

Managing transfers in pharmacy ownership

(Report 4: 2018–19).
Tabled 28 September 2018.

Slide 1: Welcome

This presentation summarises our audit report on Managing transfers in pharmacy ownership. Please note that this is a summary. The full report can be read on our website.

Slide 2: Audit objective

The objective of this audit was to assess whether the Department of Health ensures transfers in pharmacy ownership comply with the requirements of the *Pharmacy Business Ownership Act 2001* (the Act).

Slide 3: How did the audit come about?

In May 2018, the Auditor-General agreed to assist a parliamentary inquiry being conducted by the Health, Communities, Disability Services and Domestic and Family Violence Prevention Committee, titled 'Inquiry into the establishment of a pharmacy council and pharmacy ownership in Queensland'.

Other entities such as the Queensland Productivity Commission also assisted with relevant elements of the inquiry.

Queensland Audit Office's role was to conduct a reasonable assurance audit over the transfers of pharmacy ownership since January 2016 within Queensland.

For more information about the parliamentary inquiry, visit the below website:
www.parliament.qld.gov.au/work-of-committees/committees/HCDSDFVPC

Slide 4: How is pharmacy ownership regulated?

The *Pharmacy Business Ownership Act 2001* regulates the transfers of pharmacy ownership by limiting:

- ownership of pharmacies to pharmacists or a combination of pharmacists and their relatives only
- the number of pharmacies each pharmacist or entity can own
- the control of pharmacies to pharmacists only.

The Queensland Department of Health has responsibility for administering the *Pharmacy Business Ownership Act 2001*.

Slide 5: What we found

Our key findings included:

- the department's database for managing the transfers is not fit for purpose
- all transfers of pharmacy ownership involved registered pharmacists. However, insufficient information exists to assess any proprietary interest in pharmacies involving other commercial arrangements
- that there were no individual pharmacists listed in the department's database as owning more than five pharmacies in Queensland. However, we identified the potential for undeclared ownership
- we did not find any individual pharmacists listed in the department's database owning more than five pharmacies in Queensland. But the department has not thoroughly tested whether pharmacists have ownership interests in more pharmacies than the Act allows through corporate structures

Slide 6: What we found

- we were also unable to determine whether certain arrangements were void because there were insufficient documents in the department's pharmacy files
- the department is taking a reactive approach to monitoring and enforcing compliance with the Act.

Slide 7: What we concluded

We concluded the Department of Health has not taken all reasonable steps to ensure the objects of the *Pharmacy Business Ownership Act 2001* are being met. Gaps in the department's processes and systems have resulted in it not having sufficient appropriate information about pharmacy ownership transfers. This means we have been unable to completely assess its compliance with the Act in administering the transfers over the last two years.

Slide 8: What we recommended

We recommended that the Department of Health:

- clarifies its role and obligations in the administration of the Act and the skills and resources it needs to fulfil its functions effectively
- redesigns its internal controls so it can effectively administer the Act
- better defines the type of documents pharmacy owners need to support to the notification process
- implements a process to monitor pharmacies' ongoing compliance with the Act
- develops and implements a risk-based strategy for testing that existing commercial arrangements comply with the Act.

In addition, we recommended the committee recommends to the Minister for Health to seek amendments to the Act to enable the department to more effectively manage the pharmacy ownership notification process.

Slide 9: For more information

For more information on the issues, opportunities and recommendations highlighted in this summary presentation, please see the full report on our website.

Thank you.