Victorian Pharmacy Authority

Annual Report 2025–26



VICTORIAN PHARMACY AUTHORITY

ANNUAL REPORT 2025-26

Issued by the Victorian Pharmacy Authority

Chair

David McConville BPharm GAICD MPS

Registrar

Aaron Bawden BPharm BPharmSci(Hons) GAICD MPS

The Victorian Pharmacy Authority proudly acknowledges Victoria's Aboriginal communities and their rich culture and pays respect to their Elders past and present.

We acknowledge Aboriginal people as Australia's first peoples and as the Traditional Owners and custodians of the land and water on which we rely.

We recognise and value the ongoing contribution of Aboriginal people and communities to Victorian life and how this enriches us.

We embrace the spirit of reconciliation, working towards the equality of outcomes and ensuring an equal voice.

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The publication of the VPA Annual Report 2025–26 complies with requirements under the Financial Reporting Direction 30 *Standard requirements for the publication of annual reports* regarding its design, use of colour and images, standard sizing, paper stocks and other publishing requirements.

This document is also available in PDF format at www.pharmacy.vic.gov.au.

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Responsible bodies declaration

The Hon Ingrid Stitt
Minister for Health
Minister for Mental Health
Minister for Ambulance Services
Special Minister of State

In accordance with the *Financial Management Act 1994*, I am pleased to present the Report of Operations for the Victorian Pharmacy Authority for the year ending 30 June 2026.



David McConville
Chair
Victorian Pharmacy Authority
30 September 2026

About the VPA

Establishment

The Victorian Pharmacy Authority (**VPA** or **Authority**) was established in 2010 pursuant to section 81 of the *Pharmacy Regulation Act 2010* (**Act**).

The responsible Minister is the Minister for Health:

The Hon. Mary-Anne Thomas	1 July 2025 to 13 April 2026
The Hon. Harriet Shing	15 April 2026 to 30 June 2026

Overview of role and functions

The VPA is responsible for:

- The regulation of pharmacy businesses, pharmacy departments and pharmacy depots.
- Ensuring that all Victorian pharmacies are owned, operated and controlled only by registered pharmacists in accordance with the Act.
- Ensuring that registered premises meet and are operated in accordance with the requirements of the Act, including standards issued by the VPA (the VPA Standards), and guidelines which support the Standards and the requirements of the Act (the VPA Guidelines and good pharmacy practice).

The VPA has the following main functions under the Act:

- *Licensing*: The VPA licenses individuals, companies and other types of legal entities to carry on a pharmacy business or a pharmacy department.
- *Registration*: The VPA registers the premises of a pharmacy business, pharmacy department or pharmacy depot.
- *Inspections*: The VPA inspects registered premises and other facilities where pharmacists supply, compound or dispense medicines to monitor compliance with the Act and to support licensees to understand and comply with the Act, the VPA Standards and good pharmacy practice.
- *Standards*: The VPA issues standards in relation to the operation of pharmacies, pharmacy businesses, pharmacy departments and pharmacy depots.
- *Advice and information*: The VPA advises the Minister on any matters relating to the VPA's functions and provides relevant information to the Minister.
- *Public register*: The VPA keeps a public register of all licensees and registered premises.

While the VPA regulates the ownership and operation of pharmacy businesses, other regulators also have a role in the pharmacy sector. The VPA works collaboratively with the Victorian Department of Health, the Pharmacy Board of Australia, the Australian Health Practitioner Regulation Agency (AHPRA) and pharmacy peak bodies in regulating the pharmacy sector.

Regulatory requirements

Entities regulated by the VPA must comply with obligations contained in the regulatory framework administered by the VPA, which comprises:

- the Act
- the VPA Standards
- the VPA Guidelines.

Schedule to the Act

The Schedule to the Act includes requirements that must be met by licensees and registered premises.

VPA Standards

The VPA Standards are issued by the Authority under section 86 of the Act. They include mandatory requirements for Victorian pharmacies, pharmacy businesses and pharmacy departments. They specify responsibilities of proprietors and premises-related requirements that significantly impact public safety.

The VPA Standards are published on the VPA's website.

VPA Guidelines

The Victorian Pharmacy Authority Guidelines (VPA Guidelines) support the VPA Standards and requirements of the Act.

They represent the VPA's guidance in relation to matters covered by the VPA Standards and other premises requirements. They should be read in conjunction with the VPA Standards as well as guidelines issued by the Pharmacy Board of Australia, and standards and guidelines issued by pharmacy professional organisations and peak bodies.

The VPA Guidelines are published on the VPA website.

Vision, objectives and outcomes

Vision

A safe pharmacy system that is responsive to and satisfies community needs and interests.

Objectives

In line with this vision, VPA seeks to reduce the risk of harm and protect consumers and the public at large by ensuring that:

- pharmacy businesses are owned, controlled and operated only by registered pharmacists
- pharmacy premises meet minimum standards and are fit for purpose.

Outcomes

The specific outcomes the VPA is seeking to achieve through its regulatory activities are:

- the Victorian community has ready access to a safe pharmacy service
- pharmacy owners and operators are aware of and comply with their legislative and regulatory obligations through engagement with the VPA.

Approach

Guiding principle and values

The VPA's guiding principle is to act in the public interest.

The VPA's values underpin everything we do and are aligned with the Victorian Public Sector Values of:

- Responsiveness
- Integrity
- Impartiality
- Accountability
- Respect
- Leadership
- Human Rights.

Risk-based approach

The VPA applies a risk-based approach. This means that the VPA focuses its regulatory activities and resources on compliance areas and regulated entities where the likelihood and consequences of non-compliance with the regulatory framework and associated harm are the greatest.

This risk-based approach also helps the VPA to identify the appropriate regulatory response. Generally, the higher the risk of harm associated with non-compliance, the more serious, resource-intensive and timely the regulatory response by the VPA. Comparatively less time, effort and resources are dedicated to regulated entities and compliance areas where the relative compliance risks and associated harm are lower.

Strategic priorities

The VPA's overarching strategic objectives and actions are detailed in its 2024–27 Strategic Plan.

The strategic objectives in the Strategic Plan are to:

1. Provide consistent, effective regulation
2. Position the VPA as a leading, best practice pharmacy regulator
3. Operate an efficient and effective Authority that is adaptive to changing circumstances.

The VPA's current strategic priorities include:

1. Adopting best practice regulatory approaches and continuously improving our risk-based approach
2. Targeting high-risk issues and entities – focusing resources and regulatory activity on issues and entities that pose the greatest risk of harm, particularly in the context of the pharmacy ownership requirements and inspections
3. Leveraging stakeholder relationships to better understand emerging risks and industry developments to help inform and refine the regulatory approach
4. Using communication and stakeholder engagement proactively to drive improvements in compliance with the regulatory framework

5. Improving regulatory efficiency – streamlining processes and interactions with entities to reduce regulatory burden and ensure efficient use of resources, including in the context of applications and inspections
6. Developing an agile approach – developing regulatory capability to ensure that the VPA responds to changing circumstances and emerging risks in an agile, efficient and effective manner.

Chairperson and Registrar report

We are pleased to present this report on the VPA's activities for the reporting period.

A major highlight of the year was significant progress on our digital transformation program, centred on the implementation of a new Customer Relationship Management (CRM) platform. By 30 June 2026, we established the CRM as VPA's single, authoritative source of licensee and premises information, migrated all legacy data from VPA's current system, and launched a new online portal giving regulated entities secure self-service access to manage annual renewal applications. We also introduced secure online payments for licence and registration renewals. This work directly supports our Strategic Plan 2024–2027 commitment to being a leading, efficient and adaptable pharmacy regulator, and will continue into Phase 2, which will move applications for licences, registration and other approvals onto the CRM platform. Improvements to the public register, including expanded search functionality, were also delivered during the period.

The establishment of the CRM was preceded by foundational work to support the digital transformation, including revision of application forms for licences and registration of premises, notification forms to notify developments and changes, and cover letters used to communicate with applicants and regulated entities about regulatory processes. The review of these documents revealed opportunities to streamline application and approval processes to reduce regulatory burden on applicants and regulated entities, which will be incorporated into the CRM during 2026-27.

The new office in Parkville will support the VPA's growing team and provide opportunities for enhanced stakeholder engagement. The introduction of a fresh new VPA logo and associated website update were also exciting developments supporting improved engagement with the VPA's stakeholders.

We continued a comprehensive program of proactive regulatory activity targeted at identifying and preventing harm from occurring. The program includes education and engagement, strategic communication and engagement with key stakeholders and proactive inspections.

We also progressed work to strengthen our risk-based approach to inspections. Inspection checklists were reviewed to ensure that inspections focus predominantly on high-risk matters, with the expectation that low-risk matters are addressed by regulated entities through the VPA Self-Audit Tool. Complementing this work on inspections, we commenced a priority harms project in 2026 to identify and consolidate high-risk compliance issues that pose the greatest risk of harm. This work will be informed by complaints, compliance and inspections data directly available to VPA, as well as intelligence from counterpart regulators in other jurisdictions, relevant industry stakeholders and co-regulators. This work will help ensure our regulatory effort remains focused where it matters most.

A key area of concern and potential harm arises from commercial arrangements that fail to comply with the pharmacy ownership restrictions in the Act and involve undue influence by third parties. Accordingly, we published new guidance regarding pharmacy ownership, proprietary interests and undue influence to support compliance with the Act's requirements. The guidance highlights priority control provisions that could be included in commercial arrangements that are of particular concern to the Authority.

During the reporting period, we also developed a new Stakeholder Communications & Engagement Strategy to maximise the effectiveness of VPA's communication and engagement activities with regulated entities and broader stakeholders. The Strategy will help to build understanding about the VPA's objectives and expectations, as well as share important outcomes from the VPA's regulatory activities. It will also promote voluntary compliance, and foster trust and confidence in the VPA as a regulator.

Throughout the year, inspectors also met monthly to discuss notable inspections, regulatory changes and emerging risks — supporting a consistent approach across the inspection program and allowing early strategies to be developed before being brought to the Authority. This will continue to be supported by proactive stakeholder engagement activities to identify improvement opportunities relating to the inspection program and risk-based focus.

We thank our staff, inspectors and Authority members for their continued commitment to a safe and well-regulated pharmacy sector, and we look forward to building on this year's progress in 2026–27.

David McConville
Chair

Aaron Bawden
Registrar





Organisational details

Structure

The VPA consists of a board of members supported by a Registrar and other staff.

VPA organisational structure
As at 30 June 2026



Membership

Pursuant to section 87 of the Act, the VPA consists of members appointed by the Governor in Council on the nomination of the Minister. The VPA must include 3 registered pharmacists, an Australian lawyer, and a person who is not a registered pharmacist.

Members of the VPA are appointed for a period not exceeding 3 years but are eligible for re-appointment upon the expiry of their term of office.

Membership of the VPA to 30 June 2026 was as follows:

Chair and registered pharmacist member



David McConville BPharm MPS GAICD

- Initially appointed: 1 July 2018
- Present term of appointment: until 30 June 2027

VPA Chairperson and pharmacist member David McConville graduated from the Victorian College of Pharmacy in 1990 and is a partner in two community pharmacies in Balwyn North and Cranbourne, where he has worked to develop an on-site pharmacist program improving the safety of medication management in residential aged care homes. His pharmacy interests include pharmacotherapy, pain management and aged care. During his VPA tenure, David has also chaired the Pharmacy Premises Registering Authorities of Australia (PPRAA). He was a foundation member of the Victorian Clinical Council, established to guide safer, better care for all Victorians.

Registered pharmacist members



Brendon Moar BPharm MPS

- Initially appointed: 1 July 2018
- Present term of appointment: until 30 June 2027

Brendon Moar is a community pharmacist who has practised in East Gippsland since 2004 and is Pharmacist in Charge at Priceline Pharmacy Bairnsdale. A former pharmacy owner-operator with over two decades of experience, he is interested in aged care, integrated healthcare, Indigenous and public health, regional health literacy, and expanding pharmacists' scopes of practice. His governance experience includes ten years on the Bairnsdale Regional Health Service board and past service on the East Gippsland Primary Health Care Network's Clinical Advisory Committee and the Pharmacy Board of Australia's Notifications Committee. He is committed to safe, high-quality, sustainable rural pharmacy practice.



Adam Stormont BPharm MHlthServMt ProfCertHSM FCHSM CHE GAICD

- Initially appointed: 1 July 2025
- Present term of appointment: until 30 June 2028

Adam is a registered pharmacist and senior healthcare executive with more than 20 years' experience across public, private and not-for-profit healthcare. He has held senior leadership roles spanning health service operations, pharmacy, strategy, service transformation and system reform, with experience leading complex organisational and statewide initiatives. Adam is passionate about strengthening health systems, improving quality, safety and equity, and developing the next generation of health leaders. He brings extensive governance and professional leadership experience and is a Fellow and Board Director of the Australasian College of Health Service Management, where he is a former Victorian and Tasmanian Branch President. Adam is also a Graduate of the Australian Institute of Company Directors and holds a Master of Health Services Management.



Regina Cowie BPharm (Hons) BSSc (Exercise & Sports Science) AACPA MAICD

- Initially appointed: 1 July 2022
- Present term of appointment: until 30 June 2028

Regina Cowie has a Bachelor of Sports Science (Exercise Physiologist) and is a qualified accredited pharmacist with over 20 years' experience in pharmacy. Regina developed the first intern training program for the Northern Territory and Pharmaceutical Society of Australia. Regina has a passion for innovation, health care service delivery and technology and chairs the VPA Cybersecurity and Digital Transformation committee. Regina was involved in the electronic prescription roll out of eRx with FRED IT and electronic medication charts. Regina is currently Head of Medication Packing Service (MPS), part of Sigma Healthcare. MPS provides conformant software solutions; e-Prescribing and electronic charts as well as safe dose administration aid packing for pharmacy and aged care in TGA facilities across Australia.

