



National Prescribing Service Limited

# Annual Report

05-06



# NPS Annual Report 2005–2006



National Prescribing Service Ltd (NPS) is the quality use of medicines service agency for Australia's National Medicines Policy. Quality use of medicines (QUM) means selecting management options wisely; choosing suitable medicines if a medicine is considered necessary; and using medicines safely and effectively. QUM applies equally to decisions about medicine use by an individual or within a community. The term 'medicine' includes prescription, non-prescription and complementary medicines.

NPS is an independent, non-profit organisation funded by the Australian Government Department of Health and Ageing.

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## Purpose

Our purpose is to support the best use of medicines to improve health and well-being.

# Purpose, Vision & Values

## Vision

NPS services will be used when decisions about medicines are made. People using our advice will be able to choose if, when and how to use medicines to attain better health and well-being.

NPS will be an influential leader that:

- achieves improvements in health through better use of medicines
- helps develop, and implements the body of knowledge on QUM
- provides innovative and relevant QUM services for health professionals and consumers
- is a reliable and sought-after source of independent information on medicines.



## Values

In all our relationships, services and activities:

- we are open, honest and balanced
- we are relevant, reliable and accurate
- we use rigorous processes
- we build the knowledge base for the best use of medicines
- we are creative and innovative
- we work in partnerships
- we encourage and recognise excellence in our staff
- we are determined to achieve results.

# Our Partners

NPS is member-based and works in partnership with health professionals, government, pharmaceutical industry and consumers.

We work closely with our partners and stakeholders, particularly our clients and those in divisions of general practice, consumer, health and community-based organisations, to update and improve our programs and services.

## Member organisations

Australasian College of Dermatologists	Consumers' Health Forum of Australia
Australasian Medical Writers Association	Diabetes Australia
Australasian Society of Clinical and Experimental Pharmacologists and Toxicologists	Generic Medicines Industry Association
Australian and New Zealand College of Anaesthetists	Health Consumers of Rural and Remote Australia
Australian College of Rural and Remote Medicine	Medicines Australia
Australian Council on the Ageing	National Aboriginal Community Controlled Health Organisation
Australian Council of Social Service	National Asthma Council Australia
Australian Dental Association	National Heart Foundation of Australia
Australian Divisions of General Practice	NSW Therapeutic Advisory Group
Australian Government Department of Health and Ageing	Optometrists Association Australia
Australian Government Department of Veterans' Affairs	Palliative Care Australia
Australian Healthcare Association	Pharmaceutical Society of Australia
Australian Lung Foundation	The Pharmacy Guild of Australia
Australian Medical Association	The Royal Australasian College of Physicians
Australian Nursing Federation	The Royal Australian and New Zealand College of Psychiatrists
Australian Pensioners' and Superannuants' Federation	The Royal Australian College of General Practitioners
Australian Postgraduate Federation in Medicine	Royal College of Nursing, Australia
Australian Private Hospitals Association	Rural Doctors Association of Australia
Australian Self-Medication Industry	The Society of Hospital Pharmacists of Australia
Carers Australia	Therapeutic Guidelines
Chronic Illness Alliance	Victorian Postgraduate Medical Foundation

# Our Programs

Summary of achievements 2005 – 2006\*

Education and Quality Assurance Program for Health Professionals

Australian Prescriber

New Drugs Program

Community Quality Use of Medicines Program

Supported by

Curriculum and Training

Pharmaceutical Decision Support

Evaluation

Research and Development

Corporate Services†

## Program goals

- To achieve better health outcomes in target areas
- To achieve better prescribing and use of medicine
- To improve QUM awareness and competence (i.e. knowledge, beliefs, values, skills and behaviour) among health professionals and consumers
- To create greater capacity in the QUM workforce
- To support nationally coordinated QUM activity
- To encourage and undertake evaluation and research that supports innovation and learning

## Corporate goals

- To be intellectually and strategically independent, with excellent governance
- To be well resourced and managed
- To achieve targets, goals and contract deliverables
- To be in the best position to carry out our purpose and reach our vision
- To have effective and valued partnerships that promote QUM in Australia and abroad

† Corporate Services: Administration, Corporate Public Affairs and Marketing, Finance, Human Resources, Information and Communications Technology, Publishing.

## For health professionals

- All GPs and pharmacists received written information on every therapeutic program
- More than 10,000 other medical specialists received written information on topics of interest to them
- 10,746 GPs and pharmacists participated in education activities this year; 19,449 have participated in at least one activity since we began
- Around 140 NPS facilitators trained and equipped to deliver NPS programs through divisions of general practice

### Therapeutic programs 2005 – 2006

#### **Optimising drug use in ischaemic heart disease**

*NPS News*, case study with written feedback, *Prescribing Practice Review*, personalised prescribing feedback, clinical audit

#### **Effective use of antidepressants**

*NPS News*, case study with written feedback, *Prescribing Practice Review*, educational visiting, pharmacy practice audit, patient leaflet for use by doctors with their patients, small group discussions

#### **New Drugs: Weighing up risks and benefits**

*NPS News*, case study with written feedback

#### **Generics: Same difference?**

*NPS News*, case study with written feedback

#### **COPD: Interventions for better outcomes**

*NPS News*, case study with written feedback, *Prescribing Practice Review*, educational visiting, clinical audit, pharmacy practice audit, small group discussions

#### **Proton pump inhibitors in primary care**

*NPS News*, case study with written feedback, *Prescribing Practice Review*, personalised prescribing feedback, educational visiting, clinical audit, small group discussions

\* Report not inclusive; full details available in our Evaluation Report to be published early 2007.

## Our Programs

### Other activities

- General practices and pharmacies supported *Common colds need common sense* campaign by using NPS materials with patients and consumers
- Materials developed and delivered to general practice nurses
- Contracts renegotiated with 115 of the 119 divisions of general practice
- Consultation for aged care program commenced and plan being developed
- Electronic audits being developed for review of management of type 2 diabetes and ischaemic heart disease
- More than 500 copies distributed of new manual, *Indicators of Quality Prescribing in Australian General Practice*
- Supported Department of Veterans' Affairs with the Veterans' MATES Project, and the Department of Health and Ageing and Australian Divisions of General Practice with the Enhanced Divisional QUM (EDQUM) Program
- NPS patient leaflets included in medical software programs
- New drug usage evaluation project developed to improve analgesic use in post-operative pain
- Web services prototype developed and being piloted for drug interactions database
- 6,509 phone queries from health professionals answered by TAIS

### Australian Prescriber

- Celebrated 30 years of publishing
- Six issues published this year; distributed to 55,000 health professionals and students nationally
- Articles included:  
*The 'polypill'*  
*Children, serotonin and suicide*  
*Starting steroids for asthma*  
information on the concepts of critical appraisal
- 26% increase in number of pages viewed on the website
- 58% of articles included consumer content online
- Results of national GP and pharmacist hard copy readership survey available late 2006

### New Drugs Program

- New drugs program refunded in 2006 Federal Budget
- 3 editions of *NPS RADAR* distributed in print and electronically to nearly 63,000 pharmacists, GPs, other medical specialists and health professionals
- Additional special edition distributed electronically to 18,000 recipients
- *NPS RADAR* incorporated into selected prescribing software systems
- 146 *Evidence Versus Hype* workshops hosted by 71 divisions of general practice; attended by 1,931 health professionals
- 18 *Leading Edge New Drugs Seminars* attended by 989 health professionals

### For medical and nursing students

- Prescribing curriculum used by all Australian medical schools with final year medical students; 1,624 students used the curriculum this year, an increase of 17% over last year
- Resources developed for quality use of medicines in nursing currently being pilot tested; 50% of the schools of nursing have indicated their intention to introduce the curriculum when available

### For the community

In partnership with Consumers' Health Forum of Australia (CHF)

### For people with chronic pain and type 2 diabetes

- Qualitative research and literature reviews conducted to understand quality use of medicines-related needs of people living with type 2 diabetes and chronic pain; programs to be developed based on these findings
- Consumer consultation forum held in collaboration with CHF

### Generic medicines

- Consumer consultation forum to understand issues related to generic medicines held in collaboration with CHF
- Mass media campaign planned for 2006–2007



### **Common colds need common sense campaign: June – August 2006**

- Aimed at reducing use of antibiotics for upper respiratory tract infections; targeted to parents and carers of children aged 2–9
- New resources developed: *Harvey catches a cold and visits the doctor*; kit for children's services to run education sessions
- 458 children's services received kits to implement education sessions about common colds
- Radio advertising campaign ran for three weeks

### **Seniors program**

- In partnership with COTA organisations nationally
- Generic medicines module developed and pilot tested
- 321 peer educators trained through COTA organisations and Combined Pensioners and Superannuants Association Inc
- Peer educators held 937 meetings promoting quality use of medicines, attended by 21,781 people; 87% indicated that they intended to change their behaviours or attitudes to medicines following the session

### **Multicultural program**

- In partnership with the Federation of Ethnic Communities' Councils of Australia (FECCA)
- *Families Get to Know their Medicines Program* developed in partnership with FECCA and Community Languages Australia; curriculum modules to be piloted in Greek, Chinese and Vietnamese ethnic schools in Queensland in early 2007
- Multicultural Forum held in October 2005 to consult with key stakeholders about program outcomes and future directions
- Awarded National Multicultural Marketing Award 2005, along with FECCA
- 480 students in Victoria and 125 students in South Australia undertook the quality use of medicines module through Adult Migrant Education Service

### **Aboriginal and Torres Strait Islander program**

- In partnership with the National Aboriginal Community Controlled Health Organisation (NACCHO)

- Literature review undertaken to identify key issues, barriers and enablers related to quality use of medicines
- Four draft modules developed for primary health care workers within Aboriginal Medical Services
- Consultation workshop held in Broome with primary health care workers

### **Information for consumers**

- 375,000 Medimates, Medicines Lists, Consumer Medicine Information guides, Medicines Line flyers and other resources distributed to community organisations, health services and pharmacies
- Nearly 10,000 Consumer Medicine Information leaflets downloaded from NPS website
- 15,461 phone queries from consumers answered by NPS Medicines Line
- 4 editions of Medicines Talk distributed to 2,500 individuals and community groups, 25% more than last year

### **Medicines in the Media: QUM seminars for health and medical writers**

Held jointly with member organisation, Australasian Medical Writers Association, to improve medical writers' ability to critically appraise and evaluate information about medicines. Seminars held in Sydney and Canberra with others planned for Brisbane and Melbourne.

### **Financial impact on PBS**

Our contractual agreement with the Australian Government Department of Health and Ageing required that with four-year funding (1 July 2001 to 30 June 2005) of \$45.76 million, we were to deliver savings of \$111 million to the PBS: \$28.5 million in the first year and \$27.5 million in each subsequent year.

In the last 12 months of that period (July 2004 to June 2005), at a minimum, NPS activities generated savings of \$68.7 million to the PBS. These savings could, however, be as high as \$151.0 million.

Claiming conservative estimates of savings generated, the actual savings in excess of contracted savings available to be brought forward as of July 2005 are \$147.8 million.

# Report by Dr Roger Boyd, Chair

Dr Boyd has been a member of the NPS Board since 1998, the year of NPS's inception, giving him a thorough understanding of the quality use of medicines landscape.

Prior to his appointment as Chair, Dr Boyd held the position of Deputy Chair and Chair of the Audit Committee. Dr Boyd is also a current member of the NPS Evaluation Working Group.

Our energies and resources each year are directed towards providing programs and services aimed at giving people information, skills and knowledge to choose if, when and how to use medicines to attain better health and well-being. This encompasses medicine use by an individual or within a community, and includes prescription, non-prescription and complementary medicines.

