

measuring progress ↗

PHARMACY GUILD OF NEW ZEALAND (INC)

*annual
report* **2010**

FOR THE YEAR ENDED 31 DECEMBER 2010

Dedicated to member pharmacies



PHARMACY GUILD
OF NEW ZEALAND

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contents



PAGE	3	Our vision, our strategy
	4	About the Pharmacy Guild of New Zealand
	6	Member benefits
	8	President's report
	10	Chief Executive's report
	12	2010 highlights
	14	Board of directors
	16	Divisional reports
	21	Financial reports





our vision

The Pharmacy Guild is recognised by community pharmacy as an essential partner.

our strategy

We are committed to:

- the health and well-being of patients
- being leaders in the sector
- constant improvement in all we do
- strengthening our relationships within pharmacy, the health sector and beyond
- enhancing the value of Guild membership to members, potential members and other interested parties
- leaving the Guild itself better than we found it.

The overarching organisational strategy sets out to:

- build strong working relationships to achieve good outcomes for our members
- engage the primary health care sector to optimise pharmacy's role in primary care
- engage our members and develop a sense of "family"
- be seen as a significant and influential body
- lead on behalf of our members
- broaden and establish a new pharmacy model of care
- ensure a sustainable pharmacy model of funding
- continually enhance the Guild's governance
- strengthen our financial position.

About the Pharmacy Guild of New Zealand

The Guild is the only organisation representing community pharmacy owners. We are committed to ensuring our members realise their professional and financial potential.

The Guild provides leadership on all issues facing the community pharmacy sector, including:

PSA discussions

- Acting as our members' agent in Pharmacy Services Agreement discussions.

Promotion

- Raising the profile of community pharmacy in the media.

Marketing

- Promoting the value of community pharmacy to the public.

Influence

- Lobbying politicians and decision-makers to improve the position of community pharmacy.



Advocacy

- Advocating for community pharmacy with DHBs and health officials.

Networking

- Providing local events for members to network with their pharmacy colleagues.

Support

- Supporting the profession by sponsoring pharmacy academia and the annual Pharmacy Awards.

Relationship building

- Building relationships within the health sector is what the Guild does best. We know how vital the role of a community pharmacist is in primary health care. It's our job to ensure our members are acknowledged and valued by the Government, officials and colleagues in the wider health care sector.

International representation

The Guild maintains collegial relationships with our counterparts around the world, particularly the Pharmacy Guild of Australia.

We ensure we are well informed about international practice and are strategically aligned where appropriate. The Guild is a member of the Pharmaceutical International Network which meets annually.

This network is a group of national pharmacy associations from Australia, Canada, Ireland, New Zealand, the United Kingdom, the United States and South Africa. The group was established in 2004 to facilitate communication and collaboration between policy makers and researchers of community pharmacy practice.

Membership gives community pharmacists the competitive edge

No day in a community pharmacy is the same. The Guild understands that balancing the demands of running a business and being a health care professional are not easy.

We provide our members with a range of business tools:

- A pharmacy practice helpdesk.
- A 0800 HR advice line.
- Online business training modules.
- A disaster management guide.
- Employment agreement templates.
- Sample job descriptions.
- An annual remuneration survey.
- A service user satisfaction survey.
- Guidance on pandemic planning.
- A Clearing House service to simplify accounts administration.
- Preferential rates on credit card transactions with The National Bank.
- A guide for training new pharmacy staff.
- Special offers from FleetPartners and ADT Armourguard.

Members also receive a variety of business resources for their pharmacy, including:

- point-of-sale marketing material to help drive product sales
- customer information display material
- Helping Health Cards to assist in managing patients' health conditions
- a medication card to help patients manage their medicines
- a Guild Diary with key dates and useful contact details
- the Directory of Community Pharmacies in New Zealand
- a tear-off pad explaining the prescription subsidy card
- exclusive use of the Guild logo
- Pharmacy Guild gift vouchers in \$5, \$10, \$20 and \$50 denominations.

Members receive free access to the members' only section of www.pgnz.org.nz where they can access additional tools and templates for their pharmacy, and the Micromedex Suite of Electronic Databases – Martindale, Drug Reax and Herbal Medicines.

The Guild provides members with a series of regular communication products, including:

- *Guild INTOUCH* – a weekly e-newsletter focusing on current issues affecting the industry
- *Contact* – a glossy monthly newsletter jam-packed with interesting pharmacy related news and stories, and topical features on practice related matters
- *T & A Topics* – a bi-monthly newsletter for pharmacy technicians and assistants that informs these staff members about current health and workplace topics.

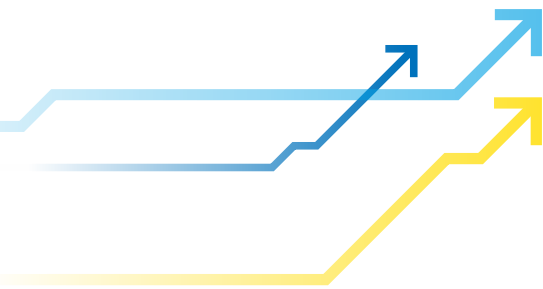
Guild events

Many community pharmacists have little opportunity to meet with their colleagues. Guild events – often run at a local level – provide members with a chance to network, enjoy peer support and chat about the latest industry news.



President's report

2010 was a challenging year – not only for pharmacy as a profession but for the country as a whole. The mining disaster on the West Coast, and the earthquakes in Canterbury, had a huge impact on these communities and the country as a whole.



The pharmacy network in New Zealand is highly connected to their communities and while challenged by these disasters, our pharmacy colleagues were professional and performed with distinction.

The global financial situation continued to dominate during 2010 and the rising cost of chronic disease was again highlighted as being an enormous burden on the country. The Ministry of Health's "Better, Sooner, More Convenient" health policy requires that we look for efficient ways to deliver health services in a more patient focused manner. Finding new ways to prove the worth of community pharmacists within the primary health care team is a priority.

PRIMARY HEALTH CARE

We know community pharmacists can play a significant role in the emerging models of care where medicines are a key element of patient management – particularly those with long term medical conditions. This is our domain and we must take ownership of medication outcomes. I am passionate about a number of the initiatives in this area, including the Guild's gout project in Counties Manukau during 2011.

Gout is a condition that has significant potential for community pharmacists to demonstrate their worth in medicines management, intervention opportunities

and health promotion. Like others, this project provides a template for pharmacists to take ownership of the therapeutic outcomes derived from improving the accuracy of medicines use. The key to lowering health costs is to increase the appropriate use of medicines – they are extremely cost effective health interventions when used properly. I look forward to the expansion of this patient focused work across the country and into the daily routine of community pharmacy practice.

MEDICINE RECALLS

Pharmacy will remember 2010 as a year dominated by consumer level medicine recalls – seven in total. I'm proud of the community pharmacy response and the efficient and effective manner in which patient safety was prioritised.

This extra work load was disruptive and the Guild focused on highlighting the pharmacist's role in these recalls (and the lack of recompense) in the media. As a result of the significant litigation that the Guild has funded, the Government is undertaking a review of medicine recalls during 2011. We will ensure the value of community pharmacists as custodians of medicines is incorporated and recognised in this review.

PHARMACY SERVICES AGREEMENT

Much of our work as an organisation is focused on the Pharmacy Services Agreement (PSA). It has dominated our work programme for the past two years and looks to continue for some time yet – more a marathon than a sprint. The Guild commits significant resources to achieving a successful outcome for our members. You will note increased expenditure in related areas of the financial report. The PSA lays the foundation for the future contribution community pharmacy makes to primary health care. We are committed to a PSA that recognises pharmacists' value and is sustainable for all parties.

However, to remain viable, our profession needs to evolve to meet the existing challenges and capitalise on opportunities. We must unite and be proactive about providing solutions, especially around practicing patient focused care.

Equally, it is important that we have a strategy relevant and appropriate to the various levels of policy and funding decision making. Health is a big ticket political item and we can influence the future by developing member driven political activity that ensures patients are our advocates.