Australian lawyer member



Ms Elizabeth Kennedy BA LLB (Hons) LLM (Melb) Grad Dip Health & Med Law GAICD

- Initially appointed: 1 July 2019
- Present term of appointment: until 30 June 2028

Elizabeth Kennedy has had a 40+ - year legal career specialising in health law. She is a board member of North Western Melbourne Primary Health Care Network, Western Health and the Australian Psychological Society. She has held several not-for-profit board appointments throughout her career, including Director at Monash Medical Centre, Alzheimer's Victoria, Family Planning Victoria, Royal Women's Hospital Foundation Ltd and the Victorian Cytology Service.

Member who is not a registered pharmacist



Ms Jane Hill BA/LLB Grad Dip Mktg MBA Grad Dip Comp Sec Prac FAICD

- Initially appointed: 1 July 2024
- Present term of appointment: until 30 June 2027

Jane Hill is a leader in health and community services with extensive experience in healthcare advocacy and governance. Jane is a Non-Executive Director of the World Ovarian Cancer Coalition and was Chief Executive Officer of Ovarian Cancer Australia from 2015 to 2023, where her leadership in gynaecological cancer advocacy was recognised with the Cancer Australia Jeannie Ferris Award. Jane has also served as Executive Manager of Advanced Pharmacy Australia (formerly the Society of Hospital Pharmacists of Australia) and on the Medicines Australia Advisory Council.

Meetings

During the period 1 July 2025 to 30 June 2026, 11 VPA meetings were held with attendance by VPA members as follows:

Member	VPA Meetings	Leave of Absence
David McConville	11 of 11	0
Brendon Moar	11 of 11	0
Jane Hill	9 of 11	2
Elizabeth Kennedy	9 of 11	2
Adam Stormont	11 of 11	0
Regina Cowie	9 of 11	2

Audit and Risk Committee

The VPA has an Audit and Risk Committee comprising an independent external chairperson with accounting qualifications, Michael Shatter, and 3 VPA members: David McConville, Adam Stormont and Elizabeth Kennedy at 30 June 2026. A quorum comprises the chairperson and 2 other members. The Committee met 4 times during the reporting period.

Staffing

The VPA had a staff of 11 at 30 June 2026, with a Full Time Equivalent (FTE) of 8.2 (compared to 9.0 at 30 June 2025). These comprised the Registrar who is the Chief Executive Officer, a Chief Financial Officer, a Senior Pharmacist whose responsibilities include overseeing the premises inspection program, a Governance and Risk Officer (who is also the Secretary of the Audit and Risk Committee), Project and Engagement Officers (2), an Administration Officer, a Licensing and Registration Officer and 3 Authorised Officers who are also registered pharmacists. An additional Authorised Officer position was vacant at 30 June 2026.

Registrar:	Aaron Bawden
Chief Financial Officer:	Koshala Nadanakumar
Governance and Risk Officer:	Jill Snell
Senior Pharmacist:	Jessica Webster

The VPA's values align with public sector values as detailed in the *Public Administration Act 2004*, and all staff were employed pursuant to merit and equity principles and compliance with the Code of Conduct for Victorian Public Sector Employees.

The VPA is committed to ensuring staff health, safety and wellbeing. The VPA has the following health and safety objectives:

- Zero Lost Time Injuries
- Zero enforcement action from health, safety and environmental regulatory bodies
- Introduction of an integrated approach to create and maintain a mentally healthy workplace (protection, promotion and support)
- Incorporate environmental considerations into work practices. This includes minimising
  - Energy and water consumption
  - Air and noise emissions
  - Paper waste production

There were Zero Lost Time Injuries during the year.

Fees

The VPA is required to be self-funded, ensuring that the amount of money collected in fees covers its costs.

The VPA fixed the fees for the 12-month period commencing 1 May 2026 on 14 April 2026. As required by the Act, the fees were published in the Victorian Government Gazette No. G18 dated 30 April 2026. The Schedule of Fees is published on the VPA website.

Fees fixed by the VPA are exempt from GST (Division 81 of GST Act).

Year in review

Digital transformation

During the reporting period, the VPA made significant progress on a major digital transformation program to modernise and enhance the efficiency of the way it regulates the pharmacy sector and engages with regulated entities. At the centre of this program is the implementation of a new Customer Relationship Management (CRM) platform.

This investment reflects the Authority's commitment to ensuring its regulatory systems and processes remain contemporary, efficient and responsive to the changing needs of the pharmacy sector. The new platform provides a strong foundation for managing the increasing scale and complexity of the VPA's regulatory activities while enhancing the accessibility and efficiency of services for regulated entities.

Strategic alignment

The digital transformation supports the objectives of the Authority's Strategic Plan 2024–2027, particularly its commitment to being a leading, best-practice pharmacy regulator and an efficient, adaptable organisation. It also responds to the Minister for Health's Statement of Expectations, which calls for the development of a contemporary information management framework and streamlined regulatory processes to support digital readiness. The program has also been informed by Better Regulation Victoria's better practice permissions and compliance monitoring frameworks and guidance.

The transformation is expected to deliver long-term benefits by:

- improving the accessibility, efficiency and effectiveness of regulatory services
- strengthening the quality, reporting and trend analysis of data and intelligence
- supporting evidence-based, risk-informed decision-making
- improving digital interaction experiences for licensees
- promoting greater consistency, transparency and accountability in regulatory activities, and
- enhancing record management and reporting across the Authority.

Delivery approach

Following a competitive Request for Tender process, the program is being delivered in phases under the oversight of the VPA’s Digital Transformation and Cyber Security (DT&CS) Steering Committee, with day-to-day management provided by the Authority's Project Manager for the program. This staged approach enables risks to be managed effectively, allows staff and regulated entities time to adapt to new ways of working, and provides opportunities to test and refine functionality before the release of each phase.

Phase 1 achievements

By 30 June 2026, the first phase of the program had been successfully delivered. Key achievements included:

- establishing the core CRM platform as a single, authoritative source of information about licensees and registered premises
- migrating data from the Authority's legacy database to the CRM
- launching the new VPA online portal, providing regulated entities with secure self-service access to manage licence and premises registration renewal applications
- introducing secure online payments through Stripe for all licence and registration renewals, and
- successfully processing more than 80% of licence and registration renewals by the due date of 30 June 2026, with all remaining renewals completed through the new system by 28 July 2026 (subject to the late lodgement period).

Existing nominated contacts were provided with secure access to the CRM, enabling them to register, view and manage their records and complete renewals.

The successful delivery of Phase 1 was made possible through the commitment of Authority staff, who undertook data migration, testing and training activities while continuing to deliver day-to-day regulatory functions. The Authority also acknowledges Bonntech Business Solutions, the provider of its legacy CRM system, for its support in enabling a smooth transition to the new platform. The Authority thanks licensees and nominated contacts for their cooperation and patience throughout the transition.

Benefits for regulated entities

The new platform has been designed to make it easier for regulated entities to interact with the Authority. Over time, it will provide:

- a more intuitive and accessible online experience
- clearer and simpler regulatory processes, and
- faster and more efficient submission of information and supporting documentation.

New digital application forms, guidance documents and assessment processes have been developed to:

- provide applicants with a clear understanding of the regulatory requirements
- ensure applicant identity verification assurance is risk-based
- ensure data collection is targeted and justified
- ensure application assessment is automated where possible and underpinned by a consistent approach, and
- reduce the need to request further information to assess an application.

These will be introduced as part of Phase 2 of the digital transformation in 2026-27.

Supporting licensees

The VPA published guides and resources including a VPA Portal User Guide and 5 ‘How to’ videos to support licensees with annual licence and premises registration renewals via the new VPA Portal.

VPA officers were available to guide licensees through the new renewal process and contacted licensees proactively to assist with outstanding renewals and technical issues.

Looking ahead

During 2026–27, the Authority will continue to expand the platform's capabilities. Planned features to be delivered during Phase 2 include:

- online applications for licences and registrations, including guided application forms and application tracking
- digital notifications for changes relating to licensees and registered premises,
- digital inspection functionality to support consistent, risk-based compliance monitoring and
- automated workflows, alerts and dashboard reporting to support timely, consistent and risk-informed regulatory decision-making.

The Authority will continue to work closely with regulated entities and stakeholders as new functionality is introduced and will report on the program's progress and realised benefits in future annual reports.

Office relocation and new logo

The VPA relocated from Carlton to a new office at Level 8, 369 Royal Parade, Parkville during November 2025.

The location of the new office is within Melbourne’s established biomedical and life sciences precinct. It is 2.5km north of Melbourne’s CBD with a range of public transport links. It is also near the office of the Pharmaceutical Society of Australia Victorian Branch and Monash University Parkville campus, home to the Faculty of Pharmacy and Pharmaceutical Sciences.

The new office provides additional space and facilities to support VPA’s growing team and enhanced stakeholder engagement. The VPA looks forward to welcoming stakeholders to the new Parkville office.

The VPA also rebranded, beginning the 2026 calendar year with a fresh new logo.

The new logo is simple, modern and bold. The VPA acronym has been retained in the logo to maintain consistency and brand recognition. The three colours are intended to reflect trustworthiness, authority, and supportiveness as well as the VPA’s values.

The new logo was launched with the VPA’s new look newsletter in February 2026 and is progressively being rolled out through all communications and publications.

The VPA website was also updated in April 2026 shortly after the launch of the new VPA logo. A complete reskin of the website included the new logo and the use of complementary colours which provide additional life and personality to the brand and the website. Minor updates to the website were also made to ensure consistency in communications, layout and improved navigation.

Licensing and premises registration

Licensing and premises registration are core VPA functions.

Under the Act, owners of pharmacy businesses and pharmacy departments must hold a licence, and the premises of pharmacy businesses, pharmacy departments and pharmacy depots must be registered.

The Act also provides for the VPA to approve registered pharmacists to supply, compound or dispense medicines other than at registered premises in special circumstances.

Use of CRM to submit applications

At present, applications for licences and registration of premises are made using fillable PDF forms. As part of Phase 2 of the digital transformation, applications will be made digitally using the new Customer Relationship Management (CRM) platform.

The application forms within the CRM will incorporate various enhancements to facilitate completion by applicants and assessment by the VPA, including guidance about key issues that may arise when making a licence or registration application. These enhancements will facilitate and streamline the application process.

A significant amount of work was undertaken during the reporting period to streamline application and related processes to support digital readiness and improve efficiency, effectiveness and reduce regulatory burden for applicants.

Processing applications

The VPA applies a risk-based approach to the processing of applications for a licence, registration of premises and approval to supply, compound or dispense medicines in special circumstances.

The VPA has delegated the power to issue approvals of low-risk applications to certain VPA officers. Applications for pharmacy business licences, premises registration and other approvals are considered low risk when they clearly meet the requirements of the Act and the VPA Standards and guidelines. High-risk applications are referred to the next monthly meeting of VPA members for a decision.

Assessment of applications

Licence applications

Prior to granting a licence, the VPA must be satisfied that the requirements in the Act have been met.

The applicant must be eligible to be granted a licence. Among other requirements, the proposed ownership structure and commercial agreements must not give a third party a proprietary interest in the pharmacy business. Proposed commercial agreements should also not provide for third parties to exert undue influence over a pharmacy business.

These requirements mean that ownership structures and proposed commercial arrangements such as franchise agreements may be scrutinised by the VPA and referred for legal advice to ensure compliance.

During the reporting period, the VPA published guidance about pharmacy business ownership, proprietary interests and undue influence on its website. Among other things, this guidance assists entities to assess whether they are eligible to be granted a licence.

Registration applications

Registration of premises can only occur if the requirements of the Act have been met.

The premises must be suitable for the provision of pharmacy services. An assessment of suitability is based on compliance with the requirements with the Schedule to the Act, the VPA Standards, relevant VPA Guidelines and requirements of good pharmacy practice.

Applicants are also required to declare that premises conform or will conform with regulatory requirements.

Preparing for changes to application processes

Early changes to application processes were introduced to minimise the impact of new application processes on stakeholders. These included:

- improved covering letters to communicate with applicants about approval processes, clearly setting out requirements and next steps
- requesting additional information in support of licence applications when there is a change of ownership, including details of proposed pharmacy services and pharmacy floor plans.

Applications data

Number of applications

The following table summarises the numbers of applications received for the reporting period and includes comparative data.

Applications	2023–24	2024–25	2025-26
Licence to carry on a pharmacy business or pharmacy department	224	271	191
Registration of premises	164	173	161
Approval of pharmacists to supply, compound or dispense medicines other than at a pharmacy or pharmacy department	57	52	49

Breakdown of applications

The following table provides a breakdown of the licence and registration applications above.