We work within the quality use of medicines policy framework, initially developed by the Pharmaceutical Health and Rational use of Medicines (PHARM) Committee, which involves educating all groups – health professionals and consumers – and creating an environment conducive to people making decisions and taking actions that will optimise the quality use of medicines.

Of equal importance are the environmental, public health, legislative, structural and policy changes that might be needed and which in the Australian context are influenced by PHARM and the Australian Pharmaceutical Advisory Council (APAC). We continue to work closely with these and other lead agencies in the QUM arena.

## Refining our goals

Our success will ultimately be measured by the impact we have on prescribing and medicine use in Australia, and the flow-on effects to people's health. To ensure we stay focused on bringing about these changes, we better articulated our corporate and program goals this year (see page 3).

Specific, measurable indicators aligned with these goals have been developed as part of our evaluation framework. Achievement

against these measures is regularly used to assist the NPS board and management to improve the design and delivery of programs, interventions and services, and to set future directions that will have the greatest impact on quality use of medicines.

This information is also important in ensuring that we maintain and strengthen the corporate infrastructure required to support our programs, and in demonstrating our accountability to our funding providers, the Australian Government Department of Health and Ageing.

## Corporate governance

This year has seen changes in corporate governance including the completion of Dr Stephen Phillips' maximum term as inaugural chair of the NPS Board, and the appointment of new directors, Dr Graeme Killer and Dr Janette Randall.

For me it has always been a pleasure to be part of the tremendous team at NPS, helping promote quality use of medicines, and an honour to have now been elected by my fellow directors as the new chair of the board.

As I take the helm, I would like to acknowledge the work of Stephen Phillips and the commitment, dedication and far-sightedness he brought to the role. During his time as chair, NPS has made remarkable inroads as the service delivery arm for quality use of medicines within the National Medicines Policy. We will continue in the direction he set and I am pleased to report that Dr Phillips continues to work with NPS on two working groups.



**New Drugs funding renewed**

I am pleased to acknowledge that funding has been confirmed for a further four years from the Australian Government Department of Health and Ageing for our New Drugs Program. Our publication *NPS RADAR* – the flagship of our New Drugs Program – has been well received by health professionals wanting up-to-date information on new and revised listings to the PBS and new research findings.

As part of this program we are also developing material on new drugs that will help consumers work with health professionals to make decisions about medicines.

**Significant events**

We were also pleased this year to welcome international and Australian guests to our 4th National Medicines Symposium, with the theme *Balancing beliefs, benefits and harms*. Jointly hosted by NPS and PHARM, and highly regarded by participants, the symposium showcased international and national best practice in quality use of medicines. Presentations were made on clinical practice, education, research and policy, with a primary focus on consumers' needs for quality use of medicines.

During the year NPS also hosted a very successful summit on the important issue of *Informing Judgements About Medicines*.

We have sought new ways to engage with our members and other stakeholders during the year, including changes to our planning days and the introduction of stakeholder reference group meetings.

**Significant partnerships**

Building partnerships is a vital element in sustaining programs. Divisions of general practice remain essential partners in delivering our programs, with 115 of the 119 divisions of general practice renegotiating their contracts with us this year. Nearly 75% of those divisions took up the opportunity to run *NPS Evidence versus Hype* seminars with health professionals in their divisions: around 2,000 health professionals attended the seminars where they were taught skills in critically appraising medicines information and marketing materials.

We also continue to work closely with other partners, including Consumers' Health Forum of Australia (CHF), to develop interventions for consumers using evidence based practice and rigorous consumer testing processes. Partnerships with peak consumer organisations, such as the Federation of Ethnic Communities' Councils of Australia (FECCA), COTA organisations and the National Aboriginal Community Controlled Health Organisation (NACCHO), enable us to deliver appropriate programs to specific population groups.

**Continuing the momentum**

The year in review has seen further growth and development in the services offered by NPS. I thank the dedicated and skilled staff, with the excellent leadership of our CEO Lynn Weekes; my committed fellow board members and the enormously talented, large band of working group members who give so much to the organisation; and our member

organisations and other stakeholders for their support and contributions in promoting quality use of medicines.

One of our values is that we remain 'creative and innovative'. We look forward in the coming year to use the solid base we have built to move ahead into other areas, for example using new technologies, so that we offer leading edge services that are relevant and useful to both health professionals and consumers.

**Dr Roger Boyd**  
Chair  
NPS Board



# Report from the Chief Executive Officer

One of the many challenges we face is ensuring that our programs and services remain relevant and responsive to the needs of our different audiences, and addressing both barriers and enablers to change. We regularly seek the views of our stakeholders and target audiences at both strategic and program levels so that we can develop and implement programs that will have maximum impact.

## Members' planning day

The new format of our members' planning day this year gave member organisations greater scope to provide feedback on our programs and services, to identify opportunities for collaboration, and to explore new areas of work related to chronic conditions, aged care, complementary medicines and generic medicines.

## Stakeholder reference groups

Member organisations and key stakeholders that included GPs, pharmacists, nurses and consumer organisations participated in a series of stakeholder reference groups conducted during the year. Findings from these groups are pooled with data regularly collected from members' planning days, working groups and evaluation activities so that we have the broadest possible view of the environment in which we are working.

## New research projects

Our Research and Development Program contributes significantly not only to the pool of knowledge we are gathering about the QUM environment but also to how we can practically apply this knowledge. In partnership with research teams from the Universities of Queensland, Newcastle and NSW, we started two research projects this year: 'Understanding and improving prescribing practice', and 'Improving the uptake of evidence-based medicine information and decision support'.

This research will not only provide a better understanding of what works and doesn't work to improve medicine prescribing and

use, it will provide innovative models to assist GPs in making decisions around prescribing. Ultimately the research will improve patient management and reduce the impact of disease on patients.

## At grassroots level

At a program level, we regularly gather data that informs selection of the therapeutic areas to be targeted during the year, and assists us to tailor the information and interventions to meet the needs of our audience. Data are gathered through focus groups and interviews with GPs and pharmacists, needs analyses from divisions of general practice, drug utilisation data showing variation in prescribing, consultation with specialist colleges and societies, unexpected and unexplained growth in PBS utilisation and costs, and availability of new evidence.

Listening to the needs and concerns of doctors was integral to the development of our new manual, *Indicators of Quality Prescribing in Australian General Practice*. The manual has been designed to support GPs wanting to make better therapeutic decisions with their patients. The indicator set is underpinned by a robust evidence base and was developed in conjunction with practising clinicians. We are working towards incorporating the indicator set into medical prescribing software.

In response to the strong demand for better information on complementary medicines, we have been funded to develop a database of information on the complementary products most commonly seen in general practice and community pharmacy. Formative research on the information needs of health professionals and consumers is underway as the first step towards developing a useful, relevant set of data.

People living with chronic pain and diabetes discussed quality use of medicines issues, their approach to managing their medicines and their needs for information in a series of focus groups held in city and regional centres around the country. Consumer-focused

programs are now being developed based on this research, to be implemented in the coming months.

## The strength of mixed strategies

Multifaceted interventions are generally considered more effective than single interventions in changing behaviour. The chances of success are maximised when strategies are aimed at several levels simultaneously: the personal, the interpersonal (for example, between consumers and health professionals) and the community, practice or organisational level.

Offering a mix of strategies has been one of our strengths, and we will continue to build on this success. Strategies we currently use include: written information, audit and feedback, phone lines, educational outreach, peer group discussions, mass media, materials and interactive decision aids to use in consumer–doctor consultation, computerised alerts and prompts, drug use evaluation, community action and community development. A snapshot of some of our activities in these areas over the past 12 months is found on pages 3–5.

NPS is a dynamic organisation, constantly seeking to match resources with the needs of the community we are working with. We have a solid base to work from, due in large part to the efforts of a dedicated team of staff. We look forward to taking on new challenges over the next 12 months so that we can continue to improve the programs and services we offer, with the long-term goal of improving prescribing and medicine use in a way that will lead to better health outcomes for all Australians.

**Dr Lynn Weekes**  
Chief Executive Officer

# Report from Board Nominations Committee



## **Board Nominations Committee**

**Ms Jan Donovan**, Chair  
**Dr Shiong Tan**, Director  
**Dr Shane Carney**, Director  
**Mr Nick Geddes**, Company Secretary.

The Board Nominations Committee has been established by the NPS Board to design and implement a transparent process for the appointment of directors to the board following constitutional changes approved at the 2004 Annual General Meeting.

The board comprises 10 directors, some from specific classes and other 'additional' directors. Composition of the current membership is three from the general practice class; one from each of the consumer, pharmacy, government and specialist classes; and three additional directors.

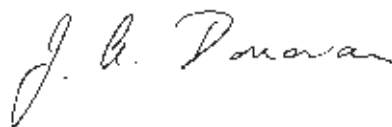
Term of membership is for three years, and directors may serve up to a maximum of three terms. At the completion of a term, directors are required to be renominated for a subsequent term, along with other candidates who feel they meet the criteria for membership.

During the past year the board has redefined its role and adopted a new Board Charter. To assist the board's governance of the organisation and achievement of its goals, appropriate board composition is an important factor.

The Board Nominations Committee, under direction from the board, has identified both essential and highly desirable criteria to apply to directors' positions due to become vacant at the end of a three year term. Before a director's term expires, the draft criteria and any new criteria for membership are circulated to all members of the class for comment.

The Board Nominations Committee reviews comments from the class members and then finalises the criteria with input from the board. The agreed criteria are circulated to all class members and members of NPS so that nominations can be made for the position about to become vacant.

The Board Nominations Committee assesses all written applications against the agreed core essential and desirable criteria, and the class or additional directors' criteria, and recommends a preferred candidate or candidates to the board. The final decision on who fills the directorship is made by the board.



**Ms Jan Donovan**  
Chair  
Board Nominations Committee

## **Reappointments during 2005–2006**

Ms Sue Hunt,  
Additional Director for Nursing  
Ms Jenny Bergin,  
Pharmacy Class Director

## **New appointments during 2005–2006**

Dr Graeme Killer,  
Government Director  
Dr Janette Randall,  
GP Class Director

## **Directorships to be vacated during 2006–2007**

Mr Paul Bolt,  
Additional Director  
(resigned June 2006)  
Ms Jan Donovan,  
Consumer Class Director  
(final three-year term  
expires March 2007)

# Our Board

## Chairman

### **Dr Stephen Phillips** (to May 2006)

Stephen has been a general practitioner on the Sunshine Coast in Queensland for more than 20 years. He maintains an interest in best practice healthcare, the power of effective therapeutic and professional partnerships in achieving optimal treatment outcomes, and the role and capacity of the general practitioner in promoting these. He is passionate about the pursuit of quality use of medicines and has had more than a decade of involvement in medicines policy activities.

Stephen was Chairman of NPS from its inception in 1998 to the end of his official term in May 2006. He has been a member of the Australian Pharmaceutical Advisory Council since 1995, a member of the Pharmaceutical Benefits Advisory Committee since 1999, and a former member of the Therapeutic Goods Committee. He sits on the Australian Health Information Council's Electronic Decision Support Steering Committee, the Steering Committee for the Population Health and Use of Medicines Unit in the Centre for Therapeutics at St Vincent's Hospital in Sydney and is a member of the Australian Palliative Care Medications Working Party. He is also a member of Australia's National Medicines Policy Chairs' Group, The Royal Australasian College of Physicians' Pharmaceutical Policy Working Party and a past Executive Council member of the Australian Medical Association.

*(Alternate Director:*

*Dr Janette Randall, to May 2006)*

### **Dr Roger Boyd** (from May 2006)

Roger joined the Board of NPS shortly after its formation in 1998. He is also a member of the Audit Committee and the Evaluation Working Group. He is a medical administrator committed to a balanced, efficient and effective healthcare system. He brings to the NPS Board considerable senior management and business experience gained in over 20 years in public and private hospitals.

