



COMMONWEALTH OF AUSTRALIA

Proof Committee Hansard

HOUSE OF REPRESENTATIVES

STANDING COMMITTEE ON PETITIONS

Petition on funding for community pharmacies

(Public)

WEDNESDAY, 17 JUNE 2015

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HOUSE OF REPRESENTATIVES
STANDING COMMITTEE ON PETITIONS

Wednesday, 17 June 2015

Members in attendance: Mr Buchholz, Mrs Griggs, Ms Hall, Dr Jensen, Mrs Prentice.

WITNESSES

McNEILL, Ms Felicity, First Assistant Secretary, Pharmaceutical Benefits Division, Department of Health 1

QUAINE, Ms Julianne, Assistant Secretary, Pharmaceutical Access Branch, Pharmaceutical Benefits Division, Department of Health..... 1

TURNBULL, Mr Greg, Communications Advisor, Pharmacy Guild of Australia 1

McNEILL, Ms Felicity, First Assistant Secretary, Pharmaceutical Benefits Division, Department of Health

QUAINE, Ms Julianne, Assistant Secretary, Pharmaceutical Access Branch, Pharmaceutical Benefits Division, Department of Health

TURNBULL, Mr Greg, Communications Advisor, Pharmacy Guild of Australia

Committee met at 10:38

CHAIR (Dr Jensen): Petitions are an important avenue by which people can have a matter raised in the House of Representatives. Today, the committee will be holding a roundtable public hearing with representatives from the Department of Health and the Pharmacy Guild of Australia. The petition will be discussing the largest petition ever received by the House. The petition has called for funding support for community pharmacies. Under the rules of the House of Representatives, the petitions committee is required to consider if petitions comply with the requirements for the petitioning of the House. If so, the petition may then be presented to the House and the committee may refer it to the relevant government minister for a response. The committee may also hold public hearings into petitions, allowing both principle practitioners and government agencies to further consider the concerns raised in petitions and the responses.

I remind participants and interested parties that, in undertaking hearings on a petition, the committee does not endorse or advocate on the contents of a given petition; nor are we able to grant the requests made in petitions. It is not the committee's practice to make any recommendations based on hearings of this kind. These hearings are an opportunity for participants to cover in more detail the issues raised in petitions, which as we know are restricted to 250 words, and for the committee to hear about people's experiences of engaging with the House petitioning process.

I remind you that, although the committee does not require you to give evidence under oath, this hearing is a legal proceeding of parliament and therefore has the same standing as proceedings of the chambers themselves. The evidence given today will be recorded by Hansard and will attract parliamentary privilege. You may make a brief opening statement or we can go straight to questions. I will ask Mr Turnbull first, and then the department.

Mr Turnbull: I will just be very brief and say thank you for this opportunity to attend today. The Pharmacy Guild is quite proud of the effort in 2013 to gather this very large petition. We were pleasantly surprised at the amount of support for it. It certainly exceeded our expectations. We were particularly careful to ensure, given the amount of logistical effort that was going into this exercise across the country, that we complied with all the requirements of petitions. This possibly was not as straightforward as it seemed at first blush. We went back a number of times to officers at parliament to make sure that we were doing the right thing. We consciously had gone down the path of a petition that would be able to be tabled in the parliament because of the significance that we feel is attached to that.

CHAIR: So it was the secretariat that you contacted, was it?

Mr Turnbull: Yes. We had numerous contacts to make sure that we had exactly what was required: do you need just signatures or addresses; must there be a copy of the petition on every page? It was those sorts of minor details. We did not want to deliver over 1.2 million, not that that we knew it would that number at the time; we did not want to deliver those in a utility—and I have a photograph of that to leave with you as a memento—and find that on a technicality it was not able to be tabled. So we were quite meticulous in that and we received good assistance and advice in that regard. For us, it was an important part of an advocacy and lobbying campaign that we were conducting. We thought it was an exercise that gave us an opportunity to point at kilos and kilos of empirical evidence of the support for community pharmacy across the Australian public and, for us, it was an exercise that we were quite proud of and quite satisfied with.

CHAIR: Thank you.

Ms McNeill: The department has no opening statement it wishes to make, other than to say thank you for the opportunity to be here today and we look forward to responding to your questions.

