ownership and premises certificates. The improvements were brought about by adaptations of the accounting package to better support business processes. Feedback from the owners was that the changes were welcomed, and a similar process was used for the 2015-16 annual renewals process which commenced in May 2015.

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 commenced its rolling three year cycle of inspecting all pharmacy business premises. 20 inspections were undertaken during the year – 10 to inspect alterations; two to inspect new premises; one to inspect and report on a matter of possible breach; and seven cyclical inspections.

In addition, the Chief Inspector and Registrar made enquiries about an apparently unregistered pharmacy business which was listed on a website. This matter was found to be an erroneous and inadvertent website listing which was resolved by a correction of the pharmacy business premises' details.

The Authority routinely informed DHHS of newly registered premises, and brought to its attention any matter identified during an inspection which may have required its attention under departmental responsibilities. In addition, the Authority alerted the AHPRA to potential issues which fell under its jurisdiction.

The Inspection Form was further improved to ensure a more consistent and comprehensive approach to inspections.

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 to progress amendments to the Act to address identified ambiguities and inconsistencies with the Act.

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 ending 30 June 2015.

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 12 months ending 30 June 2015.

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 12 months ending 30 June 2015.

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 2015

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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 pages 2 to 8, present fairly the Authority's financial position as at 30 June 2015 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 12 day of Aug. 2015.

Tasmanian Pharmacy Authority

Statement of Comprehensive Income

For the Year Ended 30 June 2015

| | 2015 \$ | 2014 \$ |
|--|---------------|---------------|
| Income | | |
| Annual renewal - body corporate EC | 12,373 | 10,080 |
| Annual renewal - premises reg | 55,209 | 54,396 |
| Annual renewal - individual EC | 10,933 | 10,527 |
| Application fee for individual EC | 1,377 | 864 |
| Application fees for new body EC | 9,309 | 5,957 |
| Application fees for new premises | 2,753 | 2,716 |
| Exempt premises application | 52 | 51 |
| Interest | 42 | 69 |
| Total Income | 92,048 | 84,660 |
| Expenditure | | |
| Accounting fees | 1,400 | 1,040 |
| Administration expenses | 1,424 | 2,069 |
| Depreciation expense | 199 | 199 |
| Inspection expenses | 7,811 | 7,294 |
| Legal fees | 4,551 | 2,998 |
| Other staff expenses | 1,322 | 720 |
| Registrar fees | 28,500 | 28,155 |
| Sitting fees | 14,052 | 12,984 |
| Telephone and fax | 1,105 | 872 |
| Travel - domestic | 1,140 | 1,036 |
| Total Expenses | 61,504 | 57,367 |
| Net surplus/(deficit) for the year | 30,544 | 27,293 |
| Other comprehensive Income | - | - |
| Total comprehensive income for the year | 30,544 | 27,293 |

Tasmanian Pharmacy Authority

Statement of Financial Position

As At 30 June 2015

| | Note | 2015 \$ | 2014 \$ |
|---------------------------------|------|----------------|----------------|
| Assets | | | |
| Current Assets | | | |
| Cash and cash equivalents | 2 | 180,838 | 142,673 |
| Trade and other receivables | 3 | 1,524 | 3,547 |
| Total Current Assets | | <u>182,362</u> | <u>146,220</u> |
| Non-Current – Assets | | | |
| Plant and equipment | 4 | 316 | 515 |
| Total Non-Current Assets | | <u>316</u> | <u>515</u> |
| Total Assets | | <u>182,678</u> | <u>146,735</u> |
| Liabilities | | | |
| Current Liabilities | | | |
| Trade and other payables | 5 | 9,901 | 7,756 |
| Income received in advance | | 80,793 | 77,539 |
| Total Liabilities | | <u>90,694</u> | <u>85,295</u> |
| Net Assets | | <u>91,984</u> | <u>61,440</u> |