Roger's qualifications include Bachelor of Medicine & Surgery (Sydney University 1978), Master of Business Administration (Geneva 1986), Master of Health Planning (UNSW 1988), Fellow of the Royal Australasian College of Medical Administrators (1988) and Associate Fellow of the Australian College of Health Service Executives (1992).

Past positions include Director of Medical Services and Community Health at Royal North Shore Hospital in Sydney and Managing Director of Health Care Corporation, a private hospital company. He is also currently Honorary Secretary of the Royal Australasian College of Medical Administrators and, through his own practice, provides consulting services in healthcare management, policy and planning to a number of public and private providers.

## Directors

### **Dr Richard Abbott**

Richard is a rural procedural general practitioner from Scone in the Upper Hunter, NSW. He has been involved in rural medicopolitics and was a member of the NPS advisory group. He has a strong commitment to rural education and to best practice in medicine. Grass-roots experience in the delivery of NPS messages has been gained through involvement in divisional programs.

*(Alternate Director:*

*Dr Bruce Chater, from April 2006)*

### **Ms Jenny Bergin**

Jenny is the Pharmacy Class Director on the board. She is the Director, Community Pharmacy Practice for The Pharmacy Guild of Australia and holds qualifications in pharmacy and business administration. Jenny has been a pharmacist in community hospital and regulatory settings, was a member of the Pharmacy Board of Tasmania and has managed community health services including medical, dental, nursing and palliative care. She has a keen interest in the continuous quality improvement approach to the management of health services and quality use of medicines.

*(Alternate Director:*

*Mr Jay Hooper, to February 2006;*

*Professor Gregory Peterson,*

*from February 2006)*



#### **Mr Paul Bolt** (to June 2006)

Paul worked in the pharmaceutical industry for many years and held senior management positions on four continents. He is now a consultant in the pharmaceutical area for local and overseas organisations and is active in the Australian biotechnology industry. He has been a partner in a variety of quality use of medicines initiatives and has long been an active supporter of consumer medicine information.

#### **Associate Professor Shane Carney**

Shane is a nephrologist at John Hunter Hospital and an Associate Professor in the Faculty of Medicine and Health Sciences, The University of Newcastle. Apart from an interest in continuing medical education with the Hunter Postgraduate Medical Institute, he is committed to quality use of medicines. He chairs the Therapeutics Advisory Committee of the Royal Australasian College of Physicians, and is a member of the Australian Pharmaceutical Advisory Council.

#### **Ms Susan Hunt**

Susan is well acquainted with quality use of medicines, having been involved in the first *Be Wise for Medicines* campaigns in the early 1990s. Susan has been a member of the Pharmaceutical Health and Rational use of Medicines committee, and the Australian Pharmaceutical Advisory Council. With qualifications in education, Susan has a particular interest in preparing health professionals to apply quality use of medicines in varied clinical settings. As a clinical nurse consultant and educator, she specialises in the care of older people in both residential care and in the community.

#### **Ms Janette Donovan**

Jan works with consumer organisations as a representative and advocate for consumers. She has qualifications and a working background in education and public policy. She currently works as a consumer consultant in medicines education, health policy and research. She is committed to and passionate about furthering community access to information and education about medicines.

Jan is currently the Consumer Class Director on the NPS Board. She is also a member of the Research Advisory Board of the Australian Primary Health Care Research Institute at the ANU; the Consumers' Health Forum nominee to the Medicines Evaluation Committee of the Therapeutic Goods Administration; and was a member of the Expert Group on Trans Tasman Labelling of Medicines.

She has been actively involved in the implementation of the National Medicines Policy in Australia for over a decade. She was a member of the Australian Pharmaceutical Advisory Council and the Mediconnect Development Group. She is currently a member of the Victorian Medicines Advisory Committee and the Medicines Safety Committee at the Royal Women's Hospital in Melbourne.

*(Alternate Director: Ms Diane Walsh)*

#### **Mr Allan Rennie** (to October 2005)

Allan headed the Pharmaceutical Access and Quality Branch of the Australian Government Department of Health and Ageing. He has an extensive background in healthcare financing policy, having worked on policy associated with the Medicare benefits program, the Pharmaceutical Benefits Scheme and the National Medicines Policy. He has a keen interest in the enhancement of the collaborative approach to healthcare delivery between prescribers, pharmacists and consumers.

*(Alternate Director:*

*Mr Michael Bolt, Department of Health and Ageing, to October 2005)*

#### **Dr Shiong Kok Tan**

Shiong, a general practitioner from Perth, is committed to improving the quality of the Australian healthcare system, and strengthening the central role of general practice in developing a resilient primary healthcare system. He is the past chair of the Royal Australian College of General Practitioners' Quality Care National Standing Committee and is clinical adviser to the Office of Safety and Quality within the Department of Health in Western Australia. Shiong also sits on the Australian Commission for Safety and Quality in Healthcare.

## Our Board

### Dr Graeme Killer AO (from April 2006)

Graeme is the Principal Medical Adviser to the Repatriation Commission. He trained as an occupational physician and served for 23 years in the Royal Australian Airforce. On his retirement from full-time defence service in 1990, he was Director of Environment Health for the Australian Defence Force. He has been Principal Medical Adviser to the Australian Government Department of Veterans' Affairs (DVA) since 1991 and has taken a leading role in departmental initiatives in the quality use of medicines. He is a Member of the Repatriation Pharmaceutical Reference Committee, and Chairman of the Editorial Committee and Consumer Reference Group for the Veterans' Medicines Advice and Therapeutic Education Services (MATES) Program. He pioneered the introduction of care planning and preventive annual health assessments for older Australians and initiated the Health Links Program between the Australian Government Departments of Defence and Veterans' Affairs.

Graeme has extensive healthcare interests including occupational and public health and aged care. He maintains part-time clinical practice and has been personal physician to Prime Ministers Keating and Howard, and has a similar role with Government House, Canberra. He was made an Officer of the Order of Australia in 1999 for his service to the veteran community.

### Dr Janette Randall (from May 2006)

Dr Janette Randall is a general practitioner in Brisbane. She has worked in general practice on a full and part time basis since 1994, and obtained her General Practice Fellowship in 1996. She has a special interest in mental health issues, and has done additional training in this area.

She has been significantly involved in the Divisions of General Practice Program since 1997, having held various roles with her local division of general practice in Queensland. For the past six years, she has also been a board member of the State-based representative body for divisions in Queensland.

Janette is the immediate past Chair of the Queensland General Practice Advisory Council, and continues to represent Queensland divisions on the council. She is also a member of the Bayside District Health Council, and the Queensland Chronic Disease Strategy implementation steering committee.

Janette was elected to the NPS Board in May as a GP Class Director and has recently been appointed Chair of the Audit Committee. She is a current member of the NPS Community Quality Use of Medicines Management Committee.



Dr Stephen Phillips



Dr Roger Boyd



Dr Richard Abbott



Ms Jenny Bergin



Mr Paul Bolt



Associate Professor  
Shane Carney



Ms Susan Hunt



Ms Janette Donovan

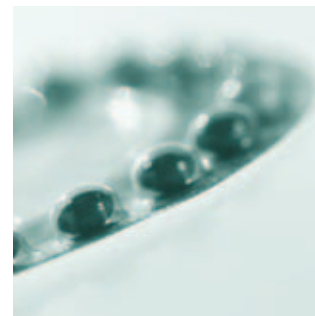


Dr Janette Randall



Dr Shiong Kok Tan

# Working Groups and Committees



## Working groups

### Australian Prescriber Editorial Executive Committee

Professor John Tiller (Chair)  
School of Psychiatry  
University of Melbourne

Dr John Dowden  
Editor Australian Prescriber  
NPS

Dr Cate Howell  
General Practitioner

Dr Shanthi Kanagarajah  
Geriatrician

Dr Paul Kubler  
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Royal Brisbane & Women's Hospital

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Royal Newcastle Hospital

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Ms Jan Donovan (Chair)  
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Dr James Best  
General Practitioner

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Pfizer Global Pharmaceuticals

Ms Simone Rossi  
Australian Medicines Handbook

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Councils of Australia (FECCA)  
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Dr Mukesh Haikerwal (resigned)  
Australian Medical Association

Mr Matthew Hunt (resigned)  
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Cancer Council Western Australia

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NPS

Ms Alison Marcus  
Consumer Representative  
Associate Member CHF South Australia

Mr John Morgan  
Pharmacist

Dr Lynne Parkinson  
Centre for Research and Education in Ageing  
The University of Newcastle  
PHARM Committee Representative

Dr Susan Quine  
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Faculty of Medicine  
University of Sydney

Dr Janette Randall  
Director NPS

Ms Sharon Ride  
Federation of Ethnic Communities'  
Councils of Australia (FECCA)

Ms Sheila Rimmer  
Consumer Representative  
Carers Australia New South Wales

Ms Moya Sandow  
Consumer Representative  
Health Consumers of Rural and  
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School of Public Health  
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and New Zealand

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General Practitioner

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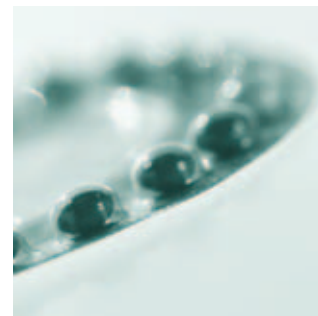
Dr Marie Pirotta  
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## Working Groups and Committees

### Liaison group

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Mr David Grainger (Chair)  
Eli Lilly

Mr Jonathan Breach  
Australian Self-Medication Industry

Ms Mary Emanuel  
Australian Self-Medication Industry

Ms Di Ford  
Generic Medicines Industry Association

Ms Judith Griffin  
Merck Sharp and Dohme

Ms Deborah Monk  
Medicines Australia

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Mayne

Mr Greg Pearce  
Alphapharm Pty Ltd

Ms Robyn Ronai  
Alphapharm Pty Ltd

Ms Jude Tasker  
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Australian Government  
Department of Health and Ageing

Dr Elizabeth Roughead  
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Dr Peter Roush  
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Dr Lynn Weekes  
Chief Executive Officer  
NPS

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Chair NPS

Professor Shane Carney  
Director NPS  
Renal Physician  
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Coalition for Research to Improve Aboriginal Health  
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Generic Medicines Industry Association

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Pharmaceutical Society of Australia

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University of New South Wales

Dr Julie Thompson  
General Practitioner  
PHARM Committee Member

Ms Diane Walsh  
Alternate Director NPS  
Consumers' Health Forum of Australia

Dr Lynn Weekes  
Chief Executive Officer  
NPS

# Visitors and Awards



## Overseas visitors

During the year we were pleased to share program knowledge and resources with visitors from overseas:

- Delegates from ANVISA (the Brazilian Agency for Health Surveillance)
- Republic of Indonesia Ministry of Health Delegation, Rational Use of Medicines
- Public Health Fellows, Hanoi Vietnam (at the request of the University of New South Wales)
- Health officials from Shanghai
- Representatives from the University of Alberta, Canada

## Overseas visitors to National Medicines Symposium

### Invited speakers

Professor Jerry Avorn  
Harvard Medical School  
Brigham and Women's Hospital  
USA

Professor Ebba Holme Hansen  
Danish University of Pharmaceutical Sciences  
Denmark

Professor Richard Laing  
World Health Organisation  
Switzerland

### International scholarships

Sponsorships are offered to colleagues with a keen interest in rational use of medicines from the South East Asian region to attend the National Medicines Symposium. Scholarship recipients to this year's symposium were:

Cheah Chee Ho  
Federation of Malaysian Consumers Associations  
Malaysia

Dr Maneerat Rattanmahattana Layton  
Khon Kaen University  
Thailand

## National QUM Awards

The National QUM Awards celebrate the contribution made by health professionals, the community and pharmaceutical companies in promoting quality use of medicines. Awards were made at a ceremony held in conjunction with the National Medicines Symposium 2006.