GOVERNANCE

As an organisation, the Guild is led by the Board, with the wider National Council in an advisory role. During our Board meetings, we focus on the important issues confronting the organisation and profession as a whole. Working on the organisation's strategy is a key aspect of our work as we use our collective experience to manage identified risks and establish what areas we need to focus on.

There remains a significant need for leadership and representation at a local level. As a result, in 2010 the Board and National Council, in conjunction with legal advisors, developed a new constitution for

membership which went out for comment in 2011. The changes are designed to make the Guild a better representative body, more responsive to members, with more frequent and coordinated activity across the country, but at the same time an organisation that, when needed, is able to make effective and quick decisions.

It is proposed that the present two-tier structure will be replaced with a more representative Board so resources can be directed throughout the country. This means there will be less focus on the wider four Divisions and more ability to connect and act locally. The document has been discussed by members at Divisional AGMs, with a final decision being made at the national Annual General Meeting in June 2011.

MEMBER BENEFITS

The Guild developed many new member benefits during 2010 that have proven very popular. These included the Focus on Eyes and Focus on Feet member marketing campaigns, the sample job descriptions, employment agreement templates, a 0800 HR Advice Line, a service user satisfaction survey, and the Helping Health Cards to assist in managing patients' health conditions. In addition, PSL has a new website and PHARMAC, not members, is now funding the public good aspects of the Guild's Pharmacode® system. This has meant the Guild will be able to better target the user pays section of the system.

2011 will be an exciting year for member benefits. New Standard Operating Procedures – which will be in line with the new Pharmacy Standard and can be used for audit purposes – will be launched. We also now have online training modules focusing on building members' professional development as business owners. These modules are interactive, available online and written by specialists in their fields.

As for the future, our vision as a member organisation is to be recognised by community pharmacy as an essential

partner. We continue to commit to ensuring members are acknowledged and valued within the wider health care sector. We remain focused on building credible relationships with people and organisations that matter – these relationships are critical in ensuring we succeed in our representational role.

We have come a long way as an organisation over the past few years. I'm proud of our achievements to date and look forward to building both our capacity and performance in representing the interests of community pharmacy in New Zealand. The professional future of pharmacy is in the hands of pharmacists – I urge members to actively enquire and develop an understanding of the issues and proposals. Provide your constructive feedback and support activities and practice that lever off our location accessibility and the established infrastructure we provide. All of this builds a compelling value proposition that, simply, cannot be ignored.

I would like to acknowledge the ongoing commitment of the Board and thank them all for their contribution. In closing, I would also like to thank Annabel and her operational team for their continued hard work, untiring commitment, resolve and focus on members' needs and interests. I look forward to building on the platform established to date, in 2011 and beyond.



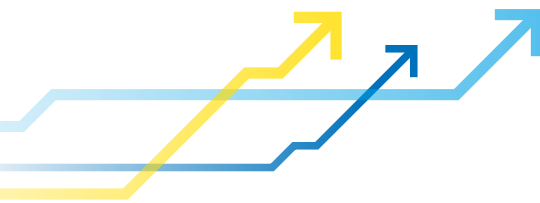
IAN JOHNSON
PRESIDENT

Pharmacy Guild of New Zealand



Chief Executive's report

In 2010, the Guild continued its focus on three streams of activity: advocating for pharmacy, especially in relation to the Pharmacy Services Agreement, improving our internal processes and improving the value provided to members.



Members have a right to expect the Guild to be managed effectively and efficiently. The internal processes have needed a lot of work and we are now in a much better position to serve our members. We have a clearer idea of our assets and income, and we are better able to manage them. We have better financial and employment processes and more stable IT systems. This allows us to provide clear reporting to the Board so they have more reliable information when it comes to setting the strategy for the organisation.

The third and fourth floors of Pharmacy House have been completely refurbished, and the lift has had a major upgrade to allow lift access to level four. This benefits all tenants, increases the value of the

building and has meant that the Guild can now rent out the second and fourth floors.

During 2010, the Guild reached an agreement with PHARMAC and the DHBs to part-fund the public good aspects of the Pharmacode® system that is used by all New Zealand pharmacies and suppliers to pharmacies. This deal has ensured that the funding by PHARMAC and the DHBs will make this unique system available for use in the NZ Universal List of Medicines. This also means that the Pharmacode® system, which has largely been funded by Guild members for many years, will now operate on a user pays basis. We are still working to improve the Pharmacode® system to maintain its position in the market.

"We need to look for ways to provide evidence of the value of community pharmacy."

The member-only activity is an essential part of the organisation. Members decide every year whether membership is a worthwhile investment and that is why we aim to consistently deliver high quality member benefits that help our members run their businesses effectively. A good example of this are the HR resources, including the HR advice line, staffed by an experienced HR professional, and templates for employment agreements and job descriptions.

Many members see our advocacy work as the most important part of the organisation. We have worked hard to build the Guild's reputation as a credible representative for community pharmacy with good working relationships in the sector. Included in this is the work on the Pharmacy Services Agreement, responding to Government discussion documents, liaising with Government, including PHARMAC, and generally being the voice of community pharmacy. This year, we have added significant resources so that we can focus on working better with these external stakeholders to improve the outcomes for patients and for pharmacy.

2010 was a big year for medicine recalls. The recalls have brought to the forefront a key issue that underlies much of the discussion about the funding of community pharmacies. During the year, Guild President, Ian Johnson, filed a case against GlaxoSmithKline (GSK) for services provided during the recall of Marevan (warfarin) 3mg tablets. GSK faxed community pharmacies a request that they provide a recall service. The Guild does not accept that the ethical

responsibilities of pharmacists place on them a burden of working without compensation. That is an extraordinary position which would apply to all health sector parties if it applied to pharmacists. It is simply unworkable. If community pharmacists had not provided this service, GSK would have had significant costs. GSK benefited from the work of community pharmacists during this recall, including our President.

We need to look for ways to provide evidence of the value of community pharmacy. The Guild's gout project in Counties Manukau, which began its journey in 2010, is a project we anticipate will provide us with good stories about the patient's journey and will help us show to the DHBs the positive impact community pharmacists can have on the lives of their patients.

Staff at the Guild enjoy working for community pharmacy. We are all committed to achieving positive outcomes for members and for the patients that you all serve. We want to thank the many members who have been in contact with us personally throughout the year.



ANNABEL YOUNG
CHIEF EXECUTIVE
Pharmacy Guild of New Zealand

2010 highlights

\$113,783

Rental income received from Pharmacy House tenants.

636

Number of members as at 9 May 2011.

\$450,389

Capital gain on the sale of 124 Dixon Street from Pharmaceutical Services Ltd to the Guild.

More than 15

Written submissions submitted on a range of relevant issues.

Consolidated surplus after tax.

\$131,700

Calls from members to the HR advice line.

100

People attended our end of year cocktail function.

Over 120

Members opted in to receive the Focus on Feet and Focus on Eyes marketing material.

Over 190



5

Pharmaceutical Services Ltd launched their new branding, their new website, and added five products to their range.

2

Leadership courses assisted members build their confidence and prove their worth within the primary health care team.

32

New members.

over 50

Media releases were sent to 248 media contacts.

80 members opted in to receive Helping Health Cards.

80

The Guild helped members manage seven medicine recalls.

7

A net dividend of \$250,000 was distributed from Pharmaceutical Services Ltd to the Guild

\$250,000

We produced 11 editions of *Contact*, six of *T & A Topics* and 51 of *Guild INTOUCH*.

51

■ BOARD OF DIRECTORS

Ian Johnson



Ian has been President of the Guild since 2008 and is the owner of Johnson's Pharmacy in Otara and Papatoetoe City Centre Pharmacy in Manukau.

President

Karen Crisp



Karen became Vice President of the Guild during 2010 and owns Wairakei Pharmacy in Christchurch.