Tasmanian Pharmacy Authority

Statement of Changes in Equity

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 | 91,984 | 91,984 |

2014

| | Accumulated surpluses \$ | Total \$ |
|------------------------------------|--------------------------------|---------------|
| Balance at 1 July 2013 | 34,147 | 34,147 |
| Net surplus/(deficit) for the year | 27,293 | 27,293 |
| Balance at 30 June 2014 | 61,440 | 61,440 |

Tasmanian Pharmacy Authority

Statement of Cash Flows

For the Year Ended 30 June 2015

| | Note | 2015 \$ | 2014 \$ |
|---|------|-----------------------|-----------------------|
| Cash Flows from Operating Activities | | | |
| Receipts from customers | | 98,765 | 86,987 |
| Interest received | | 42 | 69 |
| Payments to suppliers and employees | | (60,642) | (55,453) |
| Net cash provided by (used in) operating activities | 6 | <u>38,165</u> | <u>31,603</u> |
| Net increase (decrease) in cash and cash equivalents held | | 38,165 | 31,603 |
| Cash and cash equivalents at beginning of year | | <u>142,673</u> | <u>111,070</u> |
| Cash and cash equivalents at end of financial year | 2 | <u><u>180,838</u></u> | <u><u>142,673</u></u> |

Tasmanian Pharmacy Authority

Notes to the Financial Statements

30 June 2015

I 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 has been prepared on accruals 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.

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) 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% |

(e) Income tax

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

(f) 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).

1 Summary of Significant Accounting Policies (cont'd)

(g) 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

| | 2015 | 2014 |
|--------------|----------------|----------------|
| | \$ | \$ |
| Cash on hand | 180,838 | 142,673 |
| | <u>180,838</u> | <u>142,673</u> |

3 Trade and Other Receivables

| | 2015 | 2014 |
|-------------------|--------------|--------------|
| | \$ | \$ |
| Trade receivables | 1,051 | 3,370 |
| GST receivable | 473 | 177 |
| | <u>1,524</u> | <u>3,547</u> |

4 Property, Plant and Equipment

| | 2015 | 2014 |
|--------------------------|------------|------------|
| | \$ | \$ |
| Computer Equipment | 996 | 996 |
| Accumulated depreciation | (680) | (481) |
| | <u>316</u> | <u>515</u> |

5 Trade and Other Payables

| | 2015 | 2014 |
|-------------------------|--------------|---------------|
| | \$ | \$ |
| Trade payables | 8,008 | 6,014 |
| PAYG withholding | 706 | 313 |
| Employee reimbursements | 1,187 | 1,429 |
| | <u>9,901</u> | <u>7,756*</u> |

*Due to a merge of accounts this amount differs from that reported in the 2013-14 Annual Report. Other Liabilities has been merged into Trade & Other Payables, as this represents the contents of the account more appropriately.

6 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:

| | 2015 | 2014 |
|--|---------------|---------------|
| | \$ | \$ |
| Net surplus/(deficit) for the year | 30,544 | 27,293 |
| 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 | 2,024 | (620) |
| - increase/(decrease) in trade and other payables | 2,144 | 1,034 |
| - increase/(decrease) in income in advance | 3,254 | 3,697 |
| Cash flow from operations | <u>38,165</u> | <u>31,603</u> |

7 Contingent Liabilities and Contingent Assets

In the opinion of the Authority there were not any contingencies at 30 June 2015 (30 June 2014: None).

8 Related Party Transactions

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

9 Events after the end of the Reporting Period

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Authority, the results of those operations or the state of affairs of the Authority in future financial years.

10 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 Tasmanian Pharmacy Authority

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2015, there have been:

- (i) no contraventions of the auditor independence requirements as set out in the *Accounting Professional Ethical Standards* 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 4th day of August 2015.

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 2015, 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 Standards.

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 2015, 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

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 12th day of August 2015.

Hobart, Tasmania.