### Health Professional QUM Award

**Winner:** The NSW Cancer Institute and St Vincent's Hospital

**Project:** CI-ScaT—The Cancer Institute NSW Standard Treatment Program

**Highly commended:** WA Country Health / Kimberley Aboriginal Medical Services Council / Kimberley Division of General Practice

**Project:** Kimberley Standard Drug List & Chronic Disease Strategy

### Community QUM Award

**Winner:** Multicultural Mental Health Australia

**Project:** No More 'Mualagh'—Depression Medication Project

**Highly commended:** Katherine West Health Board Aboriginal Corporation

**Project:** Safer Use of Medicines Engaging Consumers

### Health Industry QUM Award

**Winner:** The Pharmaceutical Alliance (Eli Lilly Australia, GlaxoSmithKline and Merck Sharp & Dohme)

**Project:** Views of Quality Use of Medicines

## Student QUM Award

**Winner:** Luke Bereznicki, Tasmanian School of Pharmacy

**Project:** Improving the Quality Use of Anticoagulants in Clinical Practice

**Highly commended:** Kay McCauley, Alfred Psychiatry Research Centre

**Project:** The National Register of Antipsychotic Medication in Pregnancy (N-RAMP)

### NMS 2006 Poster Presentation

**Winner:** Jodie Hillen, Elizabeth Roughead, Andrew Gilbert, Debra Rowett, Roshmeen Azam, Simone Rossi, Christopher Alderman, Nigel Stocks,

**Poster:** Data-driven Patient-specific Prescriber Feedback; The Veterans' MATES Project, Quality Use of Medicines & Pharmacy Research Centre, Sansom Institute, University of South Australia

**Highly commended:** Patricia M Derrick, Mallee Division of General Practice

**Poster:** Managing Medicines in the Mallee: A Rural Community QUM Project

# Presentations, Posters and Publications

## Presentations By NPS board and staff 2005–2006.

### International Conference on Children, Young People and Medicines

June 2005, Stockholm  
Young people and medicines:  
An Australian perspective  
J Donovan

### 2005 General Practice and Primary Health Care Research Conference

26–28 July 2005, Adelaide  
Local delivery of national GP education programs – what factors are essential for success?  
N Cockayne, S Wutzke

### School of Public Health and Community Medicine (UNSW) Research Student Conference

9 September 2005, Sydney  
Peer education for quality use of medicines: Older people helping their peers understand, take control and effectively manage medicines  
L Kehoe

### Royal College of Nursing Australia 3rd National General Practice Nurse Conference

10 September 2005, Melbourne  
Practice nurses achieving quality use of medicines in the general practice setting for type 2 diabetes  
R Azam, N Faruqi

### St Vincent's Hospital Clinical Meeting

12 September 2005, Sydney  
NPS and drug utilisation  
L Weekes

### Institute of Health Services and Policy Research Workshop

Community Development Program  
15–16 September 2005, Nova Scotia Canada  
The service arm of quality use of medicines in Australia  
L Weekes

### 48th RACGP Annual Scientific Convention

29 September–2 October 2005, Darwin  
Clinical audit as a sustainable model for enhancing quality use of medicines in general practice  
J Mackson, S O'Riordan, C Abbu, R Azam

### 2005 ALARPM Australian National Conference

1 October 2005, Sydney  
Peer education for quality use of medicines:  
A participatory action evaluation story  
L Kehoe

### Australasian Evaluation Society

2005 International Evaluation Conference  
12 October 2005, Brisbane  
A multi-site case study of the Seniors Quality Use of Medicines Peer Education Program: Assessing the evidence for effectiveness  
L Kehoe, S Wutzke

### Diversity in Health 2005

17–19 October 2005, Melbourne  
A health promotion partnership increasing the awareness and skills of multicultural consumers to manage their medicines more effectively  
J Davis, S Ride

### Pharmacy Australia Congress

30 October 2005, Melbourne  
Many choices; any differences: The wisdom of hindsight  
G Higgins

### ADGP Conference

3–6 November 2005, Perth  
Effective evolving partnerships for quality use of medicines: NPS and divisions  
J Mackson, H Parsons, P Roush

### 10th National Prevocational Medical Education Forum

6–9 November 2005, Perth  
A computerised prescribing training programme for postgraduates  
G Shenfield

### Society of Hospital Pharmacists of Australia Biennial Federal Conference

10–13 November 2005, Brisbane  
For starters: The NSW/ACT arm of CAPTION.  
A taste of things to come  
D Maxwell, K Kaye, K McIntosh, L Pulver, L Stanton, A Marwood, A Wai

New frontiers: CAPTION experiences and evaluation  
A Wai, L Pulver, K McIntosh, S Tett

### Federation of African Communities Council National Conference

18 November 2005, Sydney  
Multicultural quality use of medicines: The program and participation story  
J Davis

### 2nd National Workshop on Rational Use of Antibiotics

28–30 November 2005, Beijing China  
Changing antibiotic use using multifaceted educational programs  
J Mackson

### ASCEPT & APSA Joint Meeting

5–7 December 2005, Melbourne  
Improvements in GP knowledge and attitudes regarding quality use of proton pump inhibitors  
G Higgins, F Horn, S Wutzke, J Mackson

### Australian Society for Antimicrobials Annual Scientific Meeting

23–25 February 2006, Sydney  
Influencing antibiotic prescribing in the management of community-acquired pneumonia in hospital emergency departments: The CAPTION project  
D Maxwell, K Kaye, K McIntosh, M Robertson, L Stanton, G Peterson, A Marwood, W Dollman, L Pulver, S Tett, A Wai, F Horn, J Mackson

### AGPAL 2006: Quality in Healthcare

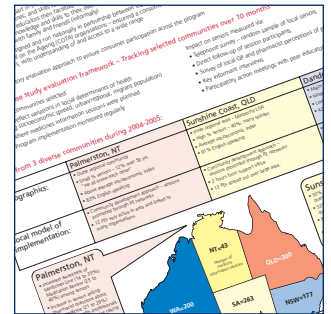
9–11 March 2006, Brisbane  
Indicators of quality prescribing in general practice  
L Weekes, L Kenyon

### APP

March 2006, Sydney  
NPS, pharmacists and quality use of medicines  
L Weekes

### 16th National Health Promotion Conference

23–26 April 2006, Alice Springs  
The influence of the social determinants of health on Indigenous quality use of medicines in urban and remote settings  
A Justice, D Theile



## Posters

### ARCS Conference:

#### Working Together To Make A Difference

May 2006, Sydney

Providing information to consumers

L Weekes

### University of Canberra

Address to pharmacy students

NPS and quality use of medicines

L Weekes

### Australasian Medical Writers Association Seminar

3 May 2006, Canberra

Medicines in the media

C Patterson

### National Nursing Organisations Meeting

5 May 2006, Sydney

Quality use of medicines – what are the national initiatives for nursing?

S Hunt

### Pharmacy Expo

23 June 2006, Sydney

Pharmacy audits: Evidence of quality service?

G Higgins

### National Medicines Symposium

7–9 June 2006, Canberra

A multi-site case study of the Seniors

Quality Use of Medicines Peer Education

Program: Assessing the evidence for effectiveness

L Kehoe

Antibiotic use in urinary tract infection: Findings

from a general practitioner (GP) clinical audit

K Barry, J Mackson, S O'Riordan NPS, K Loukas

Are the right drugs picked up by RADAR?

E Kay

Balancing beliefs and attitudes: The multicultural

perspective

J Davis

Development of the NPS indicators of quality

prescribing in general practice

L Kenyon, L Weekes, J Mackson, H Parsons,

L Pont, M Artist

Improving drug use in heart failure

R Azam, J Mackson

Influencing antibiotic prescribing in the management

of community-acquired pneumonia in hospital

emergency departments: The CAPTION project

A Wai, F Horn, J Mackson NPS, D Maxwell,

K McIntosh, L Stanton, L Pulver, A Marwood

Management of depression in general practice:

Insight from NPS case studies

M Koo

Measuring the impact of a national program for

quality use of medicines: Informing accountability and

service improvement through multi-faceted evaluation

S Wutzke

Medicines Line and the information it provides:

Are consumers satisfied?

E Slaytor

Optimising use of PPIs – how was the message

accepted by GPs?

G Higgins, F Horn, J Mackson

Partnerships in action: NPS and Consumers' Health

Forum of Australia (CHF)

H Baird NPS, M Cantwell CHF

The influence of the social determinants of health

on Indigenous quality use of medicines in urban

and remote settings

A Justice, D Theile

The medicines knowledge, skills and practices of

consumers with type 2 diabetes and chronic pain:

The QUM issues and implications across the

socioeconomic scale

K Vaughan, R Wilkinson, H Baird, J Crawford

Use of clinical audit to improve management

of type 2 diabetes

S O'Riordan

Use of a prompt in pharmacy dispensing software

to promote clinical interventions by pharmacists

J Reeve, P Tenni, G Peterson, H Kruup, O Hasan

### International Conference on Engaging Communities

August 2005, Brisbane

Consumers influencing policy, partnerships,

participation and programs

H Baird, J Davis, A Bray

### 21st International Conference on Pharmacoepidemiology and Therapeutic Risk Management (ICPE)

August 2005, Nashville

Measuring change in drug utilisation

J Mandryk, J Mackson, F Horn, S Wutzke, L Weekes

### Society of Hospital Pharmacists of Australia Biennial Federal Conference

10–13 November 2005, Brisbane

Drug use in type 2 diabetes self-audit:

A training tool and a quality improvement activity

M Jenkins, G Higgins

### 16th National Health Promotion Conference

23–26 April 2006, Alice Springs

A national program engaging communities to improve

quality use of medicines in rural and remote settings

A Justice, Y Solly, H Baird, L Kehoe

Engaging consumers from diverse cultures and

languages in managing their medicines

J Davis, H Baird, D Kordes

Exploring the value of peer education for seniors:

A view across the socioeconomic scale

L Kehoe, K Vaughan, M Hosna-Sedgman

### National Medicines Symposium

7–9 June 2006, Canberra

An evaluation of Victorian emergency departments

doctors' knowledge of community-acquired

pneumonia management guidelines

K McIntosh, M Robertson, D Haji, F Caplygin,

T Korman, A Vanzyl, R Meek, K Hii, C Crock, N Beck,

W Phiri, M Chong, P Lee, M O'Reilly, A Wai

Australian Prescriber online

S Reid

## Presentations, Posters and Publications

Debunking the myths on antibiotics for common colds in children

M Artist

Delivering drug interaction information as a web service

B Lewis

Drug use in type 2 diabetes: How pharmacists are helping patients manage

G Higgins, J Mackson

How does the involvement of trained volunteer peer educators influence the beliefs and behaviours of seniors around medicines use?

B Currie, M Hosna-Sedgman

Improving the quality and safety of drug interaction decision support offered by electronic clinical systems in general practice and community pharmacy in Australia

J Reeve

Improving the quality and safety of electronic drug interaction decision support in prescribing and dispensing software in Australia

M Sweidan, J Reeve, S Rossi, J Calabretto

Influences on the prescribing of GPs, psychiatrists and endocrinologists

L Tobin

Medical student national prescribing curriculum on CD-ROM – a joint NPS, ASCEPT and WHO initiative

N Cockayne, J Vajda, M Stuart

Meeting the needs of nurses working in general practice

M Collins, N Faruqi

Quality use of antidepressants: What information are pharmacists providing?