Applications	2025–26
Licence applications	
Pharmacist	22
Pharmacist (complex)*	35
Company	51
Company (complex)*	76
Friendly society	7
Pharmacy department	0
Registration applications	
Pharmacies (new/relocated)	61
Pharmacies (alterations to existing)	95
Pharmacy departments (alterations to existing)	5

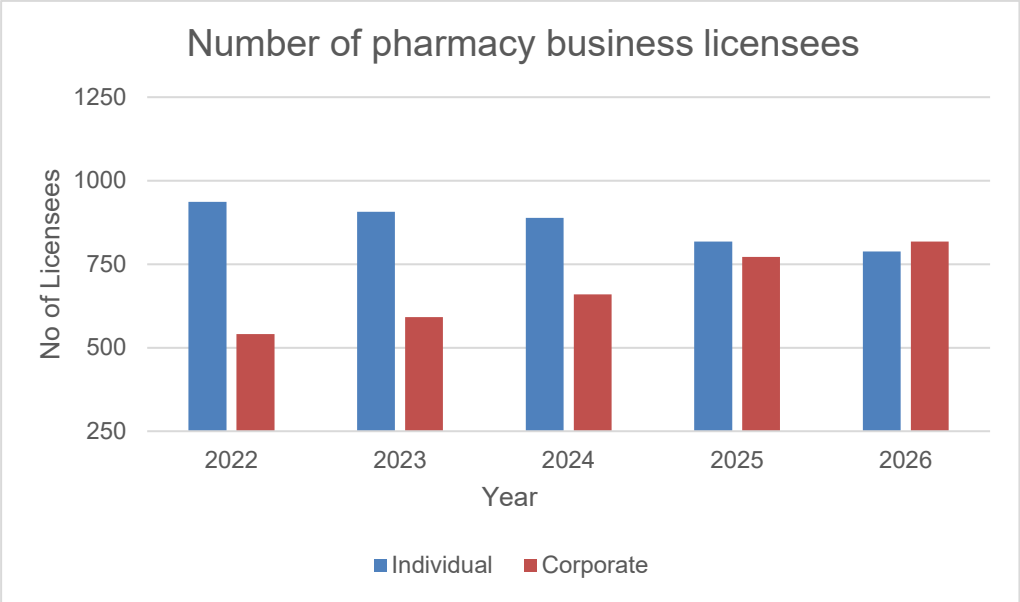
*Complex applications involve the review of certain commercial arrangements as specified in relevant application forms.

Applications refused

No applications for licences or registration of premises were refused during the reporting period.

Pharmacy licensing data as at 30 June 2026

The diagram below represents trends in pharmacy business licensees by type (individual pharmacist or company licensee) over 5 years.



Pharmacy licensing data as at 30 June 2026

The following table includes the breakdown of all pharmacy business licensees (i.e., licence holders) as at 30 June 2026.

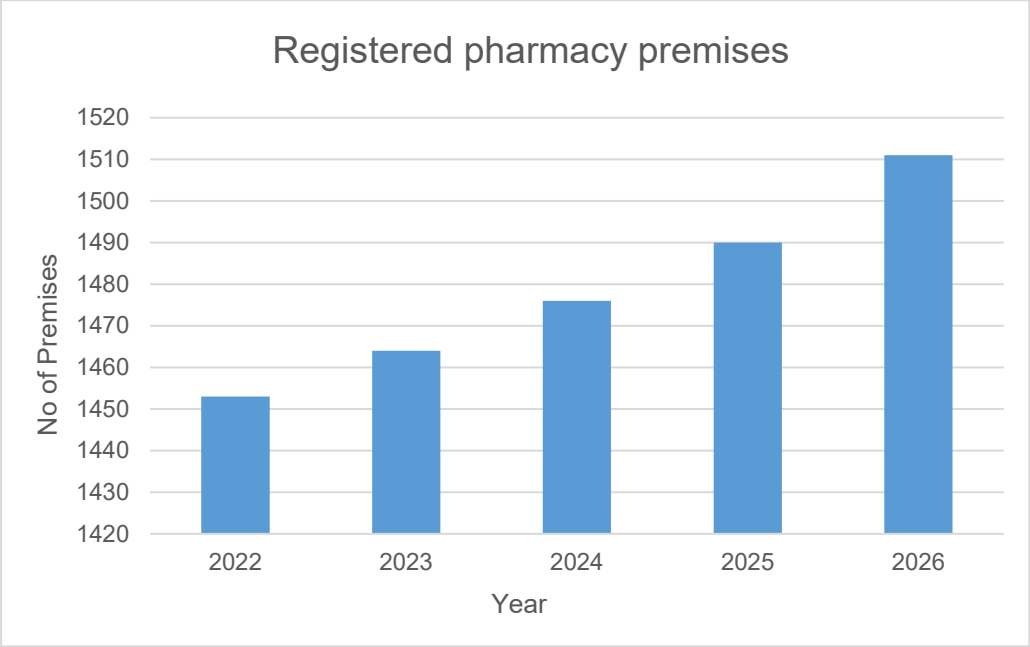
Pharmacy licensee	At 30 June 2025	At 30 June 2026
Individual	818	788
Corporate	772	818

The following table includes details of all pharmacy business licences issued by the VPA as at 30 June 2026.

Pharmacy licence	At 30 June 2025	At 30 June 2026
Individual	1,359	1,333
Corporate	1,015	947

Registered pharmacy premises data as at 30 June 2026

The diagram below represents trends in the number of registered pharmacy premises over 5 years.



Registered pharmacy premises data as at 30 June 2026

The following table includes the breakdown of all registered premises as at 30 June 2026.

Registered premises	At 30 June 2025	At 30 June 2026
Pharmacies	1,490	1,511
Pharmacy Departments	79	81
Pharmacy Depots	15	13

Public register

In accordance with the Act, details of all licensees and registered premises, including any conditions on a licence or registration, are available in the public register on the VPA website.

Improvements to the public register were implemented during the reporting period, including an expanded search function and easier access to view conditions.

Renewal

Under the Act, licences and registration of premises must be renewed annually, with renewal applications required to be made before 1 July each year. As part of the renewal process, applicants must declare that relevant regulatory requirements have and will continue to be met before renewal can occur.

During the reporting period, the process for renewing licences and registration of premises was transferred to the CRM, also known as the 'VPA Portal'. Renewal applications for 2026-27 were made through the VPA Portal. All future renewal applications will be made through the VPA Portal.

Once an entity has been granted a licence or is the registration holder for premises, the CRM will prompt them to renew in advance of the 1 July deadline each year.

Under the Act, late renewal applications may be submitted with payment of the late lodgement fee from 1 July until 28 July.

Revocation of licence or registration

Under the Act, the VPA may revoke a licence or registration if certain grounds exist.

No licences or registration of premises were revoked during the reporting period. Pursuant to the Act, a list of persons who have had a licence or registration revoked is published on the VPA website.

Regulatory activity

Set out below is an overview of the proactive and reactive regulatory activities undertaken by the VPA to ensure compliance with the above regulatory requirements. More detail about some of these activities is contained later in this report.

Overview of proactive regulatory activity

The VPA uses proactive regulatory activities to encourage voluntary compliance and to monitor, detect, deter and prevent non-compliance.

The main types of proactive regulatory activity undertaken by VPA are:

- Education about compliance with regulatory requirements
- Engagement with stakeholders to support compliance with regulatory requirements and to identify new or emerging compliance risks
- Issuing newsletters to licensees and registered premises
- Issuing guidance and tools to support compliance
- Inspections to monitor compliance with regulatory requirements
- Audits of pharmacy ownership and commercial arrangements.

The following main proactive regulatory activities were undertaken by the VPA during the reporting period:

- *Education and engagement*:
    - Presentations: VPA officers delivered presentations and participated in panels on pharmacy regulation for pharmacy students at Victorian universities. This proactive engagement and education focused on pharmacy ownership requirements, pharmacy premises standards and risk management.
    - Guidance: The VPA published *Guidance on pharmacy business ownership, proprietary interests and undue influence* on its website to better inform licensees, applicants and other stakeholders on the requirements of the Act which relate to pharmacy business ownership, proprietary interests and undue influence.
    - Sample floor plans: The VPA published sample pharmacy floor plans on its website to assist licensees and applicants when submitting an application for the registration or alteration of a premises. The floor plans offer a visual representation of the elements VPA requires to be satisfied that the premises are suitable for the provision of pharmacy services and comply with the Act, the Schedule and the VPA Standards.
    - Stakeholder meetings: Meetings with a range of stakeholders included a strong focus on supporting compliance with regulatory requirements. For example, meetings with the Pharmacy Guild of Australia – Victoria branch routinely included discussion about feedback on the VPA's inspection program.
- *Communications*:
    - Regular communications: Two circulars and 3 newsletters (including a special edition newsletter on annual renewals and the new VPA Portal) covering VPA activities and regulatory matters were distributed to stakeholders and published on the VPA website. These documents include important information, updates and resources to support licensees to engage in good regulatory practice. Information on the new, improved VPA newsletters is included under Stakeholder engagement.

- *Inspections*:
    - Support for regulated entities: Inspections are used by the VPA to support compliance with the regulatory requirements, to detect non-compliance and to assist regulated entities to comply where non-compliance has been detected.
    - Proactive inspections: Proactive inspections are used to ensure that each registered premises is inspected at least every 3 years, upon commencement or a change in ownership.
- *Collaboration and co-ordination with co-regulators*:
    - Ongoing collaboration and coordination: The VPA continued to work collaboratively with the Victorian Department of Health, the Pharmacy Board of Australia, AHPRA and other regulatory agencies in response to notifications and intelligence about possible non-compliance and regulatory matters involving shared or emerging risks.

Overview of reactive regulatory activity

The VPA undertakes reactive regulatory activity to respond to instances of actual or possible non-compliance with regulatory requirements so that harm can be avoided or, at least, mitigated.

In relation to non-compliance with the Act or VPA Standards, the VPA may:

- have regard to an applicant's compliance with the Act and VPA Standards in determining whether to grant a licence or register premises
- investigate compliance of a licensee or registered premises with the Act or VPA Standards (investigations may be undertaken in response to a notification or an inspection)
- convene a panel hearing in respect of matters that have been the subject of an investigation
- revoke a licence or a registration if
    - the licensee has contravened certain requirements of the Act
    - the licensee has contravened a VPA Standard on one or more occasions and the VPA believes it is against the public interest for that person to continue carrying on a pharmacy business or pharmacy department
    - a failure of good pharmacy practice presents a serious risk to public safety.

The following main reactive regulatory activities were undertaken by the VPA during the reporting period:

- *Prioritised risk-based inspections*:
    - A series of inspections targeting indirect supply arrangements were conducted. These inspections focused on pharmacies dispensing high volumes of medicinal cannabis.
- *Investigations*: The VPA carries out investigations on the basis of notifications (complaints) and without notification (usually in relation to inspections).
    - The VPA considered reports relating to 45 investigations 'without notification' during the reporting period.
    - An additional 6 investigations undertaken 'with notification' were considered.
- *Panel hearings*: Under the Act, VPA may convene a panel to hear a matter which has been the subject of an investigation.
    - Thirty panel hearings were conducted to hear matters relating to alleged non-compliance with the Act and VPA Standards.

Inspections

The VPA's inspection program plays a critical role in promoting and ensuring compliance with the regulatory requirements.

VPA officers are authorised to undertake inspections of registered premises. While inspections are used to determine whether registered premises comply with the regulatory requirements, the primary purpose of inspections is to inform and support licensees and pharmacists to understand and comply with the requirements of the regulatory framework.

For certain inspection outcomes, licensees are given the opportunity to report back to the VPA providing evidence of steps taken to address non-compliances. A comprehensive and satisfactory response may result in inspection reports being handled administratively and not referred to a meeting of VPA members for consideration of further action, which could include being requested to attend an interview or panel hearing.

Inspections data

There are 3 main types of inspections that are undertaken by the VPA:

- *Proactive inspections*: Proactive inspections are planned and routine inspections for a known cohort of registered premises that are identified using the VPA's risk-based approach. Proactive inspections are used to ensure that each registered premises is inspected at least every 3 years, upon commencement or following a change in ownership.
- *Reactive inspections*: Reactive inspections are triggered by complaints or notifications that are made under the Act, or reviews following previously identified non-compliance. Where necessary, the VPA uses its risk-based approach to triage and prioritise its reactive inspections.
- *Targeted inspections*: Targeted inspections are reserved for systemic or emerging risks, which may be undertaken in collaboration with other regulatory bodies.

The following inspections were conducted during the reporting period, with previous years' figures included for comparison:

Inspection category	2021-22	2022-23	2023-24	2024-25	2025-26
PROACTIVE					
Routine inspection – pharmacy	498	516	546	439	259
Routine inspection – pharmacy department	35	39	27	27	16
New/altered premises – pharmacy	98	99	103	120	143
New/altered premises – pharmacy department	-	3	4	15	11
Change of ownership	88	95	108	140	82
REACTIVE	-	-	48	59	48
TARGETED	-	-	9	4	17
Total inspections	**719**	**752**	**845**	**804**	**576**

The total number of inspections undertaken during the reporting period was approximately 30% lower than the previous year due to a range of factors including the following:

- Changes in pharmacy ownership were comparatively lower to previous years; less inspections were required
- The adoption of transitional processes for inspection reports pending the implementation of the inspections function in the new CRM
- A vacant authorised officer position took longer than expected to fill
- The number of routine inspections was reduced.

The VPA has been reviewing its risk-based approach to inspections, and will continue this review in 2026-27. Although the total number of routine inspections was reduced, these were predominantly routine cyclical inspections and 'VPA Standards' inspections conducted on a random basis; inspections conducted on a risk-based proactive or reactive basis were not impacted.

Recent improvements to the inspection program

- *Review of VPA's risk-based approach to inspections*: During the reporting period, officers of the VPA reviewed the application of its risk-based approach to inspections, to ensure clarity and consistency of its approach when conducting inspections across all premises. Further work is underway to identify "priority harms" based on available evidence and intelligence. The work on priority harms will involve consultation with key stakeholders to ensure that VPA's assessment of priority harms is underpinned by comprehensive information, intelligence and evidence. The approach to inspections will be revised to ensure alignment with priority harms once that work has been finalised.
- *Review of inspection checklists*: Inspection checklists are reviewed annually to ensure they reflect areas of the greatest risk of non-compliance and harm. In line with VPA's review of its risk-based approach and work on priority harms, the inspection checklists have been reviewed. The intent of recent changes is for licensees to manage low-risk items via self-audit, while inspectors focus on high-risk issues. This will enhance the effectiveness and efficiency of inspections, while reducing regulatory burden for licensees.
- *Inspector consistency*: Inspectors meet monthly to discuss inspection matters, including notable inspections, regulatory changes affecting inspections and emerging risks. These discussions support consistency across inspections and allow initial strategies for emerging risks to be developed.

