

CONSULTATION DOCUMENT

Annual Practising Certificate Fee for the 2017-18 Practising Year

Released: Thursday 24 November 2016
Submissions Due: Wednesday 4 January 2017

1. Purpose

The purpose of this consultation is to seek pharmacists and stakeholders' views on the proposed Annual Practising Certificate (APC) fee for the 2017-18 practising year. Responses will be considered by Council before a final decision is made.

2. Who we are and what we do

The Pharmacy Council (Council) is a statutory body established under the Health Practitioners Competence Assurance Act 2003 (HPCA Act 2003). Its primary purpose is to protect the health and safety of the public. It sets standards and qualifications for registration, provides guidelines, authorises registration of pharmacists, reviews and promotes competence, and acts on concerns about the competence, professional conduct or health of a practitioner.

3. Proposal

Council is proposing the following fee change, effective from 1 April 2017:

- increase the Pharmacist Annual Practising Certificate fee component by \$17.25 (GST inclusive) (3.2 percent), to \$559.77 (GST inclusive)
- no change to the Disciplinary Levy of \$106.38 (GST inclusive).

This will mean a total fee of \$666.15 (GST inclusive).

Feedback on Council's proposal is requested by 5pm, 4 January 2017

Responses can be sent by:

email:
consultations@pharmacycouncil.org.nz

mail:
Consultations
Pharmacy Council of New Zealand
PO Box 25137
Wellington 6011



4. Summary table of proposed fees

The table below provides a summary of the proposed fees for pharmacists for the 2017-18 practising year.

	APC \$	Disc Levy \$	Total Fee \$	GST \$	Total Fee incl GST \$
Interns APC Fee	331.94	92.50	424.44	63.67	488.11
Pharmacists APC Practising	486.76	92.50	579.26	86.89	666.15
Pharmacists Prescriber APC Practising	565.02	92.50	657.52	98.63	756.15
APC Reinstate to Practise (RTP) (full year)	573.72	92.50	666.22	99.93	766.15
Application for Registration & APC Recognised Equivalent Qualification Route (REQR)	786.76	92.50	879.26	131.89	1,011.15
Application for Registration & APC Trans Tasman Mutual Recognition (TTMR)	786.76	92.50	879.26	131.89	1,011.15
Pharmacists APC Non Practising	79.43	0.00	79.43	11.91	91.34

5. Rationale for the proposed increase in the APC fee

The proposed APC fee of \$559.77 (incl. GST) is required to continue to fund Council's responsibilities under the HPCA Act 2003, and strategic projects (e.g. Therapeutic Products regulation, Code of Ethics review, Medicines Management Framework and Assessment Centre Psychometric review). Along with last year's increase it will fund on-going IT investment enhancements such as the portal for all online registrations including intern and overseas applications, data analytics, case management, accreditations and Continuing Professional Development (CPD), and replacement of a suitable Financial Management Information System.

Last year's increase assisted with starting the process for updating our IT Platform by engaging in determining what kind of IT systems and data are needed to ensure Council delivers on its core functions and services. The Council went out to the market via an open tender procurement process to engage a prime technology vendor to deliver the new IT Platform. The Council has now contracted a prime technology vendor to deliver this. Phase 1 will provide an online capability for the annual APC registration, payment and issue of Annual Practising Certificates. This will be operational for the 2017/18 APC registration process.



6. Approach to Fee Change

Health practitioner APC fees and disciplinary levies are set by Responsible Authorities under s118, s130 and s131 of the HPCA Act 2003. Council is a statutory body and is guided by the Office of the Auditor General's Good Practice Guideline: Charging fees public sector goods and services, when setting and reviewing fees.

In doing so, Council ensures it takes into account the principles of authority, efficiency and accountability; as well as equity issues and likely costs.

Council is committed to ensuring that it operates in a cost effective manner and strives to maintain a balance between ensuring the efficient and effective discharge of its public safety obligations and practitioner affordability.

7. Components of the total fee

The **Annual Practising Certificate Fee** funds the cost of Council carrying out its statutory functions as outlined under s118 of the HPCA Act 2003. The APC fee is set to recover operating costs including capital investment and to maintain sufficient funds to cover fluctuations in the timing of expenditure. These costs are categorised into seven main expenditure areas:

- Registration
- Competence, Complaints and Health
- Projects
- Governance
- Communications & Profile
- Personnel
- Operation & Administration

The **Disciplinary Levy** funds the cost of disciplinary cases and appeals. The Council is authorised under s131 of the HPCA Act 2003 to charge a levy for costs associated with the appointment of Professional Conduct Committee investigations and the cost of Tribunal hearings. The volume, cost and complexity of disciplinary cases is something Council has little control over. It can vary significantly from year to year. The Disciplinary Fund was established to manage these fluctuations. It is monitored and maintained at a level that will enable Council to effectively carry out its disciplinary functions whilst minimising the need for additional in-year collections.