G Higgins

Reaching culturally and linguistically diverse consumers via education settings: Curriculum based strategies of the Multicultural Community Quality Use of Medicines Program

J Davis, D Kordes

The Auditor: Providing NPS clinical audits electronically

B Lewis

Uptake of an NPS web-based drug use evaluation kit for use of hypnotics in residential aged care facilities

H Parsons

### Publications

Beilby J, Wutzke SE, Bowman J, Mackson JM and Weekes LM (2006). Evaluation of a national quality use of medicines service in Australia: an evolving model. *Journal of Evaluation in Clinical Practice* 12(2):202–17.

Buchan HH, Phillips SM, Weekes LM, Mackson JM, Boyden AN and Tonkin AM (2006). Chronic heart failure: time to optimise methods of diagnosis in the community. *Medical Journal of Australia* 184(8):423–4.

Horn FE, Mandryk JA, Mackson JM, Wutzke SE, Weekes LM and Hyndman RJ (2006). Measurement of changes in antihypertensive drug utilisation following primary care educational interventions. *Journal*. Available at <http://dx.doi.org/10.1002/pds.1243>.

Hunt S, Green G and Stuart M (2006). Quality Use of Medicines and Nurses. *Collegian* 12(3):3.

Mandryk JA, Mackson JM, Horn FE, Wutzke SE, Badcock CA, Hyndman RJ and Weekes LM (2006). Measuring change in prescription drug utilisation in Australia. *Pharmacoepidemiology and Drug Safety* 15(7):477–484.

Maxwell DJ, McIntosh KA, Pulver LK, Easton KL, Kaye K, Tett S, Coombes J, Petrie A, Robertson M, Jamshidi N, Dollman W, Marwood A, O'Connor P, Peterson G, Stanton L, Wai A, Mackson J and Weekes L (2005). Empiric management of community-acquired pneumonia in Australian emergency departments. *Medical Journal of Australia* 183(10):520–524.

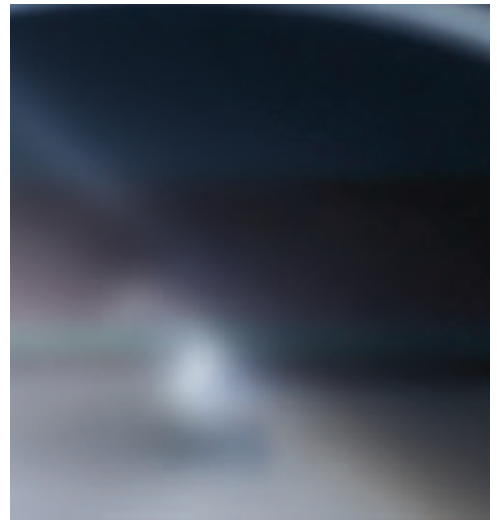
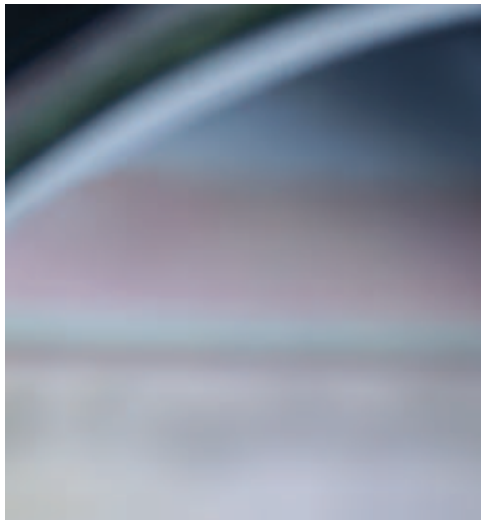
Morrison I, Lewis B, Nugrahanto S (2006). Modelling in clinical practice with web services and BPEL. *International Journal of e-Business Research* Vol.2, No.1.

Pulver LK and Tett SE (2006). Drug utilisation review across jurisdictions – a reality or still a distant dream? *European Journal of Clinical Pharmacology* 62:97–106.

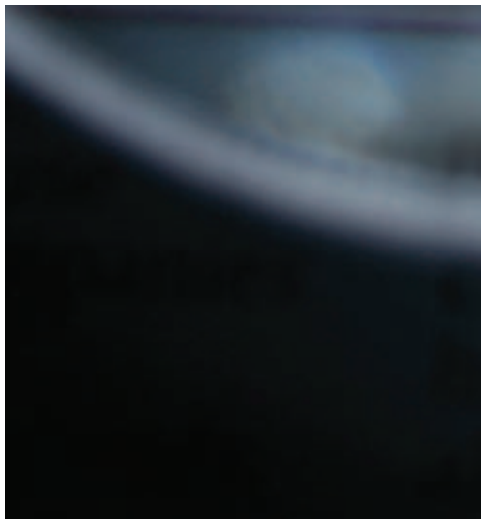
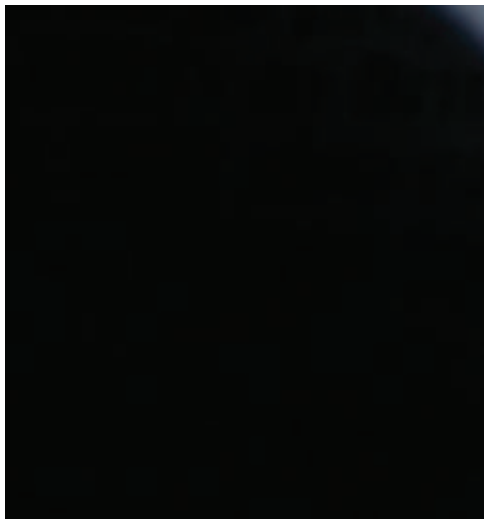
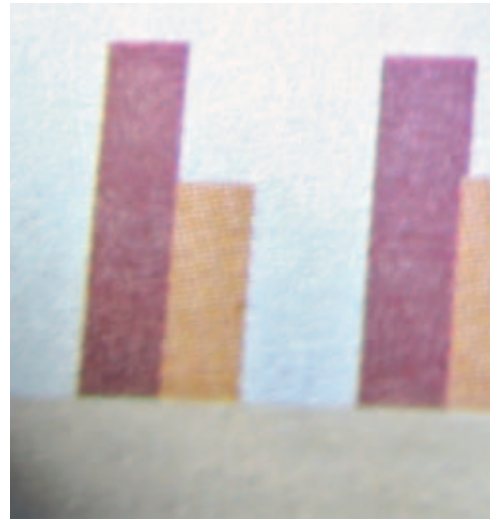
Smith A, Tasioulas T, Cockayne N, Misan G, Walker G and Quick G (2006). Construction and evaluation of a web-based interactive prescribing curriculum for senior medical students. *British Journal of Clinical Pharmacology*.

Weekes LM, Davis J, Vaughan K and Kehoe L (2006). Medicines Information for Consumers. *Journal of Pharmacy Practice and Research* 36(2):91–2.

Weekes LM and Higgins G (2006). Pharmacy self audits: NPS update. *Australian Pharmacist* 25(2):120–121.