Feedback on inspections

The VPA welcomes feedback and provides a link in covering letters to inspection reports for licensees to provide feedback on inspection processes. Feedback received may be used to review inspection processes and for internal training purposes.

Pharmacy ownership audit program

The VPA is committed to ensuring that all pharmacies in Victoria are owned, operated and controlled only by registered pharmacists in accordance with the Act.

To support this objective, a program of risk-based pharmacy ownership audits is undertaken. The purpose of these audits is to confirm that the ownership and proprietary interests held in a pharmacy business, and the commercial arrangements pursuant to which the pharmacy business is conducted, do not contravene the Act.

The pharmacy ownership audit program is specifically targeted at identifying undeclared interests in pharmacy businesses.

The program may involve separate ‘ownership audits’ and ‘financial audits’.

Ownership audits

Ownership audits are conducted by VPA officers to determine if pharmacy ownership and commercial arrangements comply with the Act.

Financial audits

Financial audits are conducted by an external accountancy firm for a subset of ownership audits. The accountant typically reviews the financial statements and general ledger of the pharmacy and other relevant financial documents to confirm the veracity of the declared ownership and commercial arrangements.

The financial audit is specifically targeted at determining whether there are undeclared interests in the pharmacy business which may not be apparent in an ownership audit. Financial audits are undertaken on a risk basis, often for complex pharmacy structures or where findings from an ownership audit warrants further investigation.

Audit data

The VPA commenced 3 new ownership and 3 corresponding financial audits during the reporting period. Other audit activities included the resolution of matters arising from audits undertaken during previous years.

Reviews of commercial agreements

Requirements under the Act on ownership, proprietary interest and undue influence

Section 5 of the Act (*Ownership of pharmacy businesses*) sets out the requirements regarding ownership of and proprietary interests in pharmacy businesses.

Section 11 of the Act (*Undue influence*) makes void any provision of a commercial arrangement concerning a pharmacy that gives any person other than the person licensed to carry on the pharmacy business:

a) the right to control the manner in which the pharmacy business is carried on; or

b) the right to access books of accounts or records kept in respect of that business, otherwise than for the purpose of determining whether or not the conditions of the relevant document are being complied with; or

c) the right to receive any consideration that varies according to the profits or takings of the business.

Guidance

The VPA published a guidance document titled *Guidance on pharmacy business ownership, proprietary interests and undue influence* to better inform licensees, applicants and other stakeholders including franchisors about the requirements of the Act which relate to pharmacy business ownership, proprietary interests and undue influence.

The Guidance aims to better equip applicants and licensees to identify provisions in agreements which may be void/unenforceable. It includes examples of provisions involving the exercise of "undue influence" over pharmacy businesses that are of particular concern to the Authority due to the potential harm that they can cause and the impact on public safety ("priority control provisions").

In addition, the VPA publishes guidance about commercial arrangement on its website to assist stakeholders to ensure that pharmacy business commercial arrangements comply with the Act. The VPA's guidance on Franchising provides examples of the types of clauses that pharmacists should be wary of and avoid in the franchising context.

Regulatory approach

The VPA will not issue a licence to a person to carry on a pharmacy business if a proposed commercial agreement contravenes the Act.

All agreements are reviewed for compliance with the Act. Applications for licences that involve agreements which are new to the VPA (i.e., where a detailed review has not previously been undertaken) and complex agreements or ownership structures may be referred to VPA's external lawyers for a detailed assessment of compliance with the Act.

Assessments in relation to undue influence may focus on the priority control provisions that are of concern to the Authority and identified in the *Guidance on pharmacy business ownership, proprietary interests and undue influence* due to their potential for harm.

Where reviews identify commercial agreements which give a third party the right to control aspects of the operation of the pharmacy business, the VPA engages with franchisors/service providers and licensees/applicants to seek amendments to ensure compliance with the Act.

The VPA has also imposed a standard condition on all licences requiring notification of changes to pharmacy business commercial arrangements prior to the changes taking effect. This enables the VPA to review whether proposed changes to commercial arrangements are compliant with the Act.

The VPA continues to update its overall regulatory approach to one that is more targeted and risk-based, with a focus on identifying and addressing key harms.

The VPA remains committed to:

- engaging and consulting with key stakeholders in relation to the risk-based approach to ownership and undue influence
- considering further improvements aimed at strengthening licence application processes.

Complaints, Investigations and Panel hearings

Complaints about licensees and registered premises

The VPA may receive complaints about licensees and registered premises.

Section 53 of the Act provides for the VPA to receive 'notifications' about certain matters, including allegations concerning:

a) a licensee's character or ability to carry on a pharmacy business;

b) a licensee contravening the requirements regarding ownership of pharmacies or if the licensee is no longer eligible to hold a licence;

c) a licensee contravening an Authority standard or the Act, or a licence or registration being improperly obtained;

d) registered premises that do not meet the requirements of the Act or of an Authority standard; or

e) the contravention of a condition of a licence or registration.

Upon receiving a complaint, the VPA assesses the complaint to determine whether it is within the VPA's jurisdiction – that is, the matters raised in the complaint are matters the VPA can investigate under the Act.

Complainants will be referred to the appropriate agency if the matter does not fall within the VPA's jurisdiction. The VPA provides information to direct complainants to the appropriate agency depending on the nature of the complaint on the Complaints page of its website.

Complaints data

The VPA received a total of 90 complaints during the reporting period. Of the 90 complaints received, 12 were treated as matters the VPA can investigate under section 53 of the Act ("notifications"). Complaints not treated as notifications are typically handled by encouraging complainants to contact licensees, providing regulatory guidance or referring complainants to other agencies where appropriate.

Complaints about pharmacists

The registration of pharmacists and the handling of complaints about the conduct, health or performance of a pharmacist is the responsibility of the Pharmacy Board of Australia, which is supported administratively by AHPRA. Visit AHPRA's website for further information.

Investigations without notification

Under section 54 of the Act, the VPA may investigate a matter relating to a licence or premises registration, even in the absence of a notification. Such investigations usually relate to serious non-compliances with the regulatory framework identified during inspections.

In the context of an investigation, a licensee is typically given the opportunity to respond to any adverse findings by the VPA, to provide an explanation, and to detail the steps taken to rectify deficiencies before any further action is taken by the VPA.

Following an investigation, the VPA may take any of these actions:

- accept that the licensee has satisfactorily addressed any compliance issues and take no further action
- request the licensee(s) attend a meeting of VPA members to discuss the compliance issues
- convene a panel at which the compliance issues will be heard.

Investigations data

During the reporting period, 45 investigations were undertaken without notification.

Panels

A panel convened to hear a matter which has been the subject of an investigation may result in various outcomes, including:

- a condition(s) being placed on a licence and/or premises registration
- cautioning or reprimanding a licensee or registration holder
- a licence and/or premises registration being revoked.

Panel hearings are generally reserved for matters involving serious non-compliances, including alleged breaches of the Act.

Panel hearing data

The VPA conducted 30 panel hearings during the reporting period.

The hearings considered matters arising from investigations relating to the Act and the VPA Standards.

Determinations of the panels were as follows:

- 18 hearings resulted in licensees being reprimanded
- 12 hearings resulted in licensees being cautioned
- 11 of the 30 hearings also resulted in conditions being imposed on a licence or premises registration.

The VPA includes deidentified details of panel hearings in regular circulars distributed to licensees/registered premises. These are available on the VPA website.

Stakeholder engagement

The VPA Strategic Plan has a strong focus on proactive stakeholder engagement including the following strategic objectives:

- Use communication and stakeholder engagement proactively to drive improvements in compliance with the regulatory framework.
- Leverage stakeholder relationships to better understand emerging risks and industry developments.

The VPA has developed various documents to support the implementation of these strategic objectives, including:

- Communications and Engagement Strategy, which sets out the VPA's strategic framework for undertaking communications and engagement with its stakeholders
- Communications and Engagement Plan, to implement the Strategy
- Communication and Engagement Register for reporting, and
- Procedure for Stakeholder Engagement Management, which outlines a process for managing stakeholder communication and management.

The following sections summarise key stakeholder engagement activities undertaken by the VPA in this reporting period.

Key stakeholder groups to identify emerging risks and industry developments

External stakeholders may be invited to attend VPA meetings to discuss emerging risks and industry developments. During the reporting period, 3 external stakeholder groups attended meetings to discuss relevant topics and help inform the VPA's regulatory approach.

The VPA routinely engages with the following bodies in relation to emerging risks and industry developments and regulatory matters:

- Pharmacy peak bodies such as the Pharmacy Board of Australia, Pharmacy Guild of Australia – Victoria, Pharmaceutical Society of Australia – Victoria, Pharmaceutical Defence Limited, and Advanced Pharmacy Australian (formerly Society of Hospital Pharmacists of Australia)
- The Victorian Department of Health. These engagements also involve discussions on matters relating to medicines and poisons regulation, immunisation, pharmacotherapy and collaboration on regulatory matters.
- AHPRA, including its Rapid Regulatory Response Unit to discuss regulatory priorities, emerging risks and opportunities for collaboration.

Engagement with other bodies about regulatory matters

The VPA regularly engages and collaborates with other bodies:

- The Pharmacy Premises Registering Authorities of Australia (PPRAA) forum. PPRAA brings together state and territory pharmacy premises registering authorities/bodies whose responsibility it is to protect the public in registering/approving pharmacy premises. The forum provides for information sharing and collaboration in relation to pharmacy regulation and promotes the development of nationally consistent approaches.
- The Victorian Health Building Authority in relation to applications for hospital pharmacy departments
- Other small regulators to share information and resources.

The VPA hosted a stakeholder reception evening to provide an update on its application processes, new digital system and related initiatives. In attendance were primarily stakeholders who support applicants with applications to the VPA.

Education and advisory

The VPA regularly delivers presentations on pharmacy regulation to pharmacy students from Victorian educational institutions.

The VPA is an advisory member of the Community Pharmacy Program Advisory Group.

The VPA contributed to external consultations conducted by:

- the Therapeutics Goods Administration
- the Victorian Department of Health
- Advanced Pharmacy Australia.

VPA Newsletters

The VPA publishes a regular bi-monthly newsletter on its activities which is distributed by email to licensees, registered premises and VPA stakeholders. The VPA previously published a quarterly circular. The last quarterly circular was published in December 2025. The first bi-monthly newsletter was published in February 2026.

The VPA's new look newsletters, which have replaced the VPA Circular, are shorter, easier to read and will be published more frequently to keep stakeholders better informed of updates and compliance matters.

VPA newsletters include important information, updates and resources to support licensees to engage in good regulatory practice and maintain high standards in pharmacy practice.

The VPA published 2 Circulars and 3 Newsletters during 2025–26. Information covered in these publications during the reporting period included:

- Information relating to shares in a company licensee not to be held by a company
- An announcement about the VPA move to new offices in Parkville
- Information about the upcoming digital transformation being undertaken at the VPA
- Guidance on pharmacy business ownership, proprietary interests and undue influence
- The launch of the new look VPA logo and rebrand
- A reminder about pharmacy ownership requirements and notifications
- Guidance on floor plan requirements, including sample floor plans
- Information about the first phase of the VPAs digital transformation: the VPA Portal for annual renewal of licences and premises registrations
- Information about changes to processes for approval of another business or activity in registered premises
- Information on annual renewals and how to access to the new VPA Portal
- Supporting messages from various government and community organisations relevant to pharmacy and pharmacy practice
- A summary of recent panel hearings and case studies.

Newsletters and previous editions of the circulars are also published on the VPA website. Non-owner pharmacists may receive the communications directly by request.

Ministerial Statement of Expectations

Expectations

The Minister for Health issued a Statement of Expectations (SOE) to the VPA on 22 December 2024.

These expectations, which are aligned with actions under the VPA's Strategic Plan 2024-27, were incorporated into the VPA's existing business planning processes and detailed operating plan.

Progress

The VPA's progress towards meeting the expectations during the reporting period to 30 June 2026 is summarised in the following table.

Ministerial expectation	VPA progress to meet Ministerial expectation
Review and clarify the key harms the VPA is trying to minimise along with the regulatory tools available.	The VPA has comprehensively reviewed the regulatory framework (Act and the VPA Standards) to identify the categories of harm associated with non-compliance with the regulatory framework. The VPA is developing a framework to assess and prioritise harms based on risk. The framework will be applied to its regulatory activities, such as inspections. This work will enable VPA to strategically focus its regulatory efforts and resources on problems or issues that pose the greatest harm across its regulatory activities. The VPA will continue to progress this work by consulting with other relevant regulators and other jurisdictions.
Develop new tools to support consistent regulatory decision making.	The VPA commenced the development of further risk-based tools during the reporting period to support consistent regulatory decision making and approaches. These included: • Internal guidance for inspectors to apply a risk-based approach when determining the outcome from an inspection of registered premises • Internal guidance on applying a risk-based approach to undue influence when assessing applications and notifications of proposed change to pharmacy business commercial agreements • Internal guidance on complaint or notification management processes to ensure a consistent approach and complainants understand VPA's processes. The VPA also developed an internal guide to set out the statutory framework and administrative arrangements for Panel hearings.