Vice President

Board member
SOUTHERN DIVISION

Board member
NORTHERN DIVISION

Board member
MIDLAND DIVISION

Board member
NORTHERN DIVISION

Warren Leonard



Warren is the owner of New Zealand's oldest pharmacy, Wilkinson & Son Chemists Limited in Dunedin. The pharmacy has been a Guild member since 1931.

Leane Steele



Leane owns Unichem Picton Street Pharmacy in Manukau and job-shares her position on the Board with Marie Bennett.

Matthew Sherwin



Matthew has been a Board member since June 2010 and is the owner of Unichem Marshalls Pharmacy in Te Awamutu.

Ken Orr



Ken is the owner of Orrs Unichem Pharmacy Dargaville in Dargaville, Orrs Unichem Pharmacy Ruakaka in Ruakaka, Orrs Unichem Pharmacy Whangarei in Whangarei, Orrs Rust Ave Pharmacy in Whangarei and Maungaturoto Pharmacy in Maungaturoto.



Marie Bennett



Marie owns All Seasons Pharmacy in Waitakere and job-shares her position on the Board with Leane Steele.

Board member
NORTHERN DIVISION

Stuart Heberd



Stuart owns Prices Pharmacy Limited in Nelson.

Board member
CENTRAL DIVISION

Graeme Platt



Graeme has been a Board member for six years and is the owner of Platt's Pharmacy Limited in Bulls.

Board member
CENTRAL DIVISION

Kirsty Croucher



Kirsty is one of the newest Board members and owns Ngongotaha Pharmacy Limited in Rotorua.

Board member
MIDLAND DIVISION

Co-opted Board member

Alan Wham

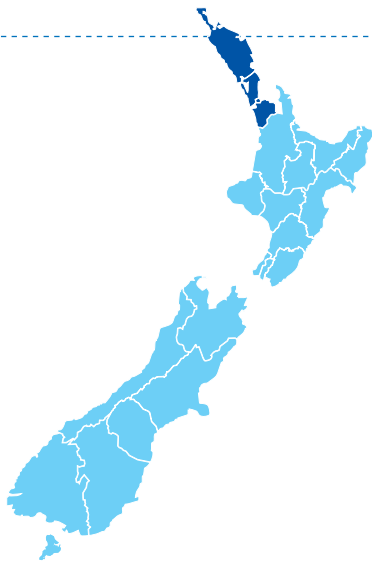


Alan is the Chief Executive of Pharmacybrands Limited and has extensive sector and business experience.

Grant Short



Grant is the owner of Medical Centre Pharmacy (Matamata), Unichem Whakatane (Whakatane) and Unichem Matamata Pharmacy (Matamata).



Northern Division

The past year has been both an interesting and challenging one for the Guild's Northern Division. We are continually reminded that pharmacy needs a voice in the health sector. To that end, we have worked hard to ensure that pharmacy has representation at all strategic meetings in the Northern region. As an example, pharmacy now has a voice at all the Greater Auckland Integrated Health Network meetings.

Medicine recalls have proved time-consuming and irritating. We are still waiting for the outcome of the GlaxoSmithKline litigation case and can only hope that common sense prevails. Pharmaceutical companies and the health bureaucracy need to compensate community pharmacists for their time and expertise during these recalls.

The proliferation of "hole in the wall" style pharmacies continues and is a major concern, especially as it appears to be far more prevalent in Auckland than the rest of the country. With the slowing job market, some pharmacists seem to think the answer lies in "buying" a job by setting up a new pharmacy in an area that is already serviced by an existing site. DHBS don't want to act on the issue and Medicines

Control currently grant a license to anyone who applies.

On a brighter note, we have had a number of successful member evenings, including a movie night, the Be Bold campaign launch and the highly anticipated Guild gout project. I would like to acknowledge the hard work of Guild HQ staff in getting this project launched.

Many thanks to all the Guild North councillors and in particular our Board of Director members Leane Steele, Marie Bennett and Ken Orr.

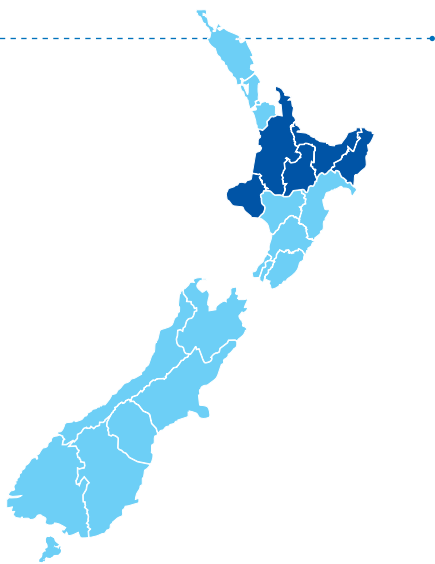
MICHAEL GUY

NORTHERN DIVISION PRESIDENT

Secretary: Susan Jelichich.

Board members: Ken Orr, Marie Bennett and Leane Steele.

Committee: Sue Talbot, Shane Heswell, Albert Jordaan, Natasha Perkovic and Sunil Kumar.



Midland Division

The practice of pharmacy in our region is generally speaking in good heart. This can often be related back to a pharmacist or group of pharmacists who work very hard for the better good of the region. The Waikato Community Pharmacy Group has been a shining example nationwide and, in some respects, makes our local Guild work that much easier.

Professional development has become very strong throughout the Waikato and Bay of Plenty region and there are often over 100 attendees at the meetings. Peer review groups (with video links) meet regularly. Sadly, Taranaki and Tarawhiti have remained distant.

At present we are debating the Guild's new constitution. I believe that to represent this area well, we need five sub groupings and regular meetings with Guild representation in these areas. This, of course, will need to be balanced against individuals' other demands but is possible if we use the technology available.

We would like to extend our thanks to our faithful secretary of many decades, Ross Needham. May your extra hours at Whangamata with your grandchildren be far more stimulating than Guild minutes!

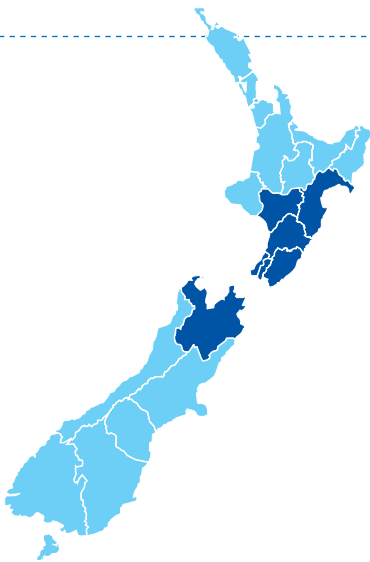
MAUREEN HORAN

ACTING MIDLAND DIVISION PRESIDENT

Secretary: Vacant.

Board members: Grant Short, Kirsty Croucher and Matthew Sherwin.

Committee: Ben Van Den Borst, Simon Hodgson, Brendan Duck, Campbell Jull, Christine Troughton, Gemma Waterhouse-Perry, Ian Edward, Kathy Jones, Rob Blackett, Richard Heslop, Paul Vester, Grant Short, Kirsty Croucher and Matthew Sherwin.



Central Division

Late last year, Tim Klingender resigned after 10 years as Central Division President. As the newly elected Secretary – and with no one else stepping up to take over the position – I took over from Tim. It marked a low point in the history of the Division.

While our Division is well represented on the Board by Graeme Platt and Stuart Heberd, has strong Guild support throughout the region, and has plenty of contact with head office staff, the Central Division still struggles to get members involved in running the Division.

The Guild head office has offered assistance to rebuild the Division and the proposed changes to our Constitution will make this easier. We have a number of things planned for the future, with more to be developed, but it will take time and a different approach.

There are many issues we need to deal with in the coming year. The latest Pharmacy Services Agreement is the most important, along with signals there are more changes to pharmacy's input into improving patient health. Overall, these are good things. This is why I am encouraging more members to become involved so they can help shape our future. This then ensures the viability of our businesses at the same time.

Central Division members, please make time to give me a hand. There isn't a lot to do but your assistance would be greatly appreciated.