CHAIR: Thank you. Mr Turnbull, first to you: you were talking about the process of engaging with the secretariat. That is something I commend you for. I wish more people did it. How did you find that process and what made you decide, as a guild, that a petition was the particular means that you wanted to use to bring this to attention to basically get a policy outcome that you desired?

Mr Turnbull: It was certainly the biggest logistical aspect of our attempt at that time to draw attention to what we believed were issues that the public should be made aware of, in relation to the viability of their local pharmacy. I might remind you that the genesis of the petition arose just shortly before the calling of the 2013 election, with an economic statement made by the then government which had a single line item buried deep in

the document that had an adverse effect on pharmacy bottom line across Australia. We were in an election environment at the time that we decided to embark on the petition.

It was not the only aspect of the campaign; pharmacists were, of course, visiting members of parliament around the country at the time, as some of you may be aware. We decided, though, that a petition was something that the Pharmacy Guild has the wherewithal to acquire, that some other organisations might not—by which I mean that there are 5,450 community pharmacies in Australia and they are, at times like that, branch offices of a headquarters advocacy campaign. There is no more effective advocate for community pharmacy than the pharmacist and the staff of the pharmacy. We saw it as a no-brainer to utilise the network that the infrastructure of the community pharmacy represents. We embarked on that. It was a big logistical exercise, and we were happy with the outcome.

Ms HALL: In addition to working with the committee on the petition process, did you work with any others? Your local member, I understand, Mrs Prentice, tabled the petition in parliament. What was the process of engaging in relation to the petition with the parliament? Also, as to the process, did you have any engagement with the department in the development of the petition and the goals of the petition?

Mrs PRENTICE: I could just preface some of that with the fact that—

Ms HALL: [inaudible]

Mrs PRENTICE: No—probably he was out of the loop on that part of it. He was organising it, but the Pharmacy Guild themselves and I were working together, and some of the Queenslanders, I think, were senior office bearers, or the president, and that is where that started. I think Greg's role was more administrative.

Ms HALL: Mr Turnbull, would you like to add to that, please?

Mr Turnbull: I can certainly confirm that. Just taking a step back, there was a period when the question arose in our mind: 'How do we get this thing tabled? How does that work?' We took advice on that, and it appeared—you might correct me; I am sure you have a better knowledge of this—that either we could get the standing chairperson of the committee to do it, or else we could find a champion: any member of parliament who was happy to table that document. What followed is, as you have heard from Mrs Prentice, that she was approached and she very kindly agreed to table the petition, which she did on 26 February. We took video vision of that tabling and put it on our Pharmacy Guild YouTube site. It became part of the materials that we had in promoting the campaign.

To answer, I think, the second part of your question: to my knowledge there was no engagement with the Department of Health—it might have been the Department of Health and Ageing at that time—in relation to this, because it was a political campaign, and I am not aware of any involvement with the department in relation to that.

Ms HALL: What of the influence that the petition had on the department, if any?

Ms McNeill: There are two points to that. Firstly, I would like to confirm Mr Turnbull's statement that we were not involved in the petition. That said, when this measure was announced in the pre-election and fiscal outlook in 2013, we did receive a number of comments from a variety of stakeholders with respect to the broader policy that had been announced, which was simplified price disclosure. We received contact inquiries and had some concerns and opportunities raised from across the sector: industry, consumers and the pharmaceuticals, including then the pharmacy industry as well.

CHAIR: Mr Turnbull, another question for you: as you are no doubt aware, electronic petitioning at the moment is not a formal process as far as the parliament is concerned. If there had been electronic petitioning, would you have used that avenue or do you think that the physical signing and writing down of the name would still have been a key part of your campaign?

Mr Turnbull: We were happy to use the conventional signature mode. As it turns out, there is no choice. Had there been a choice, we might have. I am sure that one day members of parliament might even vote electronically—who knows! If there were a mechanism, my anecdotal experience in relation to online petitions is that they are probably not worth the paper they are not printed on. They can be distorted and they are open to disparities, which means that I think they do not have as much authenticity.

CHAIR: Could you please go into some of this stuff? This is something that obviously the committee is very interested in.

Mr Turnbull: I am not an IT person, but obviously there are means by which people voting in online polls can distort those polls. It is not entirely unheard of for people to marshal forces to have an impact on a poll. I would think that there would need to be a development of an online petition mechanism which ensured the

integrity of that mechanism to the same extent that the integrity of a signed, hard copy piece of paper is reasonably assured. What that mechanism might be is not within my technical expertise.