Ministerial expectation	VPA progress to meet Ministerial expectation
Develop a contemporary information management framework to support improved business processes and compliance with legislative requirements and standards.	The VPA worked with an external consultant to develop a new information management framework. This framework will ensure that information gathered by the VPA as it undertakes its regulatory activities is: • compliant with the records management requirements set out by the Public Record Office Victoria • collected, stored, used and shared in a way that meets VPA's legal obligations (e.g. privacy and confidentiality), and enables sound, evidence-based regulatory decisions. The framework will also support transparency, accountability, and efficiency in the VPA's operations.
Review all standard licence and registration conditions and implement new conditions as required to address specific harms.	The VPA has developed a consolidated suite of standard licence and registration conditions that collectively address the main risks of harm. This approach will enhance the efficiency and effectiveness of monitoring and enforcement by the VPA. It will also provide transparency about the VPA's standard requirements associated with the granting of a licence or registration of premises. It will establish clear, consistent and fair baseline requirements for all regulated entities, which will help drive compliance. The standard conditions may be supplemented with other specific conditions to address specific risks or circumstances, as required. The new/amended standard conditions relate to: • Ownership and proprietary interests • Company licensees • Changes to commercial arrangements • Pharmacy trusts • Compounding • Indirect supply of medicines The new standard conditions were imposed on all licences and registration of premises upon renewal in 2026. The VPA has developed guidance for stakeholders to support compliance with respect to pharmacy trusts and proprietary interests which it plans to publish shortly.
Develop a new communication strategy to drive compliance improvement.	In conjunction with an external consultant, the VPA developed a new Stakeholder Communications & Engagement Strategy to maximise the effectiveness of its communication and engagement activities with its stakeholders. This work aims to build understanding among stakeholders about the VPA's objectives and expectations, as well as share important outcomes from the VPA's regulatory activities.

Ministerial expectation	VPA progress to meet Ministerial expectation
	The Strategy, together with other initiatives to implement the Strategy, will enhance understanding of regulatory requirements, promote voluntary compliance, and foster trust and confidence in the VPA among stakeholders. The VPA also engaged the external consultant to assist with a significant rebrand and develop a new VPA logo, to further support the Communications & Engagement Strategy.
Develop an improved risk-based approach to undue influence in pharmacy commercial arrangements, and publish improved guidance for stakeholders on pharmacy ownership, proprietary interests and undue influence.	During the reporting period, the VPA published new guidance regarding pharmacy ownership, proprietary interests and undue influence to support compliance with the Act's requirements. Given that undue influence in pharmacy commercial arrangements can undermine the objectives of the Act, the VPA progressed the development of an improved risk-based approach to identifying and responding to instances where undue influence exists or may exist. The guidance provides stakeholders with guidance about the VPA's risk-based approach to undue influence in the guidance. The guidance highlights provisions involving "undue influence" over pharmacy businesses (priority control provisions) that are of particular concern to the Authority.
Leverage stakeholder relations to better understand emerging risks and industry developments.	Through its work on priority harms, the VPA continues to engage with relevant stakeholders, particularly regulatory agencies including comparable regulators in other jurisdictions and pharmacy peak bodies, to share insights and to obtain intelligence about industry developments and emerging risks in the pharmacy sector. This information will be used to support and enhance the VPA's proactive regulatory activities, which are designed to pre-empt and prevent harm, and focus resources where they are most needed. The VPA has also actively engaged and collaborated with AHPRA, including its Rapid Regulatory Response Unit, and the Victorian Department of Health in responding to specific emerging risks and to obtain feedback on priority harms.
Streamline application and related processes to support digital readiness and improve efficiency and effectiveness.	During the reporting period, the VPA completed the following work to support its digital transformation: • revision of application forms for licences and registration of premises • revision of notification forms to notify developments and changes • revision of cover letters used to communicate with applicants and regulated entities about regulatory processes.

Ministerial expectation	VPA progress to meet Ministerial expectation
	These activities revealed opportunities to streamline application and approval processes to reduce regulatory burden on applicants and regulated entities and increase efficiency of VPA's operations. These opportunities will be incorporated into the CRM.
I expect all regulators in the health portfolio to commit to and action: • contributing to health, wellbeing, and safety outcomes for Aboriginal people and the advancement of Aboriginal self-determination. • climate change adaption and enhancing health system resilience through the improvement of environmental sustainability.	The VPA will align its activities to contribute to health, wellbeing, and safety outcomes for Aboriginal people and the advancement of Aboriginal self-determination wherever possible. The VPA's social procurement commitment includes supporting: • Environmentally sustainable business practices • Sustainable Victorian social enterprises, Aboriginal businesses and other social benefit suppliers. Phase 1 of the VPA's digital transformation project was delivered by a vendor in working partnership with a Melbourne-based Indigenous-owned IT firm with proven First Nations sector delivery experience. The VPA is committed to supporting environmental sustainability and incorporates environmental considerations into its work practices. VPA officers also routinely offer support to pharmacies affected by natural disasters, and climate change adaption is considered in the VPA's inspection activities.

Service charter, enquiries and complaints

The VPA's values and service standards are detailed in its Service Charter.

The VPA aims to respond to enquiries in a timely manner, by the next working day in the case of verbal enquiries, and within 5 working days in the case of written enquiries.

Initial assessment and feedback on applications should be provided within 10 business days of receipt of a complete application. This assessment includes identification of further information which may be required by the VPA to determine the application.

For low-risk applications within the delegation of VPA officers, processing is typically completed within 5 business days from receipt of any outstanding information. For high-risk applications that are outside delegation, processing is usually completed within 5 business days following a decision of the Authority at the relevant monthly meeting of its members or receipt of any further required information.

Service standard data

Applications

During the financial year, 452 applications were processed by VPA officers. Of these, 90% (409) received an initial assessment within the specified number of days from receipt, and 92% (415) were processed within the specified number of days following either decision of VPA members or receipt of outstanding information.

Financial and other information

Five-year summary of financial results

	2026 $000	2025 $000	2024 $000	2023 $000	2022 $000
Total revenue	2,700	2,408	2,234	2,068	1,661
Total expenses	2,890	2,316	2,091	1,898	1,748
Net result from transactions	**(190)**	**92**	**143**	**170**	**(87)**
Total other economic flows	(8)	(1)	(7)	(7)	49
Net result	**(198)**	**91**	**136**	**163**	**(38)**
Total assets	5,526	4,555	4,013	3,895	3,600
Total liabilities	3,850	2,680	2,230	2,248	2,117
Net assets/Total equity	**1,676**	**1,875**	**1,783**	**1,647**	**1,483**

Financial operations

The following matters are noted with respect to the VPA's financial operations:

- The VPA recorded a deficit of $198,547 this financial year, compared to a surplus of $91,967 last financial year.
- As a self-funded entity, the VPA is required to ensure that the amount of money collected in fees is sufficient to cover the cost of administering the Act.
- Total revenue and income from transactions increased by 12% compared to last financial year. This followed an overall fee increase of 15.0% in May 2025, primarily to fund the Authority's digital transformation.
- The VPA made significant progress on a major digital transformation program to modernise the way it regulates the pharmacy sector and engages with regulated entities. At the centre of this program is the implementation of a new Customer Relationship Management (CRM) platform.
- The VPA received $20,000 from the Department of Treasury and Finance (DTF) as an incentive to support the integration of Service Victoria's Identity Verification service as part of the digital transformation project. This will contribute to the implementation of enhanced digital identity verification capability and supports the VPA's broader objective of improving the accessibility, security and efficiency of its digital services.
- The total expenses incurred in delivery of services increased by 24.8% compared to last financial year. The increase in expenditure was largely associated with digital transformation activities, legal services, consultancy and lease-related expenses
- The total revenue and income from transactions of $2,700,182 was 2.2% higher than the budget estimate of $2,640,615.

- The total expenses from transactions of $2,890,577 was 12.4% lower than the budget estimate of $3,309,863 due to delayed implementation of the digital transformation project. The program continues to be delivered within the Board-approved budget of $602,000. The VPA continues to monitor project expenditure against the revised implementation timetable and budget to ensure the project remains within the approved project budget.
- Total equity decreased by $199,000 during the financial year, primarily as a result of the deficit recorded for the year. The deficit was largely driven by the Phase 1 Digital Transformation Project. These costs contributed significantly to the financial result for the year and the corresponding reduction in total equity.
- Despite the deficit for the year, the VPA's financial position remains positive following the completion of Phase 1 of the Digital Transformation Project. Expenditure was in line with the planned project and significant funding remained available to support the completion of the remaining phase of the project in 2026-2027.
- The VPA maintained a substantial cash balance of 4.27m at year end and continues to hold a strong level of liquid assets. However, the financial position was affected by the $198k operating deficit and the recognition of the office lease right-of-use assets and corresponding lease liability.
- There were no events occurring after 30 June 2026 which may significantly affect the VPA's operations in the subsequent reporting period.

Consultancies information

Details of consultancies (under $10,000)

In 2025–26, there were 8 consultancies where the total fees payable to the consultants were less than $10,000. The total expenditure incurred during 2025–26 in relation to these consultancies is $69,025 (excl. GST).

Details of consultancies (valued at $10,000 or greater)

In 2025–26 there were 4 consultancies where the total fees payable to the consultants was $10,000 or greater. The total expenditure incurred during 2025–26 in relation to these consultancies is $199,851. (excl. GST). Details of these consultancies can be viewed on the VPA website.

Information and communication technology (ICT) expenditure

The VPA's total ICT business as usual expenditure (excluding GST) for the reporting period was $223,591.

The increase in ICT expenses to $223,591 in 2025-26, compared with $97,397 in the previous financial year, was primarily attributable to:

- $75,700 incurred to enhance existing ICT capabilities supporting the VPA's ongoing digital transformation and technology requirements
- the higher ICT operating and support costs to support the digital transformation project.

Asset Management Accountability Framework (AMAF)

The VPA complies with the mandatory requirements of the AMAF and has continued implementing improvements and processes for ongoing monitoring identified by undertaking the AMAF maturity assessment.

Social procurement activities under the Social Procurement Framework

The VPA's social procurement commitment includes supporting:

- Environmentally sustainable business practices
- Sustainable Victorian social enterprises, Aboriginal businesses and other social benefit suppliers
- Supporting Safe and Fair Workplaces

Phase 1 of the VPA's digital transformation project was delivered by a vendor in working partnership with a Melbourne based Indigenous owned IT firm with proven First Nations sector delivery experience.

Procurement complaints

The VPA did not receive any procurement complaints during the reporting period.

Freedom of Information (FOI)

The *Freedom of Information Act 1982* (FOI Act) allows the public a right of access to documents held by the VPA.

Pursuant to Part II of the FOI Act, the VPA publishes on its website details regarding its functions and documents held by the VPA including those available for inspection and/or purchase through an FOI request.

Making a FOI request

FOI requests can be lodged by completing the request form available on the VPA website. Requests may be emailed to the Registrar: enquiries@pharmacy.vic.gov.au or mailed to the Registrar, Victorian Pharmacy Authority, Level 8, 369 Royal Parade, Parkville, VIC 3053. An application fee of $34.50 applies from 1 July 2026.

When applying, the applicant must clearly describe the documents and materials to which they want access. Assistance can be provided to applicants to help them determine the types of documents being requested. Information regarding FOI requests, including details of applicable fees, is available on the VPA website or by contacting the VPA office.

Freedom of Information statistics/timeliness

During 2025–26, the VPA received zero FOI applications.

Further information

Further information regarding the operation and scope of FOI can be obtained from the FOI Act, regulations made under the FOI Act, and the Office of the Victorian Information Commissioner's website.

Availability of other information

All records of the former Pharmacy Board of Victoria's operations relating to premises registration and business licensing have been retained and maintained, along with all records created by the VPA since its inception, in accordance with the *Public Records Act 1973*.

Building Act 1993

The VPA does not own or control any government buildings and consequently is exempt from notifying its compliance with the building and maintenance provisions of the *Building Act 1993*.

Public Interest Disclosures

The *Public Interest Disclosures Act 2012* (formerly *Protected Disclosure Act 2012*) encourages and facilitates disclosures of improper conduct by public officers, public bodies and other persons, and provides protection from detrimental action taken against a person making a disclosure, witnesses and persons subject to an investigation. Information regarding public interest disclosures is available on the VPA website.

The VPA has a zero-tolerance stance on fraud and corruption and is committed to appropriate control activities. The VPA will take all reasonable steps to protect people who make disclosures in accordance with the *Public Interest Disclosures Act 2012* from any detrimental action in reprisal for making the disclosure.

The VPA is not aware of any disclosures being made during the reporting period. Disclosures must be made to the Independent Broad-based Anti-corruption Commission (IBAC).

The procedures established by the VPA under Part 9 of the *Public Interest Disclosures Act 2012* may be accessed by contacting the Registrar by email: registrar@pharmacy.vic.gov.au.

Statement on National Competition Policy

The VPA does not provide any business activities or goods and services that compete with the private sector.

Environmental performance

The VPA leases an office in a multi-tenanted building in Parkville. This means the VPA has limited ability to pursue environmental initiatives relating to energy use and waste disposal, however the VPA is committed to supporting environmental sustainability and incorporating environmental considerations into its work practices.

This includes:

- encouraging staff to minimise paper consumption by minimising printing, maintaining electronic records and printing double-sided when paper is necessary
- encouraging applicants to submit applications electronically
- using of recycled paper
- minimising energy and water consumption
- distributing all papers for meetings electronically
- reducing the amount of waste and separately disposing of recyclable waste.

The VPA is required to disclose aspects of energy and resource consumption and environmental performance. As a tier 4 public entity for the purpose of FRD 24 *Reporting of environmental data by government entities*, indicators include:

- Total electricity consumption
- Total electricity offsets
- Number and proportion of fleet vehicles, and
- NABERS energy ratings.