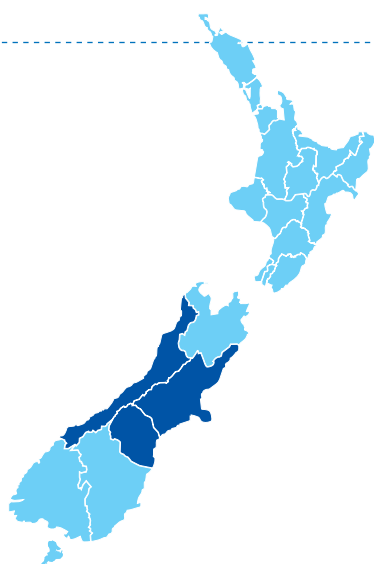
I trust that next year will provide a more positive report.

GRAEME BLANCHARD
ACTING CENTRAL DIVISION PRESIDENT

Secretary: Graeme Blanchard.

Board members: Graeme Platt and Stuart Heberd.

Committee: Tom Ward, Geoff Savell, Ant Simon, Alan Furness, Ann Privett, Bob Brady, Alistair Whyte and Dave Ross.



Southern (Canterbury) Division

Let's be honest – last year had many challenges and most people I've spoken to (prior to 22 February 2011) were glad to see the back of 2010 and were looking forward to a better year.

Early in 2010, Canterbury pharmacists were told that the Canterbury District Health Board (CDHB) was committed to a new contract, and if Canterbury pharmacy would stop charging the anticipatory charge, it would remove the final barrier to moving forward. In addition, they said they would support and promote our right to charge under the transitional contract. And in a step of good faith we believed it and went with it.

Sadly, this has not come to fruition yet. I, like many of my colleagues, have found the charging of the permitted fees almost more trouble than it's worth. Penalising customers for situations caused by their medical centre doesn't seem fair, but the value of the service we provide does need to be remunerated.

It has also not been helpful when an isolated number of Canterbury pharmacies promoted no fees and discounted prescription fees. These actions are short-sighted, antagonistic and, in my opinion, not financially sound. Not only does it go against what most of us have been trying to educate our funders about, but it creates confusion with the consumer. Pharmacy is not about "stack 'em high, sell 'em cheap". And to promote the price of our product, instead of the value of our service and advice, sends a message that we just want to be a flashy supermarket, not professional health care providers.

What Canterbury experienced on 4 September 2010 in some ways now seems like a perverse dress rehearsal for 22 February 2011. While there was no loss of life in 2010, many lessons were learned. As a profession we felt many emotions, as so many were affected. But after that fateful Tuesday moment at 12.51pm

on 22 February, the lives of many New Zealanders, both in Christchurch and the country, were changed forever. My thoughts and condolences go to those who knew someone that died that day. I found myself with a funeral to attend each day of the week. It was a truly awful experience.

The response after the quake, however, was inspirational and encouraging. Everyone that could, got stuck in for the common good. I'm so proud of my pharmacy colleagues and the strength shown by so many. Together with our friends at Pegasus, Guild HQ staff, and other pharmacists from around the country, we came to the assistance of those that were in need. And I need to acknowledge CDHB, PHARMAC and the Ministry of Health partners for creating an environment that allowed us to give the people of Christchurch the pharmacy care they needed.

From tragedy, we must look for opportunities. The model of our community is changing and our model of care will need to morph to keep in step. To a degree, the slate has been wiped clean and many will have the chance to try something new.

However, pharmacy needs to know what it wants and must be able to articulate it clearly and concisely to the decision makers, the public and our allied health professionals. It is time to stand up and be counted.

I want to acknowledge my local committee for their support and good work, and I look forward to Canterbury remaining strong.

MARK WEBSTER

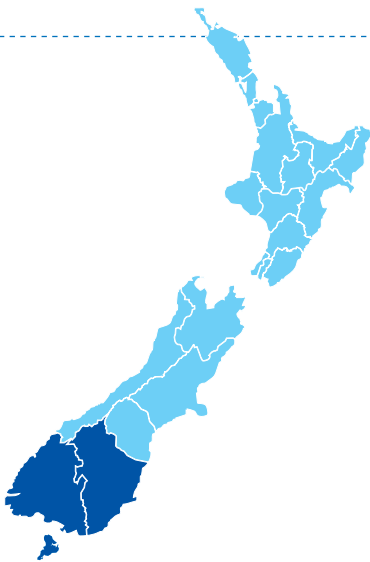
SOUTHERN (CANTERBURY) DIVISION CHAIR

Secretary: Pharmacy Guild headquarters.

Board member: Karen Crisp.

Committee: Des Bailey, Alan Bastin, Christine Bastin, Ceri Benger, Alfred Lyons, Jonathan Ram, Steve Thompson and Murray Whitteker.





Southern (Otago) Division

I am pleased to be able to write what is possibly my final report as Chair of the Southern (Otago) Division. This has been a very hard year for my pharmacy colleagues in Canterbury. As medicine controllers, part of our role is to be included in Civil Defence plans. We have annual meetings in Dunedin with the City Council Civil Defence team and I urge my colleagues to attend these meetings when they are held in their respective regions.

The Dunedin Pharmacy Club operated as usual with good guest speakers, including David Young (Dermatologist), Chris Gale (Clinical Psychologist), Fiona McCrimmon (Lawyer), John Highton (Rheumatologist) and Murray Skeaff (Nutritionist).

We have also elected a spokesperson, Paul Larson, to speak to the media on behalf of all Otago community pharmacists. Paul is the owner of Larson's Pharmacy, is on the Board of the Pharmaceutical Society, and Urgent Pharmacy, and sits on the local Guild committee.

Pharmacy is still a hard road and seems to get harder each year. If it is not one thing affecting pharmacy's viability, then it's another, and traditional income from dispensing cannot be relied on. Competition for market share on retail pharmacy has gradually eroded away to supermarkets that have shown growth in traditional pharmacy products.

I wish the Guild all the best in looking after pharmacy's best interests in the future.

LLOYD KAN

SOUTHERN (OTAGO) DIVISION CHAIR

Secretary: Ross Alexander.

Board member: Warren Leonard.

Committee members: Nicola Wilde, Keith Newton, Paul Larson, Jenny Flack, David Lai, Mary Stephen, Gavin Chin, Chris London, Kevin Kuch and Andrew Houl.

financial reports



PAGE	22	Statement of responsibility
	23	Independent Auditor's report
	24	Statement of financial performance
	25	Statement of financial position
	26	Statement of cash flow
	27	Notes to the financial statements
	34	Minutes of the 2010 Annual General Meeting

Pharmacy Guild of New Zealand (Inc)

STATEMENT OF RESPONSIBILITY

for the year ended 31 December 2010

The Board is responsible for the maintenance of adequate accounting records and the preparation and integrity of the annual financial statements and related information. The independent external auditors, CST Nexia Audit, have audited the annual financial statements and their report appears on page 23.

The Board is also responsible for the systems of internal control. These are designed to provide reasonable but not absolute, assurance as to the reliability of the financial statements, and to adequately safeguard, verify and maintain accountability for assets, and to prevent and detect material misstatements. Appropriate systems of internal control have been employed to ensure that all transactions have been executed in accordance with authority and correctly processed and accounted for in the financial statements. The systems are implemented and monitored by suitably trained personnel with an appropriate segregation of authority and duties. Nothing has come to the attention of the Board to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

The financial statements are prepared on a going concern basis. Nothing has come to the attention of the Board to indicate that the Guild will not remain a going concern in the foreseeable future.

In the opinion of the Board members:

- the statement of financial performance is drawn up so as to give a true and fair view of the surplus of the Guild for the financial year ended 31 December 2010;
- the statement of cash flow is drawn up so as to give a true and fair view of the cash flows of the Guild for the financial year ended 31 December 2010;
- the statement of financial position is drawn up so as to give a true and fair view of the state of affairs of the Guild as at 31 December 2010;
- there are reasonable grounds to believe that the Guild will be able to pay its debts as and when they fall due.