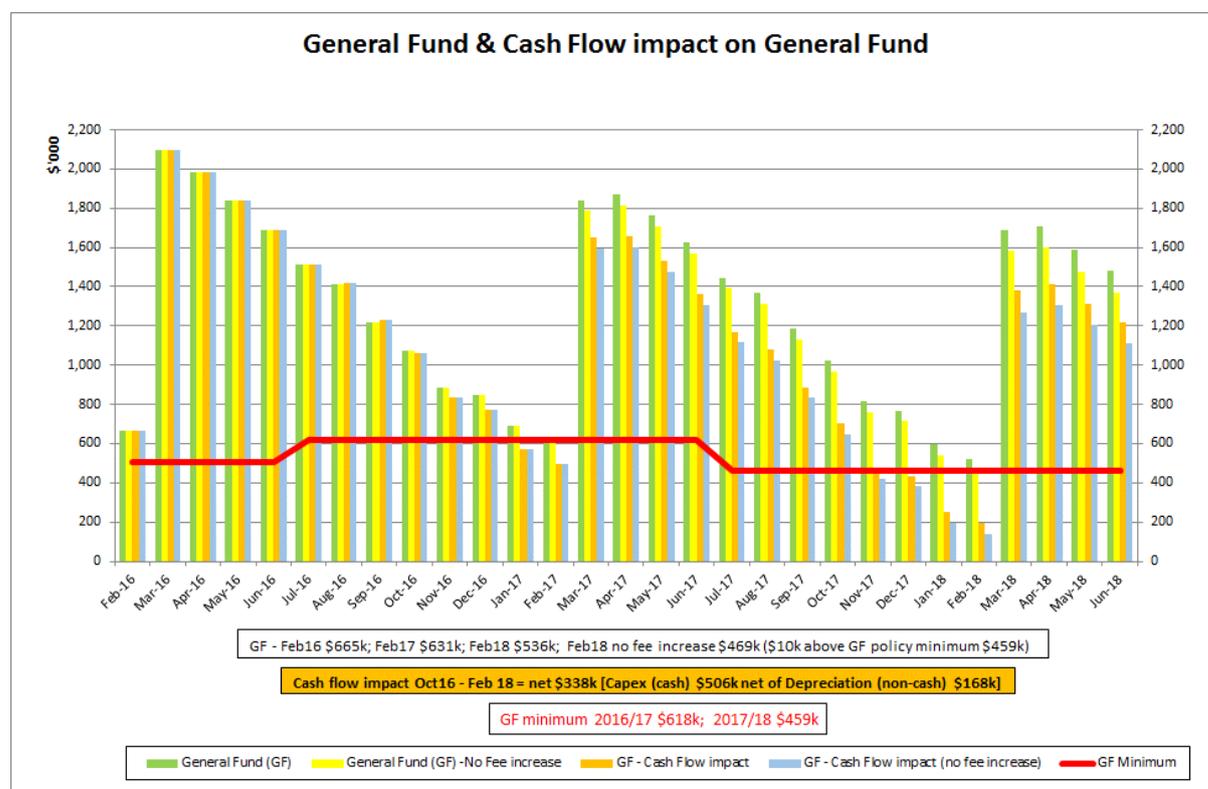


8. General and Disciplinary Funds

At 30 June 2016 (as reported in the Council's Annual Report) revenue exceeded expenses by more than we had budgeted. This was principally due to timing differences as some disciplinary costs did not occur in the 2016 financial year, and they are now expected to occur in the 2017 financial year. This surplus has contributed to higher than expected General Fund and Disciplinary Fund closing balances at 30 June 2016.

A copy of the Council's full audited accounts can be found on our website at: http://www.pharmacycouncil.org.nz/annual_reports

General Fund



At 30 June each year the General Fund closing balance which is reported in the annual report, is high due to the receipt of annual APC fees at 31 March. The annual revenue received in March each year must be sufficient to cover costs for the following 12 months on an accounting basis and more importantly for cash flow purposes. Council is not able to borrow for any short term cash flow shortfalls as it is not able to offer security in the form of tangible assets. Therefore, Council administers a policy for a General Fund minimum that ensures there are sufficient funds to:

