

The Committee Secretary
Red Tape Committee: The Health Services
Department of the Senate
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Submission regarding the effect of red tape on pharmacy

There is an URGENT NEED to protect the timely supply of pharmacy medications and services to all Australians. The erosion of this protection has already begun (multinational drug companies are stepping outside Australian distribution agreements) and its effect on the health of Australians has been clearly indicated.

For nearly 30 years I have worked as a pharmacist, mostly in rural and regional areas. This includes running my own pharmacy for almost 20 years in Sheffield, a rural town in north west Tasmania. Despite having adequately prepared for my retirement, I continue to work in a nearby regional town. I do this to help make up the shortfall in health professionals experienced by nearly all rural and regional communities and because I love the work that I do and the people that I serve.

Having briefly outlined my background I would like to emphasise that I am making this submission as a private individual.

While I find that the red tape involved with pharmacy is both burdensome and constantly increasing, I also acknowledge that it is necessary. Not only is our industry charged with providing healthcare to the people of Australia but it involves the expenditure of vast amounts of their tax contributions through the Pharmaceutical Benefits Scheme (PBS). If we are to ensure the skills of pharmacists and the quality of their goods and services are adequate and fairly distributed to all, then oversight is required.

When the Department of Health drafted the first Community Pharmacy Agreement (CPA) in the late 1980s, one of the central aims was to ensure an even distribution of pharmacies around the country, providing access to services for all people regardless of where they lived. Later versions of the CPA included the Community Service Obligation (CSO) for the major pharmaceutical wholesalers. This guaranteed timely access to medicines to all Australians. This model appears to have been successful as borne out by reports from both the Pharmacy Guild and the Department of Health. Previous policies of allowing the market to settle into its own best outcome had failed miserably. Without rules governing pharmacy location, the number of pharmacies in busy metropolitan areas grew whilst those in rural and regional areas stagnated. I believe that deregulating pharmacy ownership would lead to large scale corporate ownership of pharmacies and an increased focus on healthy dividends for shareholders at the expense of protected health care for all Australians (and particularly for those Australians who by location or illness, are expensive to treat).

The reason for my submission is my concern regarding the move by large multinational drug companies to no longer have their products distributed by the major pharmaceutical wholesalers. First Pfizer (2011), then AstraZeneca (November 2017) and now Amgen

(December 2017) have chosen the courier firm DHL to exclusively distribute their products. Fortunately, Amgen has reviewed its decision in mid-December and decided to continue to make Prolia available through the CSO wholesalers. Unlike the major pharmaceutical wholesalers, **DHL has refused to sign the CSO, offering no security of timely supply of vital medicines to pharmacies and their patients.**

In addition, despite these three companies using the one distributor, they each have different terms of trade and ordering systems. Through both my own personal experience and from talking to my colleagues, this has caused an increase in the amount of time spent on administration, confusion for all staff and delays in the supply of medications. Most critically it has taken pharmacists away from their primary task of patient care to oversee these changes to our ordering systems.

Despite having spent most of my working life in rural pharmacies, I have also worked in metropolitan areas. The differences are stark. Numerous studies have shown that both medical literacy and health outcomes are much lower in rural and regional areas. The amount of time rural pharmacists need to spend in counselling to overcome the lack of medical literacy is much greater. The need for other services such as blood pressure monitoring, medical certificates, smoking cessation and even certifying documents also increases because of a general lack of, or difficulty in accessing, other medical services. The capacity to offer these services is in no small part due to the formalised support and commitment (via the CSO) of the pharmaceutical wholesalers. Every time another drug company moves its business away from the major wholesalers, wholesaler revenue declines and they are forced to claw back the terms of trade they offer to pharmacies. This leaves pharmacies with less security with regard to supply, less time in which to deliver the care that is needed, and less capacity to subsidise vital services that have largely been, and are still wherever possible, freely given.

In February 2011, I wrote to the then Minister for Health, Nicola Roxon, about Pfizer taking its business away from the wholesalers. Her reply was that her department didn't interfere with how companies conduct their business. Last month I wrote to Minister Hunt about AstraZeneca. He acknowledged my concern and assured me that he would monitor the situation.

Any government who is serious about ensuring the timely supply of medication and a full range of pharmacy services available to all Australians would insist that all drug companies, including Pfizer, AstraZeneca and Amgen, who make most of their money from the taxpayer funded PBS, distribute their products through the wholesalers who have signed the CSO.

Yours faithfully

Michael Meaney