For the Board on 13 April 2011.



IAN JOHNSON
President



INDEPENDENT AUDITOR'S REPORT

To the members of the Pharmacy Guild of New Zealand (Inc)

Report on the consolidated financial statements

We have audited the consolidated financial statements of the Pharmacy Guild of New Zealand (Inc) on pages 24 to 33 and its subsidiary, which comprise the statement of financial position of the Pharmacy Guild of New Zealand (Inc) and the consolidated statement of financial position as at 31 December 2010, and their statement of financial performance, statement of movements in members' funds and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Board members' responsibility for the consolidated financial statements

The Board members are responsible for the preparation of consolidated financial statements in accordance with generally accepted accounting practice in New Zealand and that give a true and fair view of the matters to which they relate, and for such internal control as the Board determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view of the matters to which they relate in order to design audit procedures that are appropriate to 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, as well as evaluating the presentation of the consolidated financial statements.

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

Other than in our capacity as auditor we have no relationship with, or interest in, the Pharmacy Guild of New Zealand (Inc) or its subsidiary.

Opinion

In our opinion, the consolidated financial statements on pages 24 to 33:

- comply with generally accepted accounting practice in New Zealand;
- give a true and fair view of the financial position of the Pharmacy Guild of New Zealand (Inc) and the group as at 31 December 2010 and their financial performance and cash flows for the year then ended.

CST Nexia Audit

CST NEXIA AUDIT

Chartered Accountants
Manukau City
13 April 2011

STATEMENT OF FINANCIAL PERFORMANCE
for 12 months to 31 December 2010

	Note	PHARMACY GUILD		CONSOLIDATED	
		2010	2009	2010	2009
		\$	\$	\$	\$
INCOME					
Members' subscriptions		2,083,581	2,167,367	2,083,581	2,167,367
Interest		40,474	59,553	96,109	117,422
Rent		93,942	32,540	113,783	110,444
Dividend from PSL		250,000	152,474	-	-
Other income	2	381,679	534,586	835,225	801,366
		2,849,675	2,946,520	3,128,698	3,196,599
EXPENDITURE					
Advocacy and negotiation	3	(700,221)	(601,768)	(700,221)	(601,768)
Council		(271,144)	(323,033)	(271,144)	(323,033)
Promotion		(371,971)	(407,224)	(371,971)	(407,224)
Training		(38,539)	(15,000)	(38,539)	(15,000)
Administration		(1,201,284)	(1,269,708)	(1,527,597)	(1,526,063)
		(2,583,158)	(2,616,733)	(2,909,472)	(2,873,088)
SURPLUS/(DEFICIT) BEFORE TAX		266,517	329,787	219,226	323,511
Income tax	4	(24,746)	(106,845)	(87,526)	(99,267)
SURPLUS/(DEFICIT) AFTER TAX		241,771	222,942	131,700	224,244

STATEMENT OF MOVEMENTS IN MEMBERS' FUNDS
for 12 months to 31 December 2010

	PHARMACY GUILD		CONSOLIDATED	
	2010	2009	2010	2009
	\$	\$	\$	\$
Balance from prior year	2,369,527	2,146,585	2,916,620	2,692,376
Net surplus/(deficit) for the year attributed to:				
Guild operational fund	241,771	222,942	105,188	120,783
Subsidiary operational fund	-	-	139,930	103,461
Pharmacy information fund	-	-	-	-
Pharmacy care sale fund	-	-	-	-
Pharmacy Xpo sale fund	-	-	-	-
Total recognised income and expenditure	241,771	222,942	245,118	224,244
MEMBERS' FUNDS	2,611,298	2,369,527	3,161,738	2,916,620

The notes attached form part of these accounts.

STATEMENT OF FINANCIAL POSITION
as at 31 December 2010

	Note	PHARMACY GUILD		CONSOLIDATED	
		2010	2009	2010	2009
		\$	\$	\$	\$
MEMBERS' FUNDS					
Guild operational fund		1,840,218	1,598,448	1,533,993	1,485,030
Subsidiary operational fund	5	-	-	856,666	660,510
Pharmacy information fund	5	73,627	73,627	73,627	73,627
Pharmacycare sale fund	5	210,791	210,791	210,791	210,791
Pharmacy Xpo sale fund	5	486,662	486,662	486,662	486,662
		2,611,298	2,369,528	3,161,738	2,916,620
CURRENT ASSETS					
Cash and deposits		580,976	1,493,957	2,356,209	2,628,820
Divisional funds		183,981	-	183,981	-
Accounts receivable		101,843	89,359	361,469	391,917
Tax refundable		-	-	-	-
Sundry debtors		16,712	77,759	68,355	93,896
Inventories		-	-	34,906	33,542
Goods and services tax		32,256	50,618	18,063	38,950
Guild current accounts		-	105,094	-	-
		915,768	1,816,787	3,022,982	3,187,125
CURRENT LIABILITIES					
Accounts payable		(215,509)	(336,311)	(466,958)	(598,741)
Funds held on behalf of Divisions		(183,981)	-	(183,981)	-
Provision for tax	4	(22,719)	(12,973)	(55,556)	(16,478)
Guild current accounts		(77,531)	-	-	-
Unclaimed gift vouchers	8	-	-	(899,630)	(949,260)
		(499,740)	(349,284)	(1,606,125)	(1,564,479)
NET CURRENT ASSETS		416,028	1,467,503	1,416,857	1,622,646
NON CURRENT ASSETS					
Investments		-	-	-	-
Property plant & equipment	6	2,195,270	902,025	1,744,881	1,293,974
TERM LIABILITY		-	-	-	-
NET ASSETS		2,611,298	2,369,528	3,161,738	2,916,620

The notes attached form part of these accounts.
For the Board on 13 April 2011



President



Vice President

■ FINANCIAL REPORTS

STATEMENT OF CASH FLOW for the year ending 31 December 2010

	PHARMACY GUILD		CONSOLIDATED	
	2010	2009	2010	2009
	\$	\$	\$	\$
FROM OPERATING ACTIVITIES				
Cash was provided from :				
Subscriptions, ownership levy & other income	2,095,391	2,727,473	4,361,081	4,936,806
Interest received	40,474	59,553	96,109	117,422
Dividend from Pharmaceutical Services Ltd	-	102,159	-	-
Cash was applied to :				
Taxation	(15,000)	(32,924)	(48,448)	(114,809)
Interest paid	-	-	-	-
Suppliers and employees	(2,562,924)	(2,491,339)	(4,210,430)	(4,543,418)
Net cash from operating activities	(442,059)	364,922	198,311	396,001
FROM INVESTING ACTIVITIES				
Cash was provided from :				
Sale of equipment	-	3,501	-	15,934
Gift voucher investments	-	-	-	-
Cash was applied to :				
Purchase of equipment, software and building alterations	(470,922)	(197,159)	(470,922)	(197,159)
Investments	-	-	-	-
Net cash from investing activities	(470,922)	(193,658)	(470,922)	(181,225)
Net increase/(decrease) in cash held	(912,981)	171,264	(272,612)	214,776
Cash balance from last year	1,493,957	1,322,693	2,628,820	2,414,043
CURRENT CASH BALANCE	580,976	1,493,957	2,356,208	2,628,820

RECONCILIATION OF INCOME TO NET CASH FROM OPERATING ACTIVITIES for 12 months to 31 December 2010

Surplus/(deficit) after tax	241,771	222,942	131,700	224,244
ADJUST FOR:				
Depreciation	122,678	76,751	133,433	97,791
Gain /(loss) on disposal of assets	-	-	-	(1,744)
NET WORKING CAPITAL MOVEMENTS				
Accounts receivable & sundry debtors	48,563	3,613	55,993	(39,557)
Guild current accounts	(762,375)	(96,610)	-	-
Inventories	-	-	(1,364)	2,381
Goods & services tax	18,361	(42,232)	20,887	(40,269)
Accounts payable	(120,803)	187,484	(131,786)	254,591
Unclaimed gift vouchers	-	-	(49,630)	(85,893)
Provision for tax	9,746	12,973	39,078	(15,542)
NET CASH FROM OPERATING ACTIVITIES	(442,059)	364,922	198,311	396,001

The notes attached form part of these accounts.