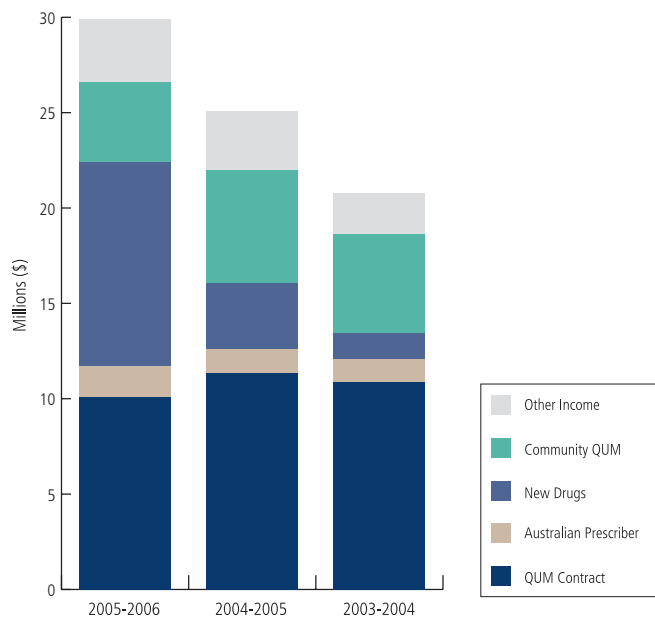


# Financial Statements

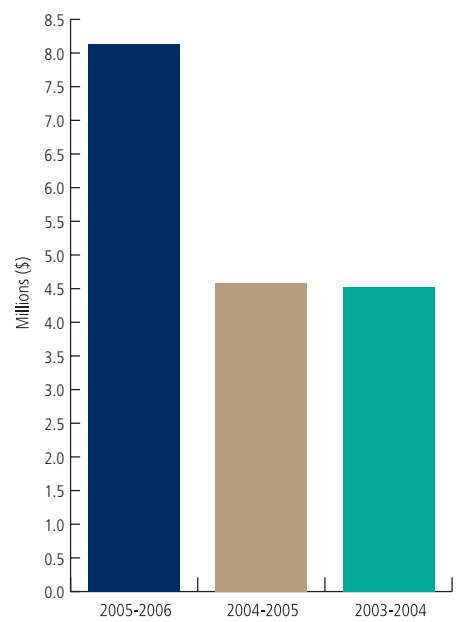


# Financial Statements

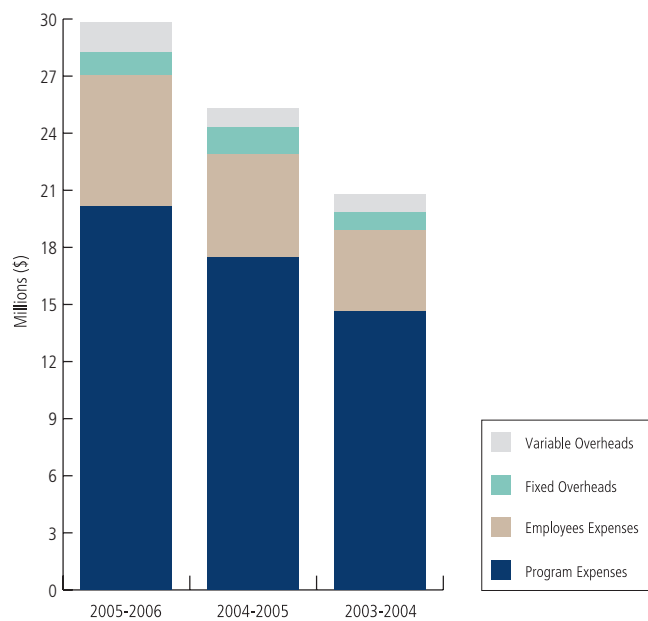
**Revenue Sources**

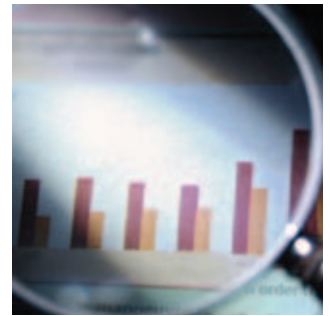


**QUM Contract Payments to Divisions of General Practice**

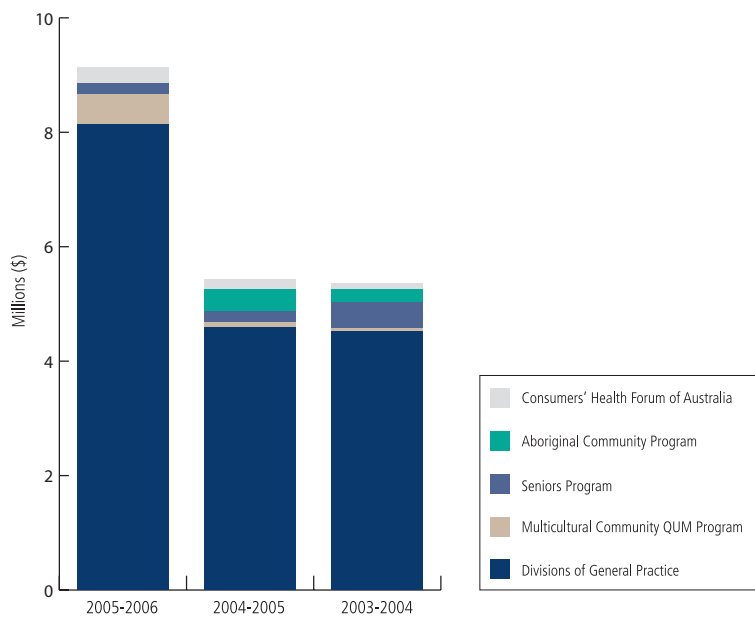


**Comparison of Expenditure by Categories**

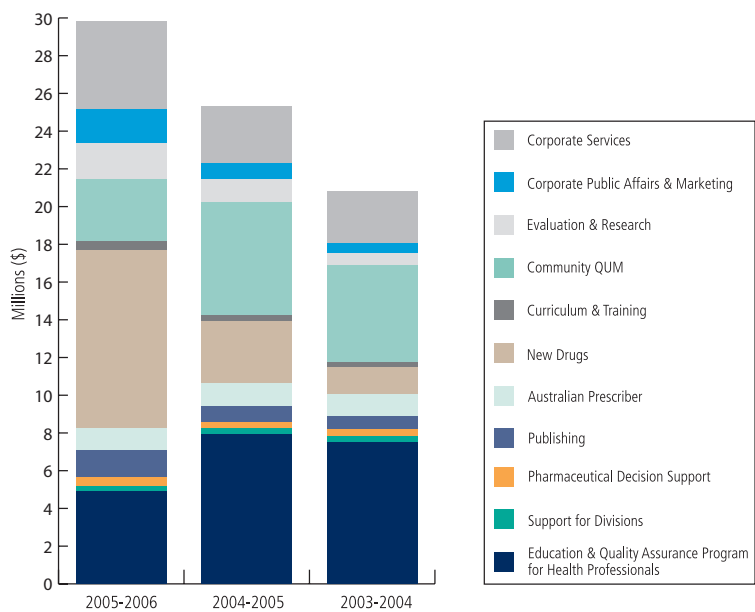




### QUM Contracts with Health Professionals and the Community



### Expenditure by Cost Centre



# Directors' Report

Your directors present their report on the results of National Prescribing Service Limited (the Company) for the financial year ended 30 June 2006.

## Directors

The directors in office at any time during or since the end of the year are:

Richard Abbott  
(alternate: Bruce Chater appointed 23/4/2006)

Jennifer Bergin  
(alternate: Jay Hooper resigned 6/2/2006;  
Greg Peterson appointed 6/2/2006)

Paul Bolt (resigned 30/6/06)

Roger Boyd

Shane Carney

Janette Donovan  
(alternate: Diane Walsh)

Susan Hunt

Graeme Killer (appointed 6/4/06)

Stephen Phillips (resigned 4/5/06)

Janette Randall (appointed 4/5/06)

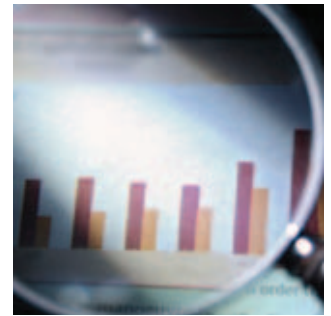
Allan Rennie (resigned 14/10/05)  
(alternate: Michael Bolt resigned 14/10/05)

Shiong Kok Tan

## Particulars of directors

Name of director	Qualifications, experience and special responsibilities	Class of directorship	Board committee memberships	Interests in shares	Interests in contracts
Richard Abbott	Director, NPS	General Practitioner		Nil	Nil
Jennifer Bergin	Director, NPS	Pharmacy	Audit Committee	Nil	Nil
Paul Bolt	Director, NPS		Audit Committee	Nil	Nil
Roger Boyd	Chair, NPS		Audit Committee	Nil	Nil
Shane Carney	Director, NPS	Specialist, Research, Academic	Nominations Committee	Nil	Nil
Janette Donovan	Director, NPS	Consumer	Chair, Nominations Committee	Nil	Nil
Susan Hunt	Director, NPS			Nil	Nil
Graeme Killer	Director, NPS	Government		Nil	Nil
Janette Randall	Director, NPS	General Practitioner	Chair, Audit Committee	Nil	Nil
Shiong Kok Tan	Director, NPS	General Practitioner	Nominations Committee	Nil	Nil

Other details of directors are shown elsewhere in this report.



## Meetings of directors

The number of directors' meetings (including meetings of committees of directors) and number of meetings attended by each of the directors of the Company during the financial year are:

Meetings of directors		Audit Committee meetings		Nominations Committee		Meetings of directors		Audit Committee meetings		Nominations Committee			
Name of director	Number eligible to attend	Number of meetings attended	Number eligible to attend	Number of meetings attended	Number eligible to attend	Number of meetings attended	Name of director	Number eligible to attend	Number of meetings attended	Number eligible to attend	Number of meetings attended		
Richard Abbott	5	5	-	-	-	-	Susan Hunt	5	5	-	-		
Jennifer Bergin	5	5	4	4	-	-	Graeme Killer	2	2	-	-		
Paul Bolt	5	4	5	5	-	-	Stephen Phillips	4	4	4	4		
Roger Boyd	5	5	5	4	-	-	Janette Randall	1	1	-	-		
Shane Carney	5	5	-	-	7	7	Allan Rennie	1	0	-	-		
Janette Donovan	5	4	-	-	7	7	Shiong Kok Tan	5	5	-	-		
<b>Alternates</b>							<b>Alternates</b>						
Diane Walsh (Alternate: Janette Donovan)	1	1	-	-	-	-	Michael Bolt (Alternate: Allan Rennie)	1	1	-	-		

## Principal activities

National Prescribing Service Limited (NPS) is the quality use of medicines (QUM) service agency for Australia's National Medicines Policy. Our work is relevant to decisions about medicine use by an individual or within a community. The term 'medicine' includes prescription, non-prescription and complementary medicines. Our purpose is to support people to make best use of medicines to improve health and well-being.

## Operating results

The net amount of the surplus for the period to 30 June 2006 was \$78,826.

## Review of operations

The most significant impact on the Company's operations was the renewal of the core QUM, CQUM and Australian Prescriber funding contracts with the Australian Government Department of Health and Ageing (DoHA) for another four years, resulting in an increase in funding revenue that was committed towards an increase in the level of the Company's programs.

In addition, refunding of the New Drugs PBS Listing contract, which ended on 30 June 2006, was announced in May as part of the Federal Budget, but a revised funding agreement had not been formally executed at balance date.

## Directors' Report

### Significant changes in state of affairs

No significant changes in the Company's state of affairs occurred during the financial year.

As a result of introduction of the Australian Equivalent to International Financial Reporting Standards (IFRS), the Company's financial report has been prepared in accordance with those standards. No adjustments were required on the transition to the Australian equivalent to IFRS.

### Future developments

The directors have no knowledge of any future developments likely to alter or affect the conduct of the Company in the immediate future.

### Environmental issues

The Company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

### Events subsequent to balance date

No matters or circumstances have arisen since the end of the financial year which have a significant effect on the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

### Court proceedings

No person has applied for leave of the Court to bring proceedings on behalf of the Company or intervened in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

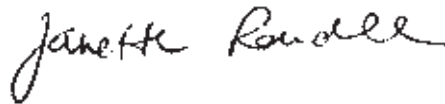
### Auditor's independence declarations

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 44.

Signed in accordance with a resolution of the Board of Directors.



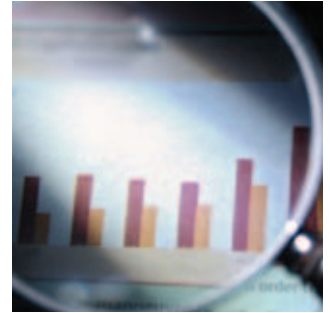
Dr R Boyd  
Chair  
National Prescribing Service Limited



Dr J Randall  
Director  
Chair of the Audit Committee

Dated this 21st day of September 2006

# Directors' Declaration



The directors of the Company declare that:

1. The financial statements and notes, as set out on the attached pages, are in accordance with the Corporations Act 2001:
  - a. comply with Accounting Standards and the Corporations Regulations 2001; and
  - b. give a true and fair view of the financial position as at 30 June 2006 and of the performance for the year ended on that date of the Company;
2. In the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Handwritten signature of Dr R Boyd in black ink.

Dr R Boyd  
Chair  
National Prescribing Service Limited

Handwritten signature of Dr J Randall in black ink.

Dr J Randall  
Director  
Chair of the Audit Committee

Dated this 21st day of September 2006

# Auditor's Independence Declaration

**Under section 307C of the Corporations Act 2001**

To the directors of National Prescribing Service Limited

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2006 there have been:

- (i) no contraventions of auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

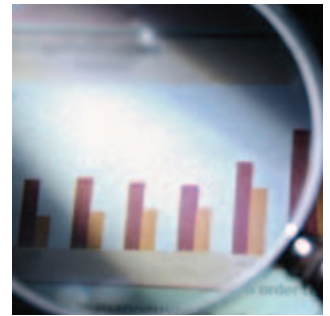
**Grosvenor Schiliro  
Chartered Accountants**



Rodney Charles Grosvenor  
Partner

Dated this 22nd day of September 2006 at Sydney

# Financial Statements



## INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2006

	Note	2006 \$	2005 \$
Revenue	2	26,674,600	22,555,727
Program expenses		(17,930,537)	(15,730,374)
Gross surplus		<u>8,744,063</u>	<u>6,825,353</u>
Other income	2	1,019,240	1,114,310
Employee related costs		6,933,137	5,461,625
Overheads – fixed costs		1,193,291	1,366,952
Overheads – variable costs		1,558,049	1,030,114
Net operating surplus before income tax	3	<u>78,826</u>	<u>80,972</u>
Income tax expense		-	-
Operating surplus after income tax		<u>78,826</u>	<u>80,972</u>
Retained surplus at beginning of financial year		<u>207,039</u>	<u>126,067</u>
Retained surplus at end of financial year		<u>285,865</u>	<u>207,039</u>
<b>Revenue</b>			
DoHA funding		39,867,700	35,587,427
Less prepaid committed/uncommitted revenue		(13,193,100)	(13,031,700)
Expended grant funds		<u>26,674,600</u>	<u>22,555,727</u>
<b>Other Income</b>			
Interest		769,718	843,578
Expense recovery		25,618	24,593
Other income		223,904	246,139
		<u>1,019,240</u>	<u>1,114,310</u>
<b>Program Expenses</b>			
Travel		860,140	618,384
Computers		52,164	198,824
Consumables		33,699	130,608
Communications		46,434	40,690
Distribution		862,891	875,439
Printing and design		1,208,436	1,441,302
Data processing		642,989	335,480
Support services		538,658	378,208
Public affairs management (including <i>Common Colds</i> campaign)		882,911	2,471,518
Contracts		11,060,439	7,576,180
Grants		875	413,508
Fees		1,740,901	1,250,233
		<u>17,930,537</u>	<u>15,730,374</u>

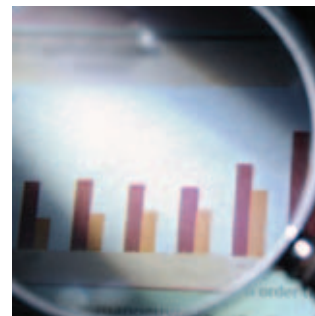
The accompanying notes form part of these financial statements.