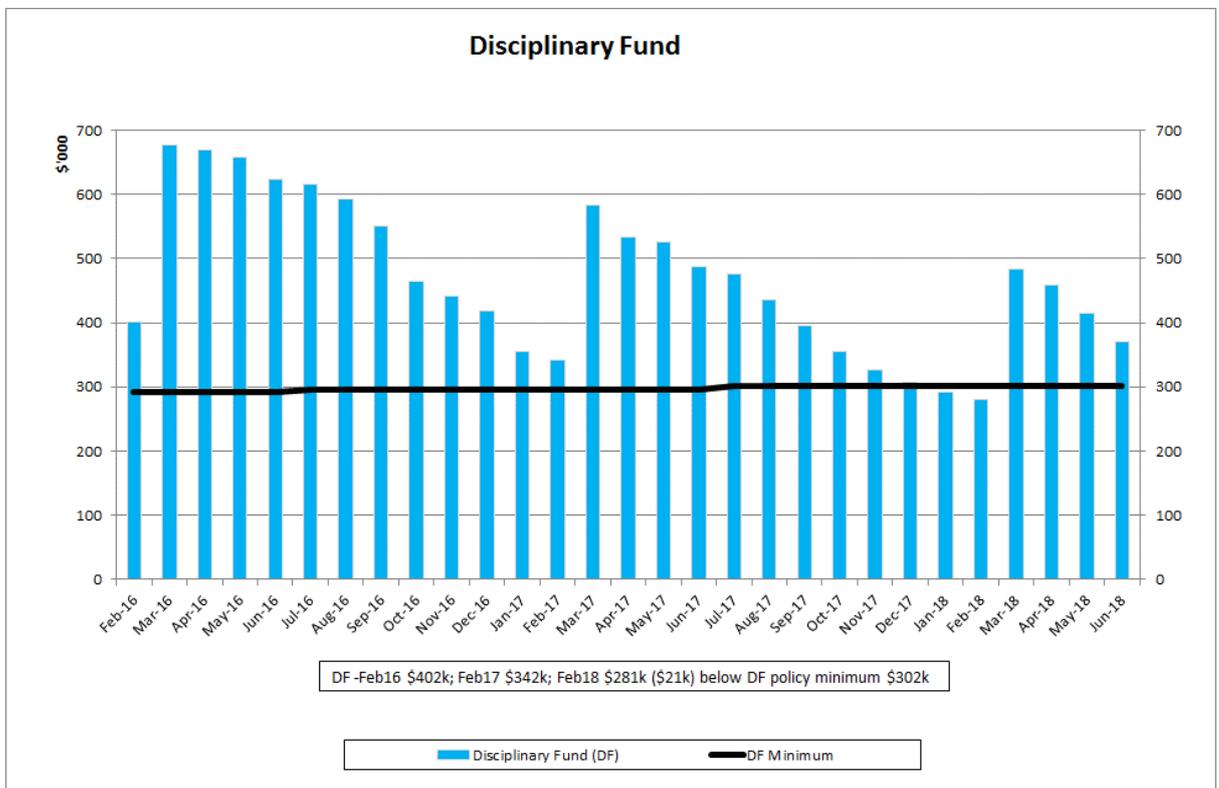
- cover the administration, management and governance of the Council, including funding health and competence related matters
- cover the time between significant business interruptions e.g. a natural disaster and receipt of insurance proceeds



- support investment in delivering strategic projects such as the Therapeutic Products regulation, Code of Ethics review, Medicines Management Framework and Assessment Centre Psychometric review. In addition, it supports capital investment such as the integrated IT Platform, on-going development of our Electronic Data Management Platform and replacement of our Financial Management Information System.

The General Fund is carefully managed from a cash flow perspective throughout the year to ensure there are sufficient funds to cover all costs out to 31 March of the following year. These operational funds are maintained through prudent budgeting and forecasting, by rationing and prioritising resources to ensure Council can cover its operational activities and capital investment. By doing this, Council is able to manage risk, ensure financial viability and meet its obligations under the HPCA Act 2003.

Disciplinary Fund



At 30 June each year the Disciplinary Fund closing balance which is reported in the annual report, is high due to the receipt of the annual Disciplinary Levy at 31 March. The annual revenue received in March each year must be sufficient to cover costs for the following 12 months. The volume, cost and complexity of disciplinary cases can vary significantly from year to year. The Council administers a policy for a Disciplinary Fund minimum that provides:

- an amount to cover expenses related to disciplinary cases forwarded
- an amount equivalent to the average cost of funding pharmacist-related Health Practitioners Disciplinary Tribunal (HPDT) cases including related Professional Conduct Committee (PCC) costs.



9. Summary

Based on the approved operating budget for 2016/17 (updated to include the approved capital investment required for the integrated IT Platform and enhancements), Council took the view that the APC fee needs to be increased, subject to consultation, to ensure that the Council maintains a break-even budget (so as to maintain an acceptable General Fund balance to cover all costs and risks as outlined in (7) above).

The Council also determined that the 2016/17 budget for Disciplinary revenue and costs combined with the higher closing balance in the Disciplinary Fund at 30 June 2016 (due to timing of pending PCC and HPDT cases), should cover the risk associated with the current volume and complexity of cases in the short term.

Council is mindful of the impact any proposed increase may have on pharmacists and interns and continues to balance fulfilling its statutory responsibilities against the APC fee and Disciplinary Levy that it collects.

Council invites feedback on the proposal by 5.00pm, 4 January 2017.

After the consultation period has closed, submissions will be carefully considered before a final decision is made. This decision will be communicated through the Council website and the Gazette.

Yours sincerely



Michael Pead
Chief Executive