Notes to the financial statements for the year ending 31 December 2010

1. Statement of accounting policies

Reporting entity

The Pharmacy Guild of New Zealand (Inc) is a voluntary organisation representing the interests of community pharmacies in New Zealand. It is constituted under the Incorporated Societies Act 1908.

The consolidated financial statements comprise the Pharmacy Guild and its wholly owned company, Pharmaceutical Services Ltd (PSL).

Measurement base

The accounting principles recognised as appropriate for the measurement and reporting of financial performance, cash flows and financial position on a historic cost basis are followed in the preparation of the financial statements.

The financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP).

Reporting framework

These financial statements have been prepared under the existing New Zealand Financial Reporting Standards Framework, which is one of the two frameworks for generally accepted accounting practice currently available to be applied in New Zealand for qualifying small entities. The other framework for generally accepted accounting practice is "New Zealand Equivalents to International Financial Reporting Standards", (NZ IFRS). The timeline and criteria applicable to small entities and incorporated societies for mandatory conversion to NZ IFRS is yet to be announced by the Accounting Standards Review Board.

Accounting policies

Basis of consolidation

Using the purchase method, corresponding assets, liabilities, revenues and expenses are added together on a line by line basis. All significant transactions between the Pharmacy Guild and PSL are eliminated upon consolidation.

Income recognition

Revenue from member subscriptions is recognised when invoiced. Income from investment in unit trusts is recognised when received.

Taxation

Income tax expense is based on the net surplus for the year after allowance for permanent differences. The Group uses the liability method of accounting for income tax expense. No provision has been made to deferred taxation due to there being no material timing differences.

Accounts receivable

Accounts receivable are recorded at their estimated realisable value after providing for doubtful and uncollectable debts.

Goods & services tax

The statement of financial performance has been prepared so that all components are stated exclusive of GST. All items in the statement of financial position are stated net of GST, with the exception of the receivables and payables, which include GST invoiced.

Inventories

Inventory held for sale is valued at the lower of cost, determined on a first in first out basis, or net realisable value.

Property plant & equipment

Assets are stated at cost less accumulated depreciation.

Depreciation is not charged on land. All other assets are depreciated at rates that will write off the cost, less estimated

residual value, over the life of the asset. The rates in use are:

Building.....	2.0%	straight line
Office alterations.....	12.5%	straight line
Furniture	20.0%	straight line
Computers, software ...	20.0-33.3%	straight line

Investments

Investments are recorded at cost.

Differential reporting

The Pharmacy Guild qualifies for differential reporting as it is small and not publicly accountable. Accordingly, it has taken advantage of all differential reporting exemptions allowed under the Framework for Differential Reporting, except for FRS 19 Accounting for Goods & Services Tax with which it has complied fully.

Statement of cash flow

The following are the definitions of the terms used in the statement of cash flows:

Operating activities include all transactions and other events that are not investing or financing activities.

Investing activities are those relating to the acquisition, holding and disposal of assets and investments. Investments can include securities not falling within the definition of cash.

Financing activities are those that result in changes in the size and composition of the capital structure. This includes both equity and debt not falling within the definition of cash.

Donated services

The work of the Guild is dependent on the voluntary service of many members – the value of which is not recognised in these statements.

Changes in accounting policies

There are no changes in accounting policies.

2. Other income

	PHARMACY GUILD		CONSOLIDATED	
	2010	2009	2010	2009
	\$	\$	\$	\$
Advertising	8,980	12,975	8,980	12,975
Sponsorship	3,000	8,000	3,000	8,000
Management fees	306,226	308,160	-	-
Commission	46,686	16,017	51,371	17,307
Pharmacode®	-	171,887	180,050	171,887
Miscellaneous income	16,787	17,547	17,077	16,846
Other subsidiary income	-	-	574,747	574,351
	381,679	534,586	835,225	801,366

A Pharmacode® End User License Agreement was signed between PHARMAC and PSL during the year. The agreement specified that “PSL has developed and is the owner and operator of the Pharmacode® system”. Therefore, the transactions relating to Pharmacode® is now accounted for in PSL.

3. Expenditure

	PHARMACY GUILD		CONSOLIDATED	
	2010	2009	2010	2009
	\$	\$	\$	\$
Includes the following items:				
Audit fees – CST Nexia	9,000	9,000	14,000	14,000
Audit fees – Other	-	6,650	-	7,150
Bad debts	13,816	94,830	13,189	94,830
Councillor fees	123,080	99,148	123,080	99,148
Council support costs	148,064	223,885	148,064	223,885
Depreciation	122,678	76,751	130,191	99,268
Operating leases	14,893	21,682	14,893	21,682
Staff costs	1,167,882	1,033,313	1,167,882	1,033,313

The operating lease cost above is net of direct recoveries for use of a telephone system.

Future commitments for operating leases are:

	2010	2009
	\$	\$
Current	15,895	28,042
Non Current	27,130	23,199
	43,025	51,241

4. Taxation

	PHARMACY GUILD		CONSOLIDATED	
	2010	2009	2010	2009
	\$	\$	\$	\$
Income tax expense				
Net surplus before tax	266,516	329,787	219,226	323,511
Less non-taxable income	(2,083,582)	(2,168,850)	(2,083,582)	(2,168,850)
Add expense relating to non-taxable income	2,214,282	2,095,790	2,214,282	2,095,790
Less dividend (fully imputed)	(250,000)	(152,474)	-	-
Less exemption	(1,000)	(1,000)	(1,000)	(1,000)
	146,216	103,253	348,926	249,451
Tax at 30%	43,865	30,976	104,678	74,835
Adjust for timing difference	(19,119)	19,119	(17,152)	17,998
Prior year	-	6,434	-	6,434
Total tax expense	24,746	56,529	87,526	99,267
Current tax				
Opening balance	12,973	(10,633)	16,478	32,020
Charge for the year	24,746	56,529	87,526	99,267
Net payments made	(15,000)	(32,923)	(48,448)	(114,809)
Closing balance	22,719	12,973	55,556	16,478

In 2010 year, dividend income and income tax expense were both stated at net of imputation credits.

5. Special funds

Subsidiary operational fund \$856,666

The reserve is the Pharmacy Guild's equity in PSL.

Pharmacy Information Fund \$73,627

In 1997 the Guild was in dispute with the Regional Health Authority over contract interpretation that went to mediation. As a result the Guild was paid \$262,500 in settlement.

In 2002, with the ownership of pharmacies under threat by proposed legislation, part of the fund was used in a campaign to preserve the current status.

The balance of the fund is now held for special projects.

Pharmacycare sale fund \$210,791

The fund arises from the sale of the Pharmacycare brand in 1998 to concentrate on the generic promotion of community pharmacy.

Pharmacy Xpo sale fund \$486,662

In 2001 the Guild sold the rights to Pharmacy Xpo for the sum of \$400,000.

This fund is held to cover contingency and special projects.