Mr BUCHHOLZ: I have three questions. The first one is just more of a procedural question. Congratulations, as to what Mrs Prentice just advised me about: it is the largest single petition. Outstanding. If the department was not involved in the petition, in what capacity are you here today from the department? Is it assisting the guild in a petitions inquiry? Were you guys invited along?

CHAIR: As far as the department is concerned, they are here to basically explain some of the process that is involved in the consideration of these agreements with pharmacy and so on.

Mr BUCHHOLZ: Via the outcome—

CHAIR: Yes, the mechanics of a lot of this stuff.

Mr BUCHHOLZ: Thank you, because my questions go more to the procedure of the petition. I have opened up by congratulating them. I want to understand the demographics. How many sites are there? Where did the numbers come from? Were they from the eastern seaboard? Was it state by state? I do not need to know the numbers, but was it from a percentage perspective? Did the 1.2 all come from Victorian shopping centres or was it widely advertised? Could you just offer some commentary there.

Mr Turnbull: I can get access to a breakdown of those figures. I do not have that with me, my apologies. Generally speaking, it was across the board.

Mr BUCHHOLZ: Wherever there is a pharmacy?

Mr Turnbull: Yes. As we know, fortunately the network is very well distributed. We do have some data on that; but in a nutshell it was across the board, because we were banging the drum for our members across the country in every member pharmacy. Not all pharmacies are member pharmacies. Having said that, some non-member pharmacies got involved as well, because they are affected by these matters also. I am happy to seek further information on that if needed. In short, no, it was across the board. We have branches in all states and territories, we have active members in all states and territories and this was a campaign that people really did get behind in terms of not just having a petition formed but also putting up posters and other materials in pharmacies. If I might just say, picking up on something Felicity McNeill said, the fact that the department was getting queries from members of parliament or others about the petition and the issue is part of why we did it.

Quite a lot of it was in an election campaign environment—very hard to get messages through. The petition campaign continued for six or eight weeks after the election date, when the air was a little clearer. But, no, it was certainly about showing support for community pharmacy and expressing concern about a measure—this 'simplified price disclosure', as it was called—that was having an impact on pharmacy that was poorly understood.

Ms McNeill: Can I just clarify there? I appreciate that you have tried to paraphrase my testimony, but that is not quite what I said. I was asked the question about whether we were involved with the petition and the answer to that was no. The point that I was making was that because this measure, simplified price disclosure, was announced in the pre-election and fiscal outlook, we were approached by a variety of stakeholders—irrespective of that petition. It was not because of the petition; it was because of the announcement of the measure. Whilst we did have contact from people about the petition, the approaches made to the department and to the then minister and then the new minister also related to a variety of sectors—it was not just because of the petition and I do need to make that very clear.

Mr BUCHHOLZ: How wide-ranging were your stakeholders? Would they have been mum or dad customers signing the petition in a regional pharmacy somewhere—was it that level of stakeholder contact in the department?

Ms McNeill: Some consumers wrote to the former minister. I have two former minister, I am sorry—I mean the former minister under the previous government and to Minister Dutton when he was Minister for Health. We also had direct approaches from our major stakeholder groups. Our major stakeholders in anything to do with the Pharmaceutical Benefits Scheme include Medicines Australia, the Generic Medicines Industry Association, Consumer Health Forum, the Pharmaceutical Society of Australia, AusBiotech—these are stakeholder who commonly talk to us about policy initiatives that relate in any way to the Pharmaceutical Benefits Scheme. Simplified price disclosure is not just about the dispensing of the medicine; it is about the pricing of the medicine and the system we use to determine to the discounting arrangements that are going on in the sector. That is a reporting requirement and an obligation on the pharmaceutical industry themselves as well; hence the proposal has implications for the administration with respect to Medicines Australia, the GMIA and AusBiotech.

Mr BUCHHOLZ: From the perspective of the Petitions Committee in gauging the effectiveness of petitions, how effective do you think the petition was in securing the outcome that came out of the last round of negotiations, the sixth round? Did it have any impact?