The VPA's electricity use is represented in the following table:

ELECTRICITY USE	2025–26	2024–25	2023–24
EL1 Total electricity consumption segmented by source [MWh]			
Purchased	4.665	4.880	4.543
Total electricity consumption	**4.665**	**4.880**	**4.543**

The electricity use in the above table relates to electricity directly consumed by the VPA office and does not include electricity use relating to building common areas towards which VPA contributes through the office lease outgoings.

The remaining 3 indicators are not applicable to the VPA. The VPA does not maintain fleet vehicles. The VPA has rented its current office space since 2025 and has not undergone any substantial tenancy fitouts.

Additional information available on request

In compliance with the requirements of the Standing Directions 2018 under the *Financial Management Act 1994*, details in respect of the items listed below have been retained by the VPA and are available on request to the relevant Ministers, Members of Parliament and the public, subject to the provisions of the FOI Act.

(a) a statement that declares that the declaration of pecuniary interests has been duly completed by all relevant officers;

(b) details of publications produced by the entity about itself, and how these can be obtained;

(c) details of changes in prices, fees, charges, rates and levies charged by the entity;

(d) details of assessments and measures undertaken to improve the occupational health and safety of employees;

(e) a general statement on industrial relations within the entity and details of time lost through industrial accidents and disputes;

(f) a list of major committees sponsored by the entity, the purposes of each committee and the extent to which the purposes have been achieved; and

(g) details of all consultancies and contractors including:

  (i) consultants/contractors engaged;

  (ii) services provided; and

  (iii) expenditure committed to for each engagement.

Activities not undertaken

The VPA did not undertake or participate in any of the following activities during 2025–26:

- major external reviews
- major research and development activities
- major promotional, public relations and marketing activities to develop community awareness
- overseas visits.

Information not applicable to VPA

- details of overseas visits undertaken (no overseas visits have been undertaken)
- details of shares held by a senior officer as nominee or held beneficially in a statutory authority or subsidiary.

Local Jobs First Act 2003

The *Local Jobs First Act 2003* introduced in August 2018 brings together the Victorian Industry Participation Policy and Major Project Skills Guarantee policy which were previously administered separately.

Departments and public sector bodies are required to apply the Local Job first policy in all projects valued at $3 million or more in Metropolitan Melbourne or for state-wide projects, or $1 million or more for projects in regional Victoria.

No project undertaken by the VPA during 2025–26 met the threshold for Local Jobs First Policy application. As such no local Industry Development plans were required or submitted.

Attestations

Victorian Pharmacy Authority Financial Management Compliance Attestation Statement

I, David McConville, on behalf of the Responsible Body, certify that the Victorian Pharmacy Authority has no Material Compliance Deficiency with respect to the applicable Standing Directions under the *Financial Management Act 1994* and Instructions.



David McConville
Chair
Victorian Pharmacy Authority

Melbourne
30 September 2026

Conflict of Interest Declaration

I, Aaron Bawden, certify that the Victorian Pharmacy Authority has put in place appropriate internal controls and processes to ensure that it has complied with the requirements of hospital circular 07/2017 Compliance reporting in health portfolio entities (Revised) and has implemented a 'Conflict of Interest' policy consistent with the minimum accountabilities required by the VPSC. Declaration of private interest forms have been completed by all executive staff within the Victorian Pharmacy Authority and members of the board, and all declared conflicts have been addressed and are being managed. Conflict of interest is a standard agenda item for declaration and documenting at each executive board meeting.



Aaron Bawden
Registrar
Victorian Pharmacy Authority

Melbourne
30 September 2026

Integrity, Fraud and Corruption Declaration

I, Aaron Bawden, certify that the Victorian Pharmacy Authority has put in place appropriate internal controls and processes to ensure that Integrity, fraud and corruption risks have been reviewed and addressed at the Victorian Pharmacy Authority during the year.



Aaron Bawden
Registrar
Victorian Pharmacy Authority

Melbourne
30 September 2026

Disclosure Index

The annual report of the Victorian Pharmacy Authority is prepared in accordance with all relevant Victorian legislation. This index has been prepared to facilitate identification of the VPA's compliance with statutory disclosure requirements.

Legislation	Requirement	Page reference
Standing Directions and Financial Reporting Directions		
Report of operations		
Charter and purpose		
FRD 22	Manner of establishment and the relevant Ministers	5
FRD 22	Purpose, functions, powers and duties	5
FRD 22	Nature and range of services provided	5
FRD 22	Activities, programs and achievements for the reporting period	15-33
FRD 22	Significant changes in key initiatives and expectations for the future	9
Management and structure		
FRD 22	Organisational structure	11
FRD 22	Workforce data/employment and conduct principles	14
FRD 22	Workforce inclusion policy	N/A
FRD 22	Occupational Health and Safety	14
Financial and other information		
FRD 22	Summary of the financial results for the year	39
FRD 22	Significant changes in financial position during the year	39
FRD 22	Operational and budgetary objectives and performance against objectives	39
FRD 22	Subsequent events	75
FRD 22	Details of consultancies under $10,000	40
FRD 22	Details of consultancies over $10,000	40
FRD 22	Disclosure of ICT expenditure	40
FRD 22	Asset Management Accountability Framework	40
FRD 22	Disclosure of social procurement activities under the Social Procurement Framework	41
FRD 22	Disclosure of reviews and study expenses	N/A
FRD 22	Disclosure of grants and transfer payments	N/A
FRD 22	Application and operation of *Freedom of Information Act 1982*	41

Legislation	Requirement	Page reference
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FRD 22	Application and operation of *Public Interest Disclosures Act 2012*	42
FRD 22	Statement on National Competition Policy	42
FRD 22	Application and operation of Carers Recognition Act 2012	N/A
FRD 22	Additional information available on request	43
FRD 24	Environmental data reporting	42
FRD 25	*Local Jobs First Act 2003* disclosures	44
Compliance attestation and declaration		
SD 5.1.4	Financial Management Compliance attestation	45
SD 5.2.3	Declaration in Report of Operations	4
	Attestation on Data Integrity	N/A
	Attestation on managing Conflicts of Interest	45
	Attestation on Integrity, Fraud and Corruption	46
	Compliance with Health Share Victoria (HSV) Purchasing Policies	N/A
Financial statements		
Declaration		
SD 5.2.2	Declaration in financial statements	51
Other requirements under Standing Directions 5.2		
SD 5.2.1(a)	Compliance with Australian accounting standards and other authoritative pronouncements	58
SD 5.2.1(a)	Compliance with Standing Directions	51
Other disclosures as required by FRDs in notes to the financial statements		
FRD 11	Disclosure of Ex gratia Expenses	49
FRD 103	Non-Financial Physical Assets	55
FRD 110	Cash Flow Statements	57
FRD 112	Defined Benefit Superannuation Obligations	61

Legislation	Requirement	Page reference
Legislation		
Freedom of Information Act 1982 (Vic) (FOI Act)		41
Building Act 1993		42
Public Interest Disclosures Act 2012		42
Local Jobs Act 2003		44
Financial Management Act 1994		4

Disclosure of *ex-gratia* expenses

No *ex-gratia* payments were made during the period.

VICTORIAN PHARMACY AUTHORITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2026

VICTORIAN PHARMACY AUTHORITY

Financial Statements
Financial Year ended 30 June 2026

Authority members, accountable officer's and chief finance & accounting officer's declaration

The attached financial statements for the Victorian Pharmacy Authority have been prepared in accordance with Direction 5.2 of the Standing Directions of the Minister for Finance under the *Financial Management Act 1994*, applicable Financial Reporting Directions, Australian Accounting Standards including Interpretations, and other mandatory professional reporting requirements.

We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and accompanying notes, presents fairly the financial transactions during the year ended 30 June 2026 and financial position of the Authority at 30 June 2026.

At the time of signing, we are not aware of any circumstance which would render any particulars included in the financial statements to be misleading or inaccurate.

We authorise the attached financial statements for issue on 8 September 2026.

David McConville
Chairperson
Melbourne
8 September 2026

Aaron Bawden
Registrar
Melbourne
8 September 2026

Koshala Nadanakumar
Chief Finance and Accounting Officer
Melbourne
8 September 2026

Independent Auditor's Report

Victorian Auditor-General's Office

To the Members of the Victorian Pharmacy Authority

Opinion	I have audited the financial report of the Victorian Pharmacy Authority (the Authority) which comprises the: • Balance sheet as at 30 June 2026 • Comprehensive operating statement for the year then ended • Statement of changes in equity for the year then ended • Cash flow statement for the year then ended • Notes to the financial statements, including significant accounting policies • Authority Chairperson's, Chief Finance and Accounting Officer's and Registrar's declaration. In my opinion the financial report presents fairly, in all material aspects, the financial position of the Authority as at 30 June 2026 and its financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the Financial Management Act 1994 and Australian Accounting Standards - Simplified Disclosures.
Basis for Opinion	I have conducted my audit in accordance with the *Audit Act 1994* which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report. My independence is established by the *Constitution Act 1975.* My staff and I are independent of the Authority in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.
Members' responsibilities for the financial report	The Members of the Authority are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards - Simplified Disclosures and the *Financial Management Act 1994,* and for such internal control as the Members determine is necessary to enable the preparation of a financial report that is free from material misstatement, whether due to fraud or error. In preparing the financial report, the Members are responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.

Auditor's responsibilities for the audit of the financial report

As required by the *Audit Act 1994,* my responsibility is to express an opinion on the financial report based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit 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 Authority's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Members
- conclude on the appropriateness of the Members use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Authority to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Members regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.



MELBOURNE
10 September 2026

Mahesh Silva
As delegate for the Auditor-General of Victoria

Victorian Pharmacy Authority
Comprehensive Operating Statement
For the Financial Year Ended 30 June 2026

	Notes	2026	2025
		$	$
Revenue and income from transactions			
Revenue from contracts with customers	2.1(a)	2,554,893	2,270,071
Grant – incentive for reusable capabilities		20,000	-
Other sources of income	2.1(b)	125,289	138,803
Total revenue and income from transactions		2,700,182	2,408,874
Expenses from transactions			
Employee expenses	3.1	(1,542,710)	(1,333,719)
Finance costs		(24,504)	(555)
Depreciation	4.2	(130,983)	(83,926)
Other operating expenses	3.1(c)	(1,192,380)	(898,104)
Total expenses from transactions		(2,890,577)	(2,316,304)
Net result for transactions – net operating balance		(190,395)	92,570
Other economic flows included in a net result			
Net loss from revaluation of long service leave		(8,152)	(603)
Total other economic flows included in a net result		**(8,152)**	**(603)**
Net result for the year		(198,547)	91,967
Comprehensive result for the year		**(198,547)**	**91,967**

The above Comprehensive Operating Statement should be read in conjunction with the accompanying notes.

Victorian Pharmacy Authority
Balance Sheet
As at 30 June 2026

	Notes	2026	2025
		$	$
Assets			
Financial assets			
Cash and cash equivalents	6.2	4,265,008	4,484,861
Receivables		53,480	32,631
Total financial assets		4,318,488	4,517,492
Non-financial assets			
Prepayments		-	8,910
Property, plant and equipment		13,676	14,241
Right of use asset	4.1	1,194,678	14,753
Total non-financial assets		1,208,354	37,904
Total assets		**5,526,842**	**4,555,396**
Liabilities			
Payables	5.1	213,692	219,480
Contract liabilities	5.2	1,975,905	2,088,870
Borrowings	6.1	1,221,339	14,486
Employee benefits	3.1	439,105	357,212
Total liabilities		**3,850,041**	**2,680,048**
Net assets		**1,676,801**	**1,875,348**
Equity			
Contributed capital		514,490	514,490
Accumulated surplus		1,162,311	1,360,858
Total equity		**1,676,801**	**1,875,348**

The above Balance Sheet should be read in conjunction with the accompanying notes.

Victorian Pharmacy Authority
Statement of Changes in Equity
For the financial year ended 30 June 2026

	Contributed capital $	Accumulated surplus $	Total Equity $
Balance as at 1 July 2024	**514,490**	**1,268,891**	**1,783,381**
Net result for the year	-	91,967	91,967
Balance at 30 June 2025	**514,490**	**1,360,858**	**1,875,348**
Net result for the year	-	(198,547)	(198,547)
Balance at 30 June 2026	**514,490**	**1,162,311**	**1,676,801**

The above Statement of Changes of Equity should be read in conjunction with the accompanying notes.

Victorian Pharmacy Authority
Cash Flow Statement
For the financial year ended 30 June 2026

	Notes	2026	2025
		$	$
Cash Flows from operating activities			
Fees from registrants		2,566,368	2,778,016
Interest received		125,289	138,803
GST received from ATO		3,498	-
Total receipts		**2,695,155**	**2,916,819**
Payments to employees		(1,378,616)	(1,175,781)
Payments to suppliers and consumables		(1,406,633)	(1,018,010)
Finance Cost		(24,504)	(555)
GST paid to ATO		-	(12,161)
Total payments		**(2,809,753)**	**(2,206,507)**
Net cash flows from/(used in) operating activities		**(114,598)**	**710,312**
Cash Flows from investing activities			
Payment for property, plant and equipment		(10,675)	(4,368)
Net cash flows used in investing activities		**(10,675)**	**(4,368)**
Cash Flows from financing activities			
Repayment of borrowings and principal portion of lease liabilities		(94,580)	(84,517)
Net cash flows used in financing activities		**(94,580)**	**(84,517)**
Net increase/(decrease) in cash and cash equivalents		(219,853)	621,427
Cash and cash equivalents at beginning of the year		4,484,861	3,863,434
Cash and cash equivalents at end of the year	6.2	**4,265,008**	**4,484,861**

The above Cash Flow Statement should be read in conjunction with the accompanying notes.