6. Property plant & equipment

	2010 Cost	2010 Depn Charge	2010 Accum Depn	2010 Book Value	2009 Cost	2009 Depn Charge	2009 Accum Depn	2009 Book Value
	\$	\$	\$	\$	\$	\$	\$	\$
PHARMACY GUILD								
Land	245,871	-	-	245,871	95,871	-	-	95,871
Building	1,849,904	46,616	251,629	1,598,275	698,261	14,902	205,012	493,249
Office alterations	439,353	21,087	273,253	166,100	272,343	9,092	252,166	20,177
Office alterations in progress	-	-	-	-	134,985	-	-	134,985
Furniture	338,402	33,632	203,698	134,704	297,085	25,883	170,697	126,388
Vehicles	-	-	-	-	-	-	-	-
Computers	342,333	21,342	292,013	50,320	354,022	26,873	322,667	31,355
	3,215,863	122,678	1,020,593	2,195,270	1,852,567	76,750	950,542	902,025

	2010 Cost	2010 Depn Charge	2010 Accum Depn	2010 Book Value	2009 Cost	2009 Depn Charge	2009 Accum Depn	2009 Book Value
	\$	\$	\$	\$	\$	\$	\$	\$
CONSOLIDATED								
Land	165,871	-	-	165,871	165,871	-	-	165,871
Building	1,479,515	46,616	251,629	1,227,886	1,077,344	24,752	273,097	804,247
Office alterations	439,353	21,087	273,253	166,100	302,343	12,217	278,727	23,616
Office alterations in progress	-	-	-	-	134,985	-	-	134,985
Furniture	338,402	33,632	203,698	134,704	297,085	25,883	170,697	126,388
Vehicles	-	-	-	-	-	1,477	-	-
Computers & software	443,340	28,855	393,020	50,320	455,029	34,939	416,162	38,867
	2,866,482	130,191	1,121,601	1,744,881	2,432,657	99,268	1,138,683	1,293,974

The land and buildings (including office alterations/floor coverings) were sold by PSL to the Pharmacy Guild of New Zealand at market value on 31 March 2010.

7. Subsidiary company

Pharmaceutical Services Ltd

	2010	2009
	\$	\$
SALES	2,292,051	2,382,216
Profit before taxation	653,099	146,198
Tax expense	(62,780)	(42,737)
Profit after tax	590,319	103,461
Equity from prior year	660,510	659,208
Dividend paid	(250,000)	(102,159)
Shareholder equity	1,000,829	660,510
WORKING CAPITAL		
Cash & deposits	1,775,234	1,134,863
Accounts receivable	388,798	318,695
Inventory	34,905	33,542
Creditors	(298,479)	(382,696)
Unclaimed gift vouchers	(899,630)	(949,260)
	1,000,829	155,144
Property & equipment	-	505,366
Net assets	1,000,829	660,510

The company is a niche marketer of goods and services to pharmacies.

8. Unclaimed gift vouchers

	2010	2009
	\$	\$
Opening balance	949,260	1,035,153
Additional/reduced provision	(23,175)	(15,374)
	926,085	1,019,779
Gift voucher writeoff	(26,455)	(70,519)
Closing balance	899,630	949,260

The reduced provision reflects the net decrease in unclaimed gift vouchers for the year. There is a high level of uncertainty relating to the timing of when unclaimed gift vouchers are redeemed.

9. Related party transactions

a) The Pharmacy Guild of New Zealand (Inc), as sole shareholder of the company, provides management services. All transactions between the parties were conducted at arms length. The following charges were made during the year:

	2010 \$	2009 \$
Management fee charges	306,226	308,160
General office charges	102,176	41,833
Occupancy charges	32,137	32,111

b) The land and buildings were sold from PSL to the Pharmacy Guild of New Zealand at market value on 31 March 2010.

c) A Pharmacode® End User License Agreement was signed between PHARMAC and PSL during the year. The agreement specified that "PSL has developed and is the owner and operator of the Pharmacode® system". Therefore, the transactions relating to Pharmacode® is now accounted for in PSL.

d) Disclosure of interests by Directors

Related party		Relationship	Type of transaction
Platts Pharmacy	G S Platt	Director & Shareholder	Sales
Pharmacy Wholesalers (Central) Ltd	G S Platt	Director	Sales
Wilkinson & Sons Chemists	W B Leonard	Director & Shareholder	Sales
Manaia Health Pho Ltd	K A Orr	Director	Sales
Pharmacybrands Ltd	K A Orr	Director & Shareholder	Sales
Dodds Maungaturoto Pharmacy Ltd	K A Orr	Director & Shareholder	Sales
Orrs Rust Ave Pharmacy	K A Orr	Director & Shareholder	Sales
Orrs Pharmacies	K A Orr	Director & Shareholder	Sales
Orrs Kaipara Pharmacies	K A Orr	Director & Shareholder	Sales

10. Councillor expenses

		Remunerations (Honorariums/ fees/locums) \$	Travel Expenses (flights/meals/ accom) \$
M Bennett	Job share	7,356	4,105
C Comins	National Council only	1,728	620
K Crisp	Vice President	13,539	8,929
K Croucher	Part year	9,288	3,683
M Guy	National Council only	-	1,550
S Hebbard		14,009	1,652
I Johnson	President/PSA team	112,776	22,391
L Kan	National Council only	560	917
T Klingender	National Council only	720	479
W Leonard	PSL Director	14,387	3,075
K Orr	PSL Director/PSA team	12,855	10,916
G Platt	PSL Director/PSA team	13,298	1,087
O Roberts	Part year	5,625	1,264
M Sherwin	Part year	6,537	2,160
G Short	PSA team	9,688	11,610
L Steele	Job share	8,494	3,195
M Webster	National Council only	543	372
A Wham	Part year	3,750	918
Board/AGM and other expenses		-	33,795
		235,154	112,719

11. Divisional funds

Divisional funds represent bank balances held on behalf of divisional offices and divisional fees collected on their behalf. Balance held on behalf of each individual office is separately identifiable in the Guild's accounts.

As at the balance date, the Guild holds the following divisional funds:

Division funds	2010 \$
Central	136,486
Northern	4,987
Midland	9,840
Otago	33,481
Canterbury	(813)
	183,981

12. Capital commitments

As at 31 December 2010, the Pharmacy Guild has capital commitments with an estimated value of \$28,000 (2009: \$86,000) relating to the upgrade of Pharmacy House.

Minutes of the 2010 Annual General Meeting

Held at the Cophorne Hotel, 776 Colombo Street, Christchurch, on Tuesday 22 June 2010 at 6.10pm.

1. Welcome

The President welcomed everyone to the meeting, saying he was delighted to be meeting in Christchurch. He thanked local Board members and others for organising the meeting. He acknowledged sponsors – ADT and Markhams.

2. Apologies

John Sutton, Nigel Matsis, Alan Alabaster Paul Watt, Amberley Pharmacy Ltd, Amcal Kendal Pharmacy, Simon Mortimer, Amcal Victoria Square Pharmacy, Doug Chapman, Bealey Pharmacy (1986) Ltd, Keith Meyer, Stavely Street Pharmacy Ltd, Blair Murray, Ewart Douglas Pharmacy, Grant Kilday, Ian Shaw, Scott Kilday, Charles Powell, Philippa Wyatt-Jones, Brian Hanlon, Warwick Kerr, Malcolm Pearce, Lesley Robertson, Robert Fenwick, Alison Cowie, Michael Collins, Paula Mouat, Keith Elliot, Ian Leighton, Daryl Saver, Greg Knight, Jennifer Hastings, Lisa Wallace, Grant Hartley, Philip A. Meyer, Derek Tingey, Donna Robert, Lyn Goddard, Paul Arthur Vester, Justin Ng, Carol Miller, Robin Norvill, Simon Church, Richard PERHAM, Lorraine Fletcher, Dale Griffiths, Unichem Whakatane, Unichem Whakatane, Michelle Allen, Graeme Blanchard, Jenny Flack, Peter Church, Lynne Dunlop, Peter Akester, Murray Pearce, Sunil Kumar, Steve Thompson, Grant Hartley and Maureen Anne Horan.

3. Time to remember deceased members

Those present stood in silence for a minute as a mark of respect to Guild members who had died during the year.

4. Minutes of the previous Annual General Meeting

The minutes of the 2009 Annual General Meeting were taken as read.

That the minutes of the Annual General Meeting held on 23 June 2009 be accepted as a true and correct record of the meeting.

Grant Short / Leane Steele
CARRIED

5. Matters arising

There were no matters arising that were not covered elsewhere on the agenda.