## Financial Statements

### INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2006

	Note	2006 \$	2005 \$
<b>Employee Related Costs</b>			
Wages	4	6,062,725	4,858,860
On costs	4	870,412	602,765
		<u>6,933,137</u>	<u>5,461,625</u>
<b>Overheads – Fixed Costs</b>			
Premises		538,407	933,317
Administration	5	82,858	50,293
Insurances		148,010	132,012
Depreciation		424,016	251,330
		<u>1,193,291</u>	<u>1,366,952</u>
<b>Overheads – Variable Costs</b>			
Travel		245,098	193,501
Computers		142,678	211,138
Consumables		139,129	90,479
Communications		74,644	58,612
Distribution		19,723	22,271
Printing and design		81,386	96,120
Support services		183,571	85,072
Public affairs management		500	4,378
Entertainment		35,998	45,181
Financial charges and interest		18,314	9,527
Fees		351,675	184,037
Fringe benefits tax		256,883	13,318
Asset write-down expenses		8,450	16,480
		<u>1,558,049</u>	<u>1,030,114</u>

The accompanying notes form part of these financial statements.



**BALANCE SHEET AS AT 30 JUNE 2006**

	Note	2006 \$	2005 \$
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	6	16,392,336	15,515,335
Trade and other receivables	7	80,035	125,024
Other current assets	8	428,787	258,520
<b>TOTAL CURRENT ASSETS</b>		<b><u>16,901,158</u></b>	<b><u>15,898,879</u></b>
<b>Non-Current Assets</b>			
Property, plant and equipment	9	984,034	342,471
<b>TOTAL NON-CURRENT ASSETS</b>		<b><u>984,034</u></b>	<b><u>342,471</u></b>
<b>TOTAL ASSETS</b>		<b><u>17,885,192</u></b>	<b><u>16,241,350</u></b>
<b>Current Liabilities</b>			
Trade and other payables	10	17,445,586	15,941,605
<b>TOTAL CURRENT LIABILITIES</b>		<b><u>17,445,586</u></b>	<b><u>15,941,605</u></b>
<b>Non-Current Liabilities</b>			
Long term provisions	11	153,741	92,706
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b><u>153,741</u></b>	<b><u>92,706</u></b>
<b>TOTAL LIABILITIES</b>		<b><u>17,599,327</u></b>	<b><u>16,034,311</u></b>
<b>Net Assets</b>		<b><u>285,865</u></b>	<b><u>207,039</u></b>
<b>Equity</b>			
Retained earnings	12	285,865	207,039
<b>TOTAL EQUITY</b>		<b><u>285,865</u></b>	<b><u>207,039</u></b>

## Financial Statements

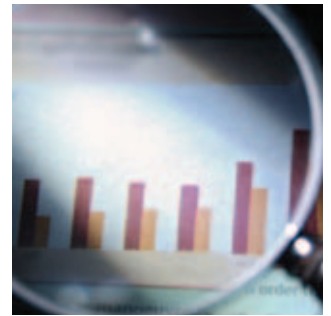
### STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2006

	Note	2006 \$	2005 \$
<b>Equity at the Beginning of the Year</b>			
Retained earnings		207,039	126,067
Surplus attributable to members		78,826	80,972
Balance at the end of the year		285,865	207,039
<b>Total Equity at the End of Year</b>		<b><u>285,865</u></b>	<b><u>207,039</u></b>

### CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2006

<b>Cash Flows From Operating Activities</b>			
DoHA funding		39,867,700	35,587,427
Receipts from customers		223,904	246,139
Interest received		805,533	737,497
Payments to suppliers		(38,954,557)	(36,816,454)
Net cash provided by (used in) operating activities	13	<b><u>1,942,580</u></b>	<b><u>(245,391)</u></b>
<b>Cash Flows From Investing Activities</b>			
Payments for plant, equipment and leasehold improvement		(1,065,579)	(64,005)
Net cash provided (used in) investing activities		<b><u>(1,065,579)</u></b>	<b><u>(64,005)</u></b>
Net increase in cash held		877,001	(309,396)
Cash at the beginning of the year		15,515,335	15,824,731
Cash at end of year	6	<b><u>16,392,336</u></b>	<b><u>15,515,335</u></b>

The accompanying notes form part of these financial statements.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

### Note 1: Statement of Significant Accounting Policies

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Urgent Issues Group Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial report of National Prescribing Service Limited complies with all Australian Equivalents to International Financial Reporting Standards (AIFRS) in their entirety.

The following is a summary of the material accounting policies adopted in the preparation of the financial report. The accounting policies have been consistently applied unless otherwise stated.

#### Basis of Preparation

First-time Adoption of Australian Equivalents to International Financial Reporting Standards.

National Prescribing Service Limited as an individual entity has prepared financial statements in accordance with the Australian Equivalents to International Financial Reporting Standards (AIFRS) from 1 July 2005.

In accordance with the requirements of AASB 1: First-time Adoption of Australian Equivalents to International Financial Reporting Standards, adjustments to the company accounts resulting from the introduction of AIFRS have been applied retrospectively to 2005 comparative figures, excluding cases where optional exemption available under AASB 1 have been applied. These accounts are the first financial statements of National Prescribing Service Limited to be prepared in accordance with Australian Equivalents to International Financial Reporting Standards.

The accounting policies set out below have been consistently applied to all years presented.

#### Reporting Basis and Conventions

The financial report has been prepared on an accrual basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

### Accounting Policies

#### (a) Leases

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the period they are incurred.

#### (b) Receivables

Debtors are generally settled within 30 days and are carried at amounts due. The collectability of debts is assessed at year end and specific provision is made for any doubtful accounts. The carrying amount of debtors approximates fair value.

#### (c) Cash and Cash Equivalents

Cash, short-term deposits and bank overdrafts are carried at face value of the amounts deposited or drawn. The carrying amounts of cash, short-term deposits and bank overdrafts approximate net fair value. Interest revenue is accrued at the market or contracted rates. Credit risk is minimised as all cash is held with a large bank which has an acceptable credit rating determined by a recognised rating agency.

#### (d) Accounts Payable

Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Company. Trade accounts payable are normally settled within 30 days. The carrying amounts of accounts payable represent net fair value.

#### (e) Income Tax

The Company has obtained an income tax ruling and is tax exempt pursuant to Section 50-5 of the Income Tax Assessment Act 1997. Such eligibility is reviewed by the Australian Taxation Office from time to time.

#### (f) Revenue Recognition

Government contract income is recognised when the money is due.

Interest revenue is recognised on a proportional basis taking into account the interest rate applicable to the financial assets.

#### (g) Property, Plant & Equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

# Financial Statements

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

### Plant & Equipment

Plant and equipment are measured on cost basis less depreciation and impairment losses.

### Depreciation

The depreciable amount of all fixed assets is depreciated on a straight line basis over their useful lives to the company commencing from the time assets are held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of lease or the estimated useful lives of the improvements. Assets costing less than \$4,500 are depreciated fully in the year of purchase.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Assets	Depreciation Rate
Office equipment	22.22%
Furniture & fixture	7.50%
Computer equipment	25.0%
Computer software	40.0%

### (h) Company Limited by Guarantee

The Company does not have share capital and in the event of winding up, the liability of members is limited to \$50.

### (i) Employee Benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year, have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated further cash outflows to be made for those benefits.

Contributions are made by the economic entity to employee superannuation funds and are charged as expenses when incurred.

### (j) Goods and Service Tax

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

### (k) Impairment of Assets

At each reporting date, the company reviews the carrying value of its tangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less cost to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

### (l) Critical Accounting Estimates and Judgements

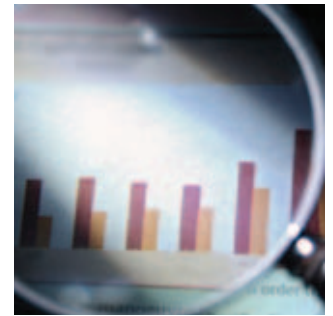
The directors evaluate estimates and judgements incorporated into financial reports based on historical knowledge and best available current information. Estimates assume reasonable expectations of future events and are based on current trends and economic data, obtained both externally and within the company.

### (m) Comparative Figures

When required by the Accounting Standards, comparative figures have been adjusted to conform to changes in the presentation for the current financial year.

### (n) Provisions

Provisions are recognised when the company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.



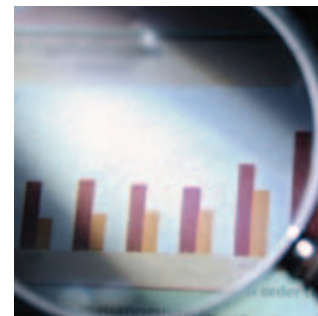
## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

	2006 \$	2005 \$
<b>Note 2: Revenue</b>		
<b>Operating Activities</b>		
- DoHA funding	39,867,700	35,587,427
Less prepaid committed/uncommitted revenue	(13,193,100)	(13,031,700)
- Expended grant funds	<u>26,674,600</u>	<u>22,555,727</u>
<b>Other Income</b>		
- Interest	769,718	843,578
- Expense recovery	25,618	24,593
- Other income	223,904	246,139
	<u>1,019,240</u>	<u>1,114,310</u>
<b>Note 3: Surplus for the Year</b>		
Profit from ordinary activities before income tax expense has been determined after:-		
<b>Expenses:</b>		
<b>Borrowing Costs</b>		
- Credit card fees	1,330	321
- FID & bank charges	6,462	3,840
- Interest	591	124
<b>Total Borrowing Costs</b>	<u>8,383</u>	<u>4,285</u>
<b>Rental Expenses On Operating Leases</b>	<u>463,703</u>	<u>374,944</u>
<b>Depreciation of Non-Current Assets</b>		
- Furniture & fittings	47,984	5,143
- Office equipment	21,665	17,372
- Leasehold improvements	177,717	180,033
- Computer equipment	135,089	22,621
- Computer software	41,561	26,161
<b>Total Depreciation</b>	<u>424,016</u>	<u>251,330</u>
<b>Note 4: Key Management Personnel Compensation</b>		
Directors' fees	239,591	219,203
Directors' superannuation	21,563	19,728
Total compensation	<u>261,154</u>	<u>238,931</u>

## Financial Statements

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

	2006 \$	2005 \$
<b>Note 5: Auditor's Remuneration</b>		
Remuneration of auditor		
- auditing or reviewing the financial report	22,000	15,200
- special audits	4,200	4,000
- taxation services (FBT)	1,500	1,200
	<u>27,700</u>	<u>20,400</u>
<b>Note 6: Cash and Cash Equivalent</b>		
Cheque account	783,583	535,632
Business investment account	3,238,078	1,538,560
Term deposits	12,369,557	13,440,384
Petty cash	1,118	759
	<u>16,392,336</u>	<u>15,515,335</u>
Reconciliation of cash		
Cash at the end of the financial year as shown in cash flows statement is reconciled to items in the balance sheet as follows:		
Cash	16,392,336	15,515,335
	<u>16,392,336</u>	<u>15,515,335</u>
The effective interest rate on short-term bank deposits was 5.75% (2005: 5.56%). These deposits have an average maturity of 60 days.		
<b>Note 7: Trade and Other Receivables</b>		
<b>Current</b>		
Interest accrued	70,265	106,080
Other receivables	9,770	18,944
	<u>80,035</u>	<u>125,024</u>
<b>Note 8: Other Current Assets</b>		
Security deposit – other	200	3,170
Security deposit – lease Canberra	10,850	9,555
Security deposit – lease Sydney	143,070	88,128
Prepayments	272,260	166,643
Gift tokens	50	6,780
Parking vouchers	796	69
Corporate gifts	2,250	6,015
Payroll/EFT clearing	(689)	(21,840)
	<u>428,787</u>	<u>258,520</u>