Victorian Pharmacy Authority
Notes to the Financial Statements
For the Financial Year Ended 30 June 2026

Note 1 About this report

The financial statements cover the Victorian Pharmacy Authority as an individual reporting entity.

The Victorian Pharmacy Authority is a statutory body established under the *Pharmacy Regulation Act 2010*.

These financial statements represent the audited general purpose financial statements of the Victorian Pharmacy Authority (the Authority) for the year ended 30 June 2026.

A description of the nature of the Authority's operations and its principal activities is included in the report of operations, which does not form part of these financial statements.

The Authority is established under section 81 of the *Pharmacy Regulation Act 2010* (the Act) to regulate the ownership and operation of pharmacy businesses, pharmacy departments and pharmacy depots through the functions specified in section 82 of the Act. The Authority acts in the public interest to achieve a safe pharmacy system through its licensing, registration and monitoring activities.

For the purpose of section 102 of the Act, these financial statements correspond to the financial statements of the Victorian Pharmacy Authority Fund.

Note 1.1 *Basis of preparation*

These financial statements are Tier 2 general purpose financial statements which have been prepared in accordance with AASB 1060 *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities* (AASB 1060) and Financial Reporting Direction 101 *Application of Tiers of Australian Accounting Standards* (FRD 101).

These general purpose financial statements have been prepared in accordance with the FMA and applicable Australian Accounting Standards (AASs), which include interpretations, issued by the Australian Accounting Standards Board (AASB).

Where appropriate, those AASs paragraphs applicable to not-for-profit entities have been applied. Accounting policies selected and applied in these financial statements ensure the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

The accrual basis of accounting has been applied in preparing these financial statements, whereby assets, liabilities, equity, income and expenses are recognised in the reporting period to which they relate, regardless of when cash is received or paid.

Consistent with the requirements of AASB 1004 *Contributions*, contributions by owners (that is, contributed capital and its repayment) are treated as equity transactions and, therefore, do not form part of the income and expenses of the Authority.

The financial statements have been prepared on a going concern basis.

The financial statements are presented in Australian dollars.

The amounts presented in the financial statements have been rounded to the nearest dollar. Minor discrepancies in tables between totals and sum of components are due to rounding.

The annual financial statements were authorised for issue by the Authority of the Victorian Pharmacy Authority on 8 September 2026.

Note 1.2 *Material accounting estimates and judgements*

Management makes estimates and judgements when preparing the financial statements.

These estimates and judgements are based on historical knowledge and the best available current information and assume any reasonable expectation of future events. Actual results may differ.

Revisions to estimates are recognised in the period in which the estimate is revised and also in future periods that are affected by the revision.

The material accounting judgements and estimates used, and any changes thereto, are disclosed within the relevant accounting policy.

Note 1.3 *Reporting Entity*

The financial statements include all the controlled activities of the Authority.

Victorian Pharmacy Authority's principal address is:
Level 8, 369 Royal Parade
Parkville Victoria 3052.

Note 2 Funding delivery of our services

The Authority regulates the ownership and operation of pharmacy businesses, pharmacy departments and pharmacy depots. The functions include to licence a person to carry on a pharmacy business and to register the premises of a pharmacy, pharmacy department or pharmacy depots and issue standards in relation to their operation.
The Authority is predominantly funded by fees for the provision of outputs.

Note 2.1 *Revenue and income from transactions*

	Note	2026 $	2025 $
Revenue from contracts with customers	2.1(a)	2,554,893	2,270,071
Other sources of income	2.1(b)	125,289	138,803
Total revenue and income from transactions		**2,680,182**	**2,408,874**

Note 2.1(a) *Revenue from contracts with customers*

Premises registration and business licence fees	2,268,468	1,951,516
Application for licence to carry on pharmacy business	122,235	112,955
Application for registration of pharmacy premises	164,190	205,600
Total revenue from contracts with customers	**2,554,893**	**2,270,071**

How we recognise revenue from contracts with customers

Annual premises registration and business licence fees
Premises registration and business licence fees run from 1 July to 30 June, with registration and licences fees payable annually in advance. Only those registration and licences that are attributable to the current financial year are recognised as revenue. Registration and licences payments that relate to future periods are shown in the Statement of Financial Position as fees received in advance under the heading of liabilities – contract liabilities.

Application fees for licence to carry on a pharmacy business and registration of pharmacy premises
Application fee for registration and licence that are attributable to the current financial year are recognised as revenue at the time the fee is received.

Note 2.1(b) Other sources of income

	2026 $	2025 $
Interest income	125,289	138,803
Total other sources of income	**125,289**	**138,803**

How we recognise interest income
Interest earned on funds held in the Central Banking System (CBS) is recognised as interest income in the reporting period in which it is earned.

Note 3 The cost of delivering our services

This section provides an account of the expenses incurred by the Authority in delivering services and outputs. In note 2, the funds that enable the provision of services were disclosed and in this note the costs associated with the provision of services are disclosed.

Note 3.1 *Expenses incurred in the delivery of services*

	Note	2026 $	2025 $
Employee expenses	3.1 (a)	1,542,710	1,333,719
Other operating expenses	3.1 (c)	1,192,380	898,104
Total expenses incurred in delivery of services		**2,735,090**	**2,231,823**

Note 3.1 (a) *Employee expenses*

Salaries and wages	1,286,596	1,160,391
Defined contribution superannuation expenses	154,463	132,174
Agency staff	90,200	30,400
Workcover payments	11,451	10,754
Total employee expenses	**1,542,710**	**1,333,719**

How we recognise employee expenses

Employee expenses include salaries and wages, leave entitlements, termination payments, WorkCover payments and agency expenses.

The amount recognised in relation to superannuation is employer contributions for members of both defined benefit and defined contribution superannuation plans that are paid or payable during the reporting period. The Authority does not recognise any defined benefit liabilities because it has no legal or constructive obligation to pay future benefits relating to its employees. Instead the Authority accounts for contribution to these plans as if they were defined contribution plans.

Note 3.1 (b) *Employee-related provisions*

Current provision for employee benefits		
Annual leave	154,234	121,314
Long service leave	213,132	166,219
Provision for on-costs	29,873	23,297
Total current provision for employee benefits	**397,239**	**310,830**
Non-current provisions for employee benefits		
Long service leave	36,719	40,681
Provision for on-cost	5,147	5,701
Total non-current provision for employee benefits	**41,866**	**46,382**
Total provision for employee benefits	**439,105**	**357,212**

How we recognise employee-related provisions

Employee related provisions are accrued for employees in respect of annual leave and long service leave, for services rendered to the reporting date.

No provision has been made for sick leave as all sick leave is non-vesting and it is not considered probable that the average sick leave taken in the future will be greater than the benefits accrued in the future. As sick leave is non-vesting, an expense is recognised in the Statement of Comprehensive Income as sick leave is taken.

Annual Leave

Liabilities for annual leave are recognised in the provision for employee benefits as 'current liabilities' because the Authority does not have the unconditional right to defer the settlement of the entitlements.

Depending on the expectation of the timing of settlement, liabilities for wages and salaries and annual leave are measured at:

- nominal value – component that the Authority expects to wholly settle within 12 months; and
- present value – component that the Authority does not expect to wholly settle within 12 months.

Long service leave

The liability for long service leave (LSL) is recognised in the provision for employee benefits.

Unconditional LSL (representing 7 or more years of continuous service) is disclosed as a current liability even where the Authority does not expect to settle the liability within 12 months because the Authority does not have the unconditional right to defer the settlement of the entitlement should an employee take leave within 12 months. An unconditional right arises after a qualifying period.

The components of this current LSL liability are measured at:

- nominal value – component that the Authority expects to wholly settle within 12 months; and
- present value – component that the Authority does not expect to wholly settle within 12 months.

Conditional LSL (representing less than 7 years of continuous service) is disclosed as a non-current liability because there is a conditional right to defer the settlement of the entitlement until the employee has completed the requisite years of service. This non-current LSL is measured at present value.

Provisions

Employment on-costs such as payroll tax, workers compensation and superannuation are not employee benefits. They are disclosed separately as a component of the provision for employee benefits when the employment to which they relate has occurred.

Victorian Pharmacy Authority
Notes to the Financial Statements
For the Financial Year Ended 30 June 2026

Note 3.1 (c) *Other operating expenses*

	2026 $	2025 $
Audit fee	23,000	21,900
Authority member fees and expenses	46,931	45,302
Bank fees	24,791	16,062
Car expenses – Inspectorial	46,035	54,487
Consultancy – Projects	77,052	72,915
Consultancy – Financial audits	33,132	30,948
Consultancy – other	58,688	32,803
Consultancy – IT related	133,136	86,487
Expenses related to leases of low value assets	1,836	1,836
Insurance	60,163	57,954
Legal expenses	265,097	216,351
Maintenance contracts (IT)	128,808	85,891
New CRM-database	75,700	-
Licencing and support	39,194	-
Occupancy expenses	7,313	30,827
Staff /member training and development	12,105	32,719
Subscription	7,189	11,627
Telephone	14,299	17,765
Travel and accommodation	18,900	25,925
Web site maintenance	10,276	3,843
Relocation expenses	33,442	-
Other administrative expenses	75,293	52,462
Total other operating expenses	**1,192,380**	**898,104**

How we recognise other operating expenses

Expenses recognition

Expenses are recognised as they are incurred and reported in the financial year to which they relate.

Supplies and consumables
Supplies and consumable costs are recognised as an expense in the reporting period in which they are incurred. The carrying amounts of any inventories held for distribution are expensed when distributed.

The following lease payments are recognised on a straight-line basis:

- short term leases – leases with a term of twelve months or less, and
- low value leases – leases with the underlying asset's fair value (when new, regardless of the age of the asset being leased) is no more than $10,000.

Other operating expenses
Other operating expenses generally represent the day to day running costs incurred in normal operations.

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Note 4 Key assets to support service delivery

Property, plant and equipment are tangible items that are used by Victorian Pharmacy Authority in the supply of goods or services or for administration purposes and are expected to be used during more than one financial year.

Note 4.1(a) *Right-of-use assets*

The following tables are right-of-use assets included in the property, plant and equipment balance, presented by subsets of office building.

	Gross carrying amount		Accumulated depreciation		Net carrying amount	
	2026	2025	2026	2025	2026	2025
	$	$	$	$	$	$
Building [1]	1,746,843	445,470	(552,165)	(430,717)	1,194,678	14,753
Total right of use assets	**1,746,843**	**445,470**	**(552,165)**	**(430,717)**	**1,194,678**	**14,753**

	Building
	$
Balance at 1 July 2025 [1]	14,753
Additions	1,301,373
Depreciation	(121,448)
Balance at 30 June 2026	**1,194,678**

[1] As a result of change in FRD 104 *Leases* effect for reporting periods from 30 June 2026, right-of-assets are measured at cost for reporting period 2026. The comparative information for reporting period is not restated and is reported at the previously determined fair value. For further information, refer to Note 7.3.

How we recognise right-of-use assets

Initial recognition

When the Authority enters a contract, which provides the Authority the right to control the use of an identified asset for a period of time in exchange for payment, this contract is considered a lease.

Unless the lease is considered a short-term lease or a lease of a low-value asset (refer to Note 6.1 for further information) the contract gives rise to a right-of-use asset and corresponding lease liability.

The right-of-use asset is initially measured at cost and comprises the initial measurement of the corresponding lease liability, adjusted for:

- any lease payments made at or before the commencement date
- any initial direct costs incurred and
- an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received.

Subsequent measurement
Right-of-use assets are subsequently measured at cost less accumulated depreciation, impairment and any adjustments of lease liability.

Further information regarding fair value measurement is disclosed in note 7.3.

Note: 4.1(b) *Impairment of property, plant and equipment*

The recoverable amount of the primarily non-financial physical assets of the Authority, which are typically specialised in nature and held for continuing use of their service capacity, is expected to be materially the same as fair value determined under AASB 13 *Fair Value Measurement*.

The Authority has assessed all right-of-use assets for impairment, and no indicators of impairment are identified as at 30 June 2026.

Note 4.2 *Depreciation*

How we recognise depreciation

All plant and equipment and other non-financial physical assets (excluding items under assets held for sale, land and investment properties) that have finite useful lives are depreciated. Depreciation is generally calculated on a straight-line basis at rates that allocate the asset's value, less any estimated residual value over its estimated useful life.

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset, whichever is the shortest. Where a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Authority anticipates exercising a purchase option, the specific right-of-use asset is depreciated over the useful life of the underlying asset.

Depreciation

	2026 $	2025 $
Property, plant and equipment	9,535	9,501
Right-of-use assets	121,448	74,425
Total depreciation expenses	**130,983**	**83,926**

Useful lives of non-current assets

The following table indicates the expected useful lives of non-current assets on which depreciation charges are based.

	2026	2025
Office equipment	1-3 years	1-3 years
Furniture and fittings	5-10 years	5-10 years
Building (including leased assets)	5-10 years	3-5 years

Note 5 Other assets and liabilities

This section sets out those assets and liabilities that arose from the Authority's operations.

Note 5.1 *Payables*

Current payables

	Note	2026 $	2025 $
Contractual			
Trade creditors		29,072	36,720
Accrued expenses		157,488	154,472
Total contractual payables		**186,560**	**191,192**
Statutory			
GST payable		27,132	28,288
Total statutory payable		**27,132**	**28,288**
Total payables		**213,692**	**219,480**
(i) Financial liabilities classified as payables)			
Total payables		213,692	219,480
GST payable		(27,132)	(28,288)
Total financial liabilities classified as payables	7.1	**186,560**	**191,192**

How we recognise payable

Payables consist of:

Contractual payables, including payables that relate to the purchase of goods and services. These payables are classified as financial instruments and measured at amortised cost. Accounts payable and salaries and wages payable represent liabilities for goods and services provided to the Authority prior to the end of the financial year that are unpaid.