Mr Turnbull: I think that quite a lot of water has passed under the bridge since that time. The petition was tabled in February 2014. The negotiations that have arrived at the sixth community pharmacy agreement were not really underway—Felicity McNeill would have a much better knowledge of this, but that was some time later. I think it would be a stretch for me to suggest that the petition had an effect. But it is cumulative, I think. As I said, we had empirical evidence of community support for local pharmacies and we have referred to it quite a lot in our public narrative about the need to make sure that people understand that their local pharmacy is part of health infrastructure, that it is privately owned and that it needs to be sustained.

Ms McNeill: I will make a couple of comments on that. Simplified price disclosure was a modification to the existing price disclosure arrangements. Price disclosure looks at the price at which a pharmaceutical manufacturer is selling a drug to a pharmacist and at the price we are paying to the pharmacist. Where discounting—what we call the trading terms—is going on and is greater than 10 per cent, we reduce the price of that medicine accordingly. The government does not recognise trading terms as formal remuneration under community pharmacy agreements. What we have acknowledged in the sixth community pharmacy agreement is the price of the medicine, irrespective of price disclosure. I would point out that simplified price disclosure was actually passed and we have currently before the parliament options to further modify price disclosure arrangements with the support of the guild.

One of the things that we have recognised, and it also came out of the ANAO report, is that the linking of the dispensing fee—the price that the government regulates and determines for the handing over of the medicine, the clinical intervention—to the price of a medicine was causing the average dispensing fee to reduce over the life of the Fifth Community Pharmacy Agreement, and that formal remuneration has been addressed by the government under this agreement, the Sixth Community Pharmacy Agreement, to ensure that, as the prices under price disclosure continue to reduce, the clinical value and the cost associated with actually delivering the medicine to the consumer, an informed consumer, is actually maintained at an appropriate price and is not linked to the price of the medicine. I would note, however, that we are doing that with the support of the guild, this time around with respect to removing the originator from price disclosure.

One of the things that we have done with price disclosure is remove the originator from price disclosure. That will have a further impact on pharmacy trading terms, but, by putting forward the administration and handling infrastructure fee, we have delinked the formal pricing of remuneration between the price and what the government pays. That is something that has been negotiated irrespective of the petition, but, like I said, price disclosure is a really important policy to the PBS and to government more generally. It is estimated to have delivered savings of \$15 billion to the Pharmaceutical Benefits Scheme by the time we get to 2018-19. It is an important sustainability measure and it is one that was introduced by the Howard government in 2006-07 and one we have continued to build upon.

Mr BUCHHOLZ: Good.

CHAIR: Could you describe the process of actually negotiating these community pharmacy agreements? What role did the petition play in terms of your considerations during the negotiations?

Ms McNeill: Minister Lee actually convened a variety of stakeholders on 12 February 2015 to commence a broad stakeholder consultation process for the Sixth Community Pharmacy Agreement. As that process met with over 20 stakeholder groups—some once, some multiple times—to deliver what is the PBS Access and Sustainability Package. I need to point out that that has been negotiated as a package, while the Sixth Community Pharmacy Agreement is about pharmacy remuneration. It has been done as part of the package of the measures currently before the parliament. One of the things that we have looked at is the strong community support for price disclosure, which is the simplified price disclosure which was the basis of this petition. That continues and is actually being expanded to keep the price of the PBS sustainable. What the government did consider during this process, as I have already put on the record, is the issue of not the trading terms, which is something that is outside of the official remuneration from government, but we have been looking at the dispensing fee being linked to the price of the medicine and how that was causing unintended outcomes from our perspective, and that is why the proposed administrative and handling infrastructure fee has been put into place.

CHAIR: I note that, in the previous minister's response, he states that the government is committed to ensuring the viability of pharmacies. Could you describe for us the steps that have been taken to ensure their ongoing viability? You have mentioned one, which is the dispensing fee.

Ms McNeill: That is a really important cornerstone of the Sixth Community Pharmacy Agreement, with respect to the viability of delivering a medicine to a consumer. That is the issue that we have focussed on quite heavily in the Sixth Community Pharmacy Agreement. The viability of the supply chain and the capacity of the government to list new medicines is also what is being considered, and that is why we have measures such as removing the originator from price disclosure before the parliament, along with addressing anomalies of combination items in price disclosure, and looking at F1 price cuts after five years of listing on the PBS. Again, it is about the full package. The other things that have been put forward in the Sixth Community Pharmacy Agreement is maintaining the existing \$613 million worth of funding for community pharmacy or pharmacy access programs. Commonly understood ones in that space include dose administration aids, medication management reviews et cetera—the primary care work that a lot of pharmacy does in that space.