**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006**

	<b>2006</b>	<b>2005</b>
	<b>\$</b>	<b>\$</b>
<b>Note 9: Property, Plant &amp; Equipment</b>		
Furniture & fittings – at cost	450,681	51,421
Accumulated depreciation	(63,133)	(18,373)
	<u>387,548</u>	<u>33,048</u>
Computer equipment – at cost	209,092	93,840
Accumulated depreciation	(148,749)	(47,300)
	<u>60,343</u>	<u>46,540</u>
Office equipment – at cost	82,404	70,407
Accumulated depreciation	(57,223)	(35,559)
	<u>25,181</u>	<u>35,188</u>
Leasehold improvements	1,079,745	606,641
Accumulated depreciation	(604,326)	(426,608)
	<u>475,419</u>	<u>180,033</u>
Computer software – at cost	113,647	84,205
Accumulated depreciation	(78,104)	(36,543)
	<u>35,543</u>	<u>47,662</u>
Total property, plant and equipment	<u><u><b>984,034</b></u></u>	<u><u><b>342,471</b></u></u>

**Movements in Carrying Amounts**

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and end of the current financial year

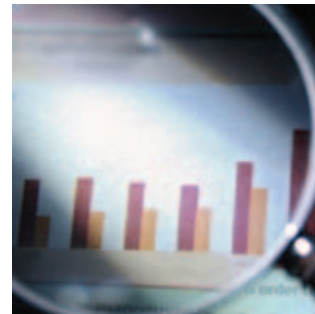
	Furniture & Fittings	Computer Equipment	Office Equipment	Leasehold Improvements	Computer Software	Total
	\$	\$	\$	\$	\$	\$
Balance at the beginning of year	33,048	46,540	35,188	180,033	47,662	342,471
Additions	408,501	158,826	12,472	473,103	29,442	1,082,344
Disposals	(6,017)	(9,934)	(814)	-	-	(16,765)
Depreciation expense	(47,984)	(135,089)	(21,665)	(177,717)	(41,561)	(424,016)
Carrying amount at the end of year	<u><u>387,548</u></u>	<u><u>60,343</u></u>	<u><u>25,181</u></u>	<u><u>475,419</u></u>	<u><u>35,543</u></u>	<u><u>984,034</u></u>

## Financial Statements

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

	2006 \$	2005 \$
<b>Note 10: Trade and Other Payables</b>		
<b>Current</b>		
Creditors	1,483,436	817,834
Accruals	1,946,374	1,278,351
Credit cards	107,618	16,247
PAYG payable	166,636	176,519
Superannuation payable	93,163	852
Salary sacrifice clearing	-	415
Annual leave	281,995	218,312
Net GST liability	118,664	368,375
FBT payable	54,600	33,000
Prepaid uncommitted revenue	1,966,250	3,910,353
Prepaid committed revenue	11,226,850	9,121,347
	<b><u>17,445,586</u></b>	<b><u>15,941,605</u></b>
<b>Prepaid Committed Income</b>		
Prepaid committed revenue consists of:		
QUM contracts	8,031,700	1,735,700
CQUM contracts	1,576,500	933,000
New Drugs contract	1,618,650	6,444,647
Australian Prescriber	-	8,000
	<b><u>11,226,850</u></b>	<b><u>9,121,347</u></b>
<b>Prepaid Uncommitted Income</b>		
New Drugs contract	<b><u>1,966,250</u></b>	<b><u>3,910,353</u></b>

The above represents prepaid uncommitted revenue relating to New Drugs Program that the company may have to repay the Federal Government.



**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006**

	2006	2005
	\$	\$
<b>Note 11: Provisions</b>		
<b>Long Term Employees' Benefits</b>		
Opening balance at 1 July	92,706	35,661
Additional provision raised during the year	61,035	57,045
Amount used	-	-
Balance at 30 June	<u>153,741</u>	<u>92,706</u>
<b>Analysis of Total Provisions</b>		
Current	-	-
Non-current	<u>153,741</u>	<u>92,706</u>

**Provision for Long-term Employee Benefits**

A provision has been recognised for employees benefit relating to long service leave for employees. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based upon historical data. The measurement and recognition criteria for employees benefit have been included in Note 1.

**Note 12: Retained Earnings**

Opening balance	207,039	126,067
Current surplus	78,826	80,972
Total retained earnings	<u>285,865</u>	<u>207,039</u>

**Note 13: Cash Flow Information**

For the purpose of the statement of cash flows, cash includes cash on hand and in banks.

**(a) Reconciliation of the Operating Surplus**

After tax to the net cash from operations:

Operating surplus	78,826	80,972
Depreciation	424,016	251,330
Disposal of fixed assets	-	12,635
Changes in assets and liabilities:		
Increase in trade and other creditors	1,302,399	519,605
Decrease (increase) in receivables & other debtors	(125,279)	114,695
Decrease in pre-paid committed income	137,900	(1,344,250)
Increase provision for holiday pay	124,718	119,622
Net cash flow from or used in operations	<u>1,942,580</u>	<u>(245,391)</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

### Note 14: Related Party Disclosures

The Directors of National Prescribing Service Limited during the year were:

Richard Abbott (appointed 18 June 2001)

Jennifer Bergin (appointed 24 August 2002)

Michael Bolt (alternate for Allan Rennie appointed 19 May 2003, ceased 14 October 2005)

Paul Bolt (appointed 11 September 1998, ceased 30 June 2006)

Roger Boyd (appointed 16 October 1998)

Shane Carney (appointed 18 June 2001)

Bruce Chater (alternate for Richard Abbott appointed 23 April 2006)

Janette Donovan (appointed 19 March 1998)

Jay Hooper (alternate for Jennifer Bergin appointed 24 August 2002, ceased 6 February 2006)

Susan Hunt (appointed 24 October 2002)

Graeme Killer (appointed 6 April 2006)

Gregory Peterson (alternate for Jennifer Bergin appointed 6 February 2006)

Stephen Phillips (appointed 4 May 2000, ceased 4 May 2006)

Janette Randall (alternate for Stephen Phillips appointed 15 July 2004, ceased 4 May 2006)

Janette Randall (appointed 4 May 2006)

Allan Rennie (appointed 8 August 2001, ceased 14 October 2005)

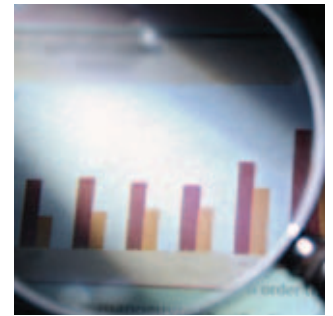
Shiong Kok Tan (appointed 3 August 2004)

Diane M Walsh (alternate for Janette Donovan appointed 23 June 2005)

Some directors are members of NPS Working Groups and are paid sitting fees on the same basis as other members of those working groups

### Note 15: Economic Dependency

The Company's ongoing operations are dependent on continuation of contracts with the Australian Government Department of Health and Ageing.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

### Note 16: Segment Information

The Company's only activity is to operate as a not for profit Company independent of Government and the pharmaceutical industry but in partnership with health professionals, Government, industry and consumers to promote QUM that will lead to better health for Australians. This activity is performed solely in Australia.

### Note 17: Capital and Leasing Commitments

#### Operating Lease Commitments

Non-cancellable operating leases contracted for but not capitalised in the accounts:

Payable

- not later than one year

- later than one but not later than five years

	2006	2005
	\$	\$
- not later than one year	497,085	360,273
- later than one but not later than five years	1,610,178	121,643
	<u>2,107,263</u>	<u>481,916</u>

### Note 18: Financial Instruments

#### (a) Interest Rate Risk

The organisation's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on those financial assets and financial liabilities, is as follows:

	Weighted Average Effective Interest Rate		Floating Interest Rate		Fixed Interest Rate Maturing			
	2006	2005	2006	2005	Within 1 Year		1 to 5 Years	
	%	%	\$	\$	\$	\$	\$	\$
<b>Financial assets:</b>								
Cash and cash equivalents	5.10	4.25	4,022,778	2,074,192	-	-	-	-
Term deposits	5.75	5.56	-	-	12,369,557	13,440,384	-	-
Total financial assets			<b>4,022,778</b>	<b>2,074,192</b>	<b>12,369,557</b>	<b>13,440,384</b>	-	-
<b>Financial liabilities:</b>	%	%	\$	\$	\$	\$	\$	\$
Total financial liabilities	-	-	-	-	-	-	-	-

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006**

#### **Note 18: Financial Instruments (continued)**

##### **(b) Credit Risk**

The maximum exposure to credit risk, excluding the value of any collateral or other security at balance date to recognised financial assets is the carrying amount of those assets, net of any provisions for doubtful debts, as disclosed in the balance sheet and notes to the financial report.

The organisation does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the organisation.

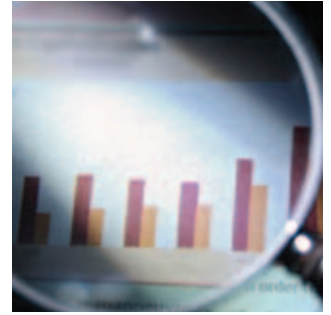
##### **(c) Net Fair Values**

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the balance sheet and in the notes to and forming part of the financial statements.

#### **Note 19: Events Subsequent to Balance Date**

a. There were no material events after the balance date.

b. The financial report was authorised for issue on 22 September 2006 by the Board of Directors.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

### Note 20: Company Details

The registered office of the Company is:

C/- Australian Company Secretaries Pty Ltd  
Level 5, National Australia Bank House  
255 George Street  
Sydney NSW 2000

The Company Secretary is:  
Mr N Geddes FCA, FCIS  
Australian Company Secretaries Pty Ltd

The Company's Auditors are:  
Grosvenor Schiliro  
Chartered Accountants  
Level 2, 333 George Street  
Sydney NSW 2000

The principal places of business of the Company are:

**Sydney:**  
National Prescribing Service Limited  
Level 7, 418A Elizabeth Street,  
Surry Hills NSW 2010

**Canberra:**  
National Prescribing Service Limited  
Suite 3, 2 Phipps Close  
Deakin ACT 2601

**Melbourne:**  
National Prescribing Service Limited  
Suite 4, 65 Oxford Street  
Collingwood VIC 3066





## INDEPENDENT AUDIT REPORT TO THE MEMBERS OF NATIONAL PRESCRIBING SERVICE LIMITED

### Scope

#### The financial report and directors' responsibility

The financial report comprises the income statement, balance sheet, statement of changes in equity, cash flow statement, accompanying notes to the financial statements and the directors' declaration for National Prescribing Service Limited, for the year ended 30 June 2006.

The directors of the Company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporations Act 2001. This includes the responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

#### Audit approach

We conducted an independent audit in order to express an opinion to the members of the company. Our audit was conducted in accordance with Australian Auditing Standards, in order to provide reasonable assurance as to whether the financial report is free of material misstatement.

The nature of an audit is influenced by factors such as the use of professional judgment, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001, including compliance with Australian Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's financial position, and of their performance as represented by the results by their operations and cash flows.

We formed our opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report; and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

#### Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

In accordance with ASIC Class Order 05/83, we declare to the best of our knowledge and belief that the auditor's independence declaration set out on page 4 of the financial report has not changed as at the date of providing our audit opinion.

**Audit opinion**

In our opinion, the financial report of National Prescribing Service Limited is in accordance with:

- (a) the Corporations Act 2001, including:
  - (i) giving a true and fair view of the company's financial position as at 30 June 2006 and of their performance for the year ended on that date; and
  - (ii) complying with Accounting Standards in Australia and the Corporation Regulations 2001; and
- (b) other mandatory professional reporting requirements.

**GROSVENOR SCHILIRO  
CHARTERED ACCOUNTANTS**



Rod Grosvenor  
Partner

**Dated this 22day of September, 2006 at Sydney.**



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NPS is an independent, non-profit organisation for Quality Use of Medicines,  
funded by the Australian Government Department of Health and Ageing.

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