Statutory payables, including Goods and Services Tax (GST) payable. Statutory payables are recognised and measured similarly to contractual payables but are not classified as financial instruments and not included in the category of financial liabilities at amortised cost, because they do not arise from contracts.

The normal credit terms for accounts payable are usually net 30 days.

Note 5.2 *Contract liabilities*

Current Contract Liabilities

	2026	2025
	$	$
Pharmacy premises registration fees	532,500	607,030
Pharmacy business licence fees	1,443,405	1,481,840
Total contract liabilities	**1,975,905**	**2,088,870**

How we recognise contract liabilities

Contract liabilities include consideration received in advance from customers in respect of pharmacy premises registration and pharmacy business licence fees relating to periods beyond the current financial year are recognised as a liability and have been disclosed as contract liabilities. Revenue is recognised following the provision of the service.

Note 6 How we Finance our operations

This section provides information on the sources of finance utilised by the Authority during its operations, along with interest expenses (the cost of borrowings) and other information related to financing activities of the Authority.

This section includes disclosures of balances that are financial instruments (such as borrowings and cash balances). Note 7.1 provides additional, specific financial instrument disclosures.

Note 6.1 *Borrowings - Lease liabilities*

The Authority's lease liabilities are summarised below:

Lease liabilities

	2026	2025
	$	$
Current lease liabilities		
Lease liability	92,844	14,486
Total current liabilities	**92,844**	**14,486**
Non-current lease liabilities		
Lease liability	1,128,495	-
Non-current lease liabilities	**1,128,495**	**-**
Total lease liabilities	**1,221,339**	**14,486**

The following table sets out the maturity analysis of lease liabilities, showing the undiscounted lease payments to be made after the reporting period.

	2026	2025
	$	$
Not later than one year	92,844	14,500
Longer than one year but not longer than five years	368,908	-
Longer than five years	887,457	-
Minimum future lease liability	**1,349,209**	**14,500**
Less unexpired finance expenses	(127,870)	(14)
Present value of lease liability	**1,221,339**	**14,486**

How we recognise lease liabilities

A lease is defined as a contract, or part of a contract, that conveys the right for the Authority to use an asset for a period of time in exchange for payment.

To apply this definition, the Authority ensures the contract meets the following criteria:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Authority and for which the supplier does not have substantive substitution rights
- the Authority has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract and the Authority has the right to direct the use of the identified asset throughout the period of use, and
- the Authority has the right to take decisions in respect of 'how and for what purpose' the asset is used throughout the period of use.

The Authority's lease arrangements consist of the following:

Type of asset leased	Lease term
Leased building	5 years

The Authority has entered into a lease agreement for an initial term of five years and an option to extend this lease for further five years.

All leases are recognised on the balance sheet, with the exception of low value leases (less than $10,000 AUD) and short-term leases of less than 12 months. The Authority has elected to apply the practical expedients for short-term leases and leases of low-value assets. As a result, no right-of-use asset or lease liability is recognised for these leases; rather, lease payments are recognised as an expense on a straight-line basis over the lease term, within "other operating expenses" (refer to Note 3.1 (c)).

Initial measurement

The lease liability is initially measured at the present value of the lease payments unpaid at the commencement date, discounted using the interest rate implicit in the lease if that rate is readily determinable or the Authority's incremental borrowing rate.
Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments (including in-substance fixed payments) less any lease incentive receivable;
- variable payments based on an index or rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- payments arising from purchase and termination options reasonably certain to be exercised.

Subsequent measurement
Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest.
It is remeasured to reflect any reassessment or modification, or if there are changes in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

Note 6.2 *Cash and cash equivalents*

	Note	2026 $	2025 $
Cash at Bank		4,264,758	4,484,611
Petty cash		250	250
Total cash and cash equivalents	7.1	**4,265,008**	**4,484,861**

Note 6.3 *Commitments for Expenditure*

30 June 2026	**Less than 1 year $**	**1-5 years $**	**Total $**
Operating expenditure commitments	2,020	1,177	3,197
Total commitments (inclusive of GST)			**3,197**
Less GST recoverable			(474)
Total commitments (exclusive of GST)			**2,723**

30 June 2025	**Less than 1 year $**	**1-5 years $**	**Total ($) $**
Operating expenditure commitments	2,020	3,197	5,217
Total commitments (inclusive of GST)			**5,217**
Less GST recoverable			(474)
Total commitments (exclusive of GST)			**4,743**

How we disclose our commitments

Our commitments relate to expenditure and short term and low value leases.

Expenditure commitments
Commitments for future expenditure include operating commitments arising from contracts. These commitments are disclosed at their nominal value and are inclusive of the GST payable. In addition, where it is considered appropriate and provides additional relevant information to users, the net present values of significant projects are stated. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised on the balance sheet.

Short term and low value leases
The Authority discloses short term and low value lease commitments which are excluded from the measurement of right-of-use assets and lease liabilities. Refer to Note 6.1 for further information.

Note 7 Financial instruments, contingencies and valuation judgements

The Authority is exposed to risk from its activities and outside factors. In addition, it is often necessary to make judgements and estimates associated with recognition and measurement of items in the financial statements. This section sets out financial instrument specific information (including exposures to financial risks) as well as those items that are contingent in nature or require a higher level of judgement to be applied, which for the Authority is related mainly to fair value determination.

Note 7.1 *Financial instruments*

Financial instruments arise out of contractual agreements that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Due to the nature of the Authority's activities, certain financial assets and financial liabilities arise under statute rather than a contract (for example, taxes, fines and penalties). Such financial assets and financial liabilities do not meet the definition of financial instruments in AASB 132 *Financial Instruments: Presentation*.

30 June 2026	Note	Carrying amount $	Total interest income/ (expenses) $
Financial assets at amortised cost			
Cash and cash equivalents	6.2	4,265,008	125,289
Total financial assets		**4,265,008**	**125,289**
Financial liabilities at amortised cost			
Payables	5.1	186,560	-
Borrowings – lease liability	6.1	1,221,339	24,504
Total financial liabilities (i)		**1,407,899**	**24,504**

30 June 2025	Note	Carrying amount $	Total interest income/ (expenses) $
Financial assets at amortised cost			
Cash and cash equivalents	6.2	4,484,861	138,803
Total financial assets		**4,484,861**	**138,803**
Financial liabilities at amortised cost			
Payables	5.1	191,192	-
Borrowings – lease liability	6.1	14,486	555
Total financial liabilities (i)		**205,678**	**555**

(i) The carrying amount excludes statutory payables. (ie GST payable).

How we categorise financial instruments

Financial assets at amortised cost

Financial assets are measured at an amortised cost if both of the following criteria are met and the assets are not designated as fair value through net result:

- the assets are held by the Authority solely to collect the contractual cash flows, and
- the assets' contractual terms give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specific dates.

These assets are initially recognised at fair value plus any directly attributable transaction costs and are subsequently measured at amortised cost using the effective interest method less any impairment.

The Authority recognises the following assets in this category:
- Cash and cash equivalents.

Financial liabilities at amortised cost

Financial liabilities are measured at amortised cost using the effective interest method, where they are not held at fair value through net result.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense in net result over the relevant period. The effective interest is the internal rate of return of the financial asset or liability. That is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition**.**

The Authority recognises the following liabilities in this category:
- Payables (excluding statutory payables), and
- Borrowings.

Note 7.2 *Contingent assets and contingent liabilities*

At balance date, the Authority is not aware of any contingent assets or liabilities.

How we measure and disclose contingent assets and contingent liabilities.

Contingent assets and contingent liabilities are not recognised in the balance sheet but are disclosed and, if quantifiable, are measured at nominal value.

Contingent assets and liabilities are presented inclusive of GST receivable or payable respectively.

Contingent assets
Contingent assets are possible assets that arise from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Authority.

These are classified as either quantifiable, where the potential economic benefit is known, or non-quantifiable**.**

Contingent liabilities

Contingent liabilities are:

- possible obligations that arise from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Authority, or
- present obligations that arise from past events but are not recognised because:
  - it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligations, or
  - the amount of the obligations cannot be measured with sufficient reliability.

Contingent liabilities are also classified as either quantifiable or non-quantifiable.

Note 7.3 *Fair value determination*

How we measure fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The following assets and liabilities are carried at fair value:

- Property, plant and equipment, with the exception of right-of-use assets arising under AASB 16, which are measured using the cost model.

In addition, the fair value of other assets and liabilities that are carried at amortised cost, also need to be determined for disclosure.

Valuation hierarchy

In determining fair values, a number of inputs are used. To increase consistency and comparability in the financial statements, these inputs are categorised into three levels, also known as the fair value hierarchy. The levels are as follows:

Level 1 – quoted (unadjusted) market prices in active markets for identical assets or liabilities.
Level 2 – valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable, and
Level 3 – valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The Authority determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. There have been no transfers between levels during the period.

Furniture, fittings, plant and equipment
Furniture, fittings, plant and equipment are held at fair value. When plant and equipment is specialised in use, such that it is rarely sold, fair value is determined using the current replacement cost method.

Significant assumptions
Description of significant assumptions applied to fair value measurement:

Asset class	Valuation technique	Significant assumption	Range (weighted average)
Plant, equipment, furniture and fittings	Current replacement cost approach	Useful life	3 – 10 years (5 years)

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Note 8 Other disclosures

Note 8.1 *Responsible persons disclosures*

In accordance with the Directions from the Assistant Treasurer under the *Financial Management Act 1994* (FMA) the following disclosures are made for the responsible persons for the reporting period.

Responsible Ministers	**Period**
The Honourable Mary-Anne Thomas MP:	
Minister for Health	27/06/2022 – 14/04/2026
Minister for Ambulance Services	2/10/2023 – 14/04/2026
The Honourable Harriet Shing MP:	
Minister for Health	15/04/2026 –30/06/2026
Minister for Ambulance Services	15/04/2026 – 30/06/2026

Authority Members		
Authority Members	Mr David McConville (Chair)	01/07/25 – 30/06/26
	Mr Brendon Moar	01/07/25 – 30/06/26
	Ms Elizabeth Kennedy	01/07/25 – 30/06/26
	Ms Regina Cowie	01/07/25 – 30/06/26
	Ms Jane Hill	01/07/25 – 30/06/26
	Mr Adam Stormont	01/07/25 – 30/06/26
Accountable Officer		
Registrar (CEO)	Mr Aaron Bawden	01/07/25 – 30/06/26

Remuneration of Responsible Persons

The number of Responsible Persons and executives are shown in their relevant income bands:

Income Band	**2026 No.**	**2025 No.**
$1 - $10,000	5	5
$10,001 - $20,000	1	1
$300,001 - $310,000	-	1
$340,001 - $350,000	1	-
Total number of executives and responsible persons	**7**	**7**

Total remuneration received or due and receivable by Responsible Persons and executives from the reporting entity amounted to:	**$395,371**	**$351,052**

Payments made to Authority Members are for sitting fees and the reimbursement of expenses. Amounts related to Responsible Ministers are reported within the State Annual Financial Report.

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Note 8.2 *Remuneration of executives*

The number of executive officers, other than the Responsible minister and their total remuneration during the reporting period was between $340,001 to $350,000 (2025 was between $300,001 to $310,000).

Remuneration comprises employee benefits in all forms of consideration paid, payable or provided in exchange for services rendered. Accordingly, remuneration is determined on an accrual basis.

The total number of executive officers includes persons who meet the definition of Key Management Personnel (KMP) of The Authority under AASB 124 *Related Party Disclosures* and are also reported in Note 8.3 Related Parties.

Note 8.3 Related parties

Related parties of the Victorian Pharmacy Authority includes:

- all key management personnel (KMP) and their close family members and personal business interests
- cabinet ministers (where applicable) and their close family members; and
- all departments and public sector entities that are controlled and consolidated into the whole of state consolidated financial statements.

Key Management personnel

KMPs are those people with the authority and responsibility for planning, directing and controlling the activities of the Authority and its controlled entities, directly or indirectly.

The Board members and the Executive of the Authority are deemed to be KMPs. This includes the following:

Key Management Personnel	Position title
Mr David McConville	Chair of the Authority
Mr Brendon Moar	Authority member
Ms Elizabeth Kennedy	Authority member
Ms Regina Cowie	Authority member
Ms Jane Hill	Authority member
Mr Adam Stormont	Authority member
Mr Aaron Bawden	Registrar (CEO)

Remuneration of key management personnel

The compensation detail below excludes the salaries and benefits the Portfolio Minister receive. The Minister's remuneration and allowances is set by the Parliamentary *Salaries and Superannuation Act 1968* and is reported within the State's Annual Financial Report.

	2026 $	2025 $
Total compensation – KMPs[1]	**$395,371**	**351,052**

[1]KMP are also reported in note 8.1 Responsible persons disclosures.

Transactions and balances with key management personnel and other related parties
Given the nature of the Authority's statutory obligation, there was no involvement in third party related transactions. There were no related party transactions that involved key management personnel, their close family members and their personal business interest. No provision has been required, nor any expenses recognised, for impairment of receivable from related parties.

There were no related party transactions required to be disclosed for the Authority Board of Directors, Chief Executive Officer and Executive Directors in 2026 (2025: none).

Note 8.4 *Remuneration of auditors*

	2026	2025
Victorian Auditor-General's Office	**$**	**$**
Audit for the financial statement	23,000	21,900
Total remuneration of auditors	**23,000**	**21,900**

Note 8.5 *Events occurring after the balance sheet date*

There are no events occurring after the Balance Sheet date.