Importantly, the government has also invested \$50 million to pilot expansion of those new primary healthcare programs for pharmacy to recognise their role as part of the coordinator of care in the primary healthcare setting. Based on those pilots, there is a further \$600 million available throughout the agreement should those pilots find that the services that are piloted are cost-effective.

Importantly, as part of this agreement we have also ensured that all programs that are administered under the Sixth Community Pharmacy Agreement are assessed for cost-effectiveness and value for money for not only the taxpayer but also the consumer who receives the health outcome. All of those programs will be assessed to ensure that.

We also have put into place and recognise some of the feedback from the ANAO and from the community more generally about needing to reconcile and make sure the money that we are anticipating, the script volumes that we are anticipating to be part of the Sixth Community Pharmacy Agreement, are realised. It specifically includes clauses that say we will do an annual reconsolidation of the script volumes expected, both under co-payment—which is where the consumer meets the full cost of the medicine—and over co-payment, where the consumer makes a contribution and the government meets the remainder of the cost, to ensure that the script volumes we are anticipating are as expected. We report that back annually to government. Secondly, we will also be reporting back annually to government on the money that is being expended on the programs and the priority of those programs so that government has visibility on the outcomes that are being achieved.

You will note that the Sixth Community Pharmacy Agreement does address one of the issues that was raised in this petition, which was about the viability of opening hours, trading hours, for pharmacy. That is one of the things we are looking at as one of the programs, to ensure that the trading hours and the availability of the pharmacist for the consumer are improved.

CHAIR: Thank you. Do you have any more questions?

Mr BUCHHOLZ: No.

CHAIR: Thank you very much. We now come to the end of today's roundtable discussion. I thank all our participants for their contribution. It certainly has been a most interesting one. As our participants know, the aim of today's hearing is threefold: firstly, to allow petitioners to expand on the issues raised in petitions, particularly in light of a government response; secondly, to hear about the experience of members of the community in petitioning the House; and, thirdly, to hear from representatives of the Department of Health about their response to this petition. Information received here today has been helpful in this regard and there will be a transcript of this public hearing published on the committee's website in due course.

Ms McNeill: Chair, I am terribly sorry, but there was just one other investment that government made about sustainability that I did not mention that may be of interest to the committee. Do you want me to put that on the record?

CHAIR: Go ahead.

Ms McNeill: I think it is important that one of the things that was raised in the previous few years was the sustainability of funding for the dispensing of chemotherapy medicines. There was a chemotherapy review in 2012-13 and the Abbott Government introduced a temporary fee to meet the cost of compounding to ensure that those services could be maintained. The Sixth Community Pharmacy Agreement specifically includes funding for the next five years for the compounding of chemotherapy medicines, recognising the additional cost that is involved in that with a two-tier payment—\$40 for those that do the service in-house and \$60 for those that use a TGA-licensed provider, recognising the additional cost of maintaining a TGA licence on an annual basis. That was something that was raised through this process and I did not address it.

CHAIR: Thanks. Mr Turnbull, before I close the hearing, is there anything that you would like to say prior to closing?

Mr Turnbull: There is; thank you. I have just one concluding remark to make it crystal-clear that the petition was not seeking the abolition of price disclosure. The Pharmacy Guild supports the price disclosure process, and has done since, I think, 2008 or thereabouts when it was introduced. The petition was about what we regarded as a breach of the fifth agreement involving expansion and acceleration, if I could use those words, of price disclosure, without consultation, and without compensation for the flow-on effect on pharmacy.

I just want to make it clear that this was not a campaign for higher medicine prices for the Commonwealth to pay under the PBS. It was about sustainability and viability for pharmacies. When I said earlier that water has passed under the bridge, certainly a lot of the aspects of the sixth agreement that Felicity McNeill has pointed to—leave aside the petition—particularly through the administration, handling and infrastructure fee included in the sixth agreement, which is quite a significant reform and is in no way linked to the problems that we were alluding to through this petition, address the linking of pharmacy remuneration to the welcome declining prices of PBS medicines.

CHAIR: Thank you very much.

Resolved that these proceedings be published.

CHAIR: I now close the roundtable. Thank you all very much.

Proceedings suspended at 11:11