6. President's address

The President spoke to his written report, as follows:

I am constantly reminded of how diverse New Zealand pharmacy is. There is a pharmacy in every community, and those communities are wide and various – urban, rural, Polynesian, elderly and Asian. Therefore, getting the correct representational model is critical. You do not get good outcomes from bad governance, yet there is no perfect governance model. Governance is about making sure you hear from all, and that you develop a consensus, a middle view, which is always challenging. The Pharmacy Guild is committed to good governance in all respects. Getting good governance right means you are empowered in your mandate to represent and that is most powerful in influencing planning and funding decisions.

In my presidency, I am committed to understanding members' expectations better and getting the best possible deal in the Pharmacy Services Agreement. However, we have to remain reactive to what happens day to day – the most recent example being the unprecedented level of patient medicine recalls. I am proud of the way in which pharmacy has efficiently and effectively responded to that and we are addressing the commercial aspects of that.

Good governance around that is about taking a longer-term planning view and getting that right.

Recently, I addressed a work force forum and was asked my vision of pharmacy by 2014. I believe that community pharmacy in New Zealand is essentially a public/private partnership and that is crucial to the success of delivering health. It capitalises on the innovation of pharmacy proprietors because of their personal investment, but there are commercial realities around that. Nearly 80% of New Zealand pharmacists work in community pharmacies.

I acknowledge the significant funding pressures New Zealand finds itself in. The most recent Budget was delivered in probably the most difficult financial circumstances for generations, yet in that Budget health got nearly half of the new spending. So the message is that health is politically important. The DHBs are under a ministerial directive to pull \$23 million out of their budget forecasts and pharmacy is part of that.

Pharmacists are custodians of medicines and their use. They need to look at transforming their practice and how they operate towards a more patient-focused approach – in other words, move away from the traditional approach to dispensing and a likely fundamental reconfiguration of our professional practice. Equally, with low-cost medicines in New Zealand the future gain for funders is in "accuracy of use" of those medicines – and there is plenty of evidence around how poorly those medicines are being used. Adherence is their domain and they need to embed the underlying principles of Medicines Use Reviews into their daily practice.

Taking ownership of the medicines management space is essential for the profession to succeed. Medicines do not work in people who do not take them and pharmacists have to take some responsibility for ensuring this happens because it empowers them. Medicines management complements our core

dispensing role as it is a vital tool in combating the increasing burden of chronic disease and also lowers health costs for any public investor. In these challenging financial times, which will not go away in a minute, improving the accuracy of service would deliver significant health gains at a low margin cost.

The Guild has invested heavily in improving the public's understanding of what and how they perceive pharmacists' professional role. This is about looking each day at what you do in your pharmacy and at improving the average pharmacy experience for patients as they come in. Community pharmacists need to be empowered to improve patient outcomes by capitalising on the opportunities that present daily when patients present their prescriptions. So medicines management, accuracy, and improved services are ways of doing that. There are others. Continuation prescribing offers great future potential.

We have not yet got too involved in health promotion, yet pharmacy offers funders a logical choice for targeting messages to populations that are not currently engaged. E-health will be part of the future as it is a Government priority. Certainly the Guild is looking to ensure that community pharmacy is a key stakeholder in those discussions.

Change is inevitable. The evolution of community pharmacy is a global phenomenon and already under way. They have to make sure they are on the front foot and influencing those changes as much as possible, rather than having the changes imposed on them.

The Government will never be able to escape the financial position it finds itself in, which means it will be more accurate in the way it targets funding of health. Community pharmacists support the socio-economic targeting of health spending by the Government.

The strength of the Guild will be a major factor in the long-term success of the

profession and the Guild is the only organisation with the resources necessary to represent community pharmacy effectively. That is becoming clearer in the Pharmacy Services Agreement process. When I became President, I did so because I wanted to facilitate change within the organisation, to become a different organisation to respond to the challenges. I was proud of the achievements made in the past two years and the Guild is now in a much better position to deliver on members' expectations. However, there is still a lot of work to do.

Nevertheless, a strong Guild cannot be achieved by the efforts of individuals or solely by Guild Headquarters in Wellington. It is only through active member involvement are they empowered to engage on their behalf. I strongly encourage everyone to get involved in the Guild and its affairs, both locally and nationally. The solidarity of the profession gives power and mobilisation and that mobilisation drives the public groundswell of support that underpins political influence.

2008 was a year of rebuilding, so 2009 was a year of consolidation. It was dominated by the Pharmacy Services Agreement process, and also by the global financial crisis, which was an unfortunate and unavoidable backdrop. We went into those discussions facing some considerable commercial risks, none more evident than what the Irish pharmacists felt when their Government introduced emergency legislation that cut funding to them by 30%.

The Guild's strategy is focused on building relationships and enhancing its reputation with the Government, politicians, and public servants, and their long-term approach to that was already paying dividends.

The profile of community pharmacy has also improved due to the increased exposure in national media – for instance, the full-page advertisement in the main

daily newspapers in November. It was targeted at planners, and I know that the message got through.

Internally, the Guild continued to focus on improving management and reporting processes. Its finances remain sound, and it is enhancing the return on assets, which includes the refurbishment of the Guild headquarters to increase tenant space and rental income.

I thank all members for their continued support without which the Guild would not exist. I especially appreciate the work done by the Board and the divisional chair-people and I look forward to an effective and productive year ahead. I thank the Chief Executive and her team for their hard work and commitment to improving the place of community pharmacy in New Zealand.

That the President's Report be accepted.

Ian Johnson / Warren Leonard
CARRIED

7. Presentation of life membership to Richard Heslop

The President said he had always been empowered by the people he came across and their passion, and none more so than Richard Heslop. It gave him great delight to award Richard the Guild's highest honour – life membership. The President read the citation and invited Richard to accept the award.

In accepting the life membership, Richard said that it was an honour and, he supposed, a recognition of what he had done over a number of years. He acknowledged the help and support of many people, first and foremost his wife Sue, also his business partner. He thanked his pharmacy colleagues, particularly in the Waikato, and Guild pharmacists up and down New Zealand. He had enjoyed the journey. His comments were greeted with applause.

8. Farewell to retiring Board members

The President acknowledged the contribution of two retiring Board members – Owen Roberts and Grant Short. He thanked them for their contributions and presented each with a gift. He welcomed new Board members Kirsty Croucher and Matthew Sherwin.

9. Financial report

The President presented the finance report for the year ended 31 December 2009 for both the Guild and Pharmaceutical Services Limited.

That the Finance Report and Audited Accounts be accepted.

Owen Roberts / Tim Klingender
CARRIED

10. Appointment of Auditors

The President said that auditors had been changed during the year. He recommended that CST Nexia be reappointed.

That CST Nexia be reappointed as auditors for the coming year.

Grant Short / Leane Steele
CARRIED

11. Fees for coming year

That there be no change in fees for the coming year.

Warren Leonard / Stuart Hebbard
CARRIED

12. Representatives on the Board

In accordance with Rule 6.2, the following representatives, as advised from the Divisions, were noted:

Ken Orr – Northern Division

Marie Bennett / Leane Steele – Northern Division

Kirsty Croucher – Midland Division

Matthew Sherwin – Midland Division

Graeme Platt – Central Division

Stuart Hebbard – Central Division

Warren Leonard – Southern Division

Karen Crisp – Southern Division

13. Election of President and Vice-President

The re-election of Ian Johnson as President was noted. The election of new Vice-President, Karen Crisp, was noted.

14. Remits

14.1 Political campaign

That this meeting approve the Guild commencing a political campaign to allow pharmacists to charge where the Government subsidy does not meet the full cost of providing the subsidised service.

Grant Short / Mark Webster
CARRIED

15. General business

15.1 Collection of information

Grant Short said that the information coming out of DHBs in relation to close control was not reliable. Therefore, he was collecting non-identifying information from peoples' computers and analysing the data. He would return results to members with the aggregated data for the country. He asked for members' support in this.

The meeting adjourned at 7.05pm and dinner was served.

15.2 Guest speaker at dinner

New Zealand Herald columnist Fran O'Sullivan addressed members.



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