



Submission to Productivity Commission's 5 Year Productivity Inquiry

October 2022

About the Guild

The Pharmacy Guild of Australia (the Guild) is the national peak organisation representing community pharmacy. It supports community pharmacy in its role of delivering quality health outcomes for all Australians. The network of almost 6,000 equitably distributed community pharmacies plays a pivotal role in the delivery of the National Medicines Policy, including by ensuring timely access to safe, effective, and affordable medicines under the Pharmaceutical Benefits Scheme (PBS) for all Australians.

Reforming boundary issues

The Guild welcomes and supports the PC's focus in Interim Report 6 (pages 28-29) on regulatory approaches to reforming boundary issues and its references to making use of the full scope of practice of pharmacists.

It is well accepted that there are three ways in which productivity growth can be achieved: (1) technological change, (2) improvements in technical efficiency, and (3) changing the scale or mix of inputs and outputs¹. While technological and technical gains are being made, healthcare systems are being held back due to an inflexible mix of inputs. Wherever the authorised scope of practice (and/or the funding model) of a component of the healthcare workforce does not match its full competencies and accessibility, the system is being held back from achieving its potential level of productivity.

With inevitable growth in demand for healthcare, further advancements to ensure that each healthcare professional can perform to their full qualifications and scope – such as through the North Queensland Community Pharmacy Scope of Practice Pilot² - will be vital to ensuring that Australia's limited healthcare resources are able to cope and continue to deliver the outcomes expected by all Australians. With its pre-existing, highly accessible infrastructure, and with trusted and skilled staff, Australia's community pharmacies are ready to play a central role in improving health system productivity. Greater use of community pharmacy – as occurred throughout the

¹ The Parliament of the Commonwealth of Australia, Inquiry into raising the productivity growth rate in the Australian economy (Chapter 6), April 2010, https://www.aph.gov.au/parliamentary_business/committees/house_of_representatives_committees?url=economics/productivity/report.htm

² <https://www.health.qld.gov.au/ahwac/html/nqpharmacypilot/overview>

pandemic through public health roles such as vaccination and testing – also creates a more resilient healthcare system that all Australians can be confident in even in times of extreme stress and need.

Inaccuracies and omissions

In contrast to Interim Report 6's focus on the value and potential of community pharmacy services as a part of creating a more productive healthcare system, the discussion on pharmacy in Interim Report 4 (A competitive, dynamic and sustainable future) contains several inaccuracies and omits relevant facts and important context. Individually and in combination, these result in faulty conclusions. Each of the inaccurate statements is addressed in turn below.

“It is questionable whether setting a minimum distance between pharmacies would be effective in supporting community access to pharmacies (including rural and remote communities); and consumer safety would be protected by regulating conduct rather than ownership.” (Interim Report 4, page 26)

The facts show that 88% of people in metropolitan and regional areas have access to at least 1 pharmacy within a 2.5km radius³. Previously published results of detailed geospatial analyses⁴ have demonstrated that the Australian population's accessibility to community pharmacies is better than to other essential services including medical centres, supermarkets and banks. This was achieved with fewer outlets (compared to other service types) and was the case for both urban and non-urban areas. Just as importantly, due to the nature of the essential products and services provided by community pharmacies, the analysis showed that accessibility is high for the elderly (less mobile) and low socio-economic communities, both in absolute terms and relative to the other services examined. Further details are available on request.

Community pharmacies are not only the most accessible health destination but also the most frequently accessed, with over 462 million individual patient visits annually⁵.

“The rules have not effectively safeguarded community ownership as intended, given 73 per cent of pharmacies in 2018 were owned by four major retail chains” (Interim Report 4, page 26)

This is incorrect. With the exception of a small number of pharmacies owned by friendly societies under grandfathering of previous legislation, all pharmacies in Australia are owned by pharmacists. No pharmacies are owned by “retail chains”, now or in 2018.

“While the regulations attempt to improve accessibility, there are fewer pharmacies per head of population. When the location and ownership rules were introduced, the population-to-pharmacy ratio was 3000 people per pharmacy — this increased to an estimated 4365 in 2014 and 4426 in 2022.” (Interim Report 4, page 26)

The pharmacy location rules were a direct result of Hawke government microeconomic reform. These reforms were designed to achieve the precise outcome the PC has highlighted. In the early 1990s, financial incentives (in the form of closure and amalgamation payments) were made available. The subsequent reduction in the number of pharmacies - particularly in the number of smaller pharmacies in metropolitan areas - was the expected and desired outcome. The reforms were extremely successful and achieved their aims. The result was a smaller number of larger, well-

³ The Pharmacy Guild of Australia, 2020.

⁴ https://www.guild.org.au/_data/assets/pdf_file/0017/6173/summary-of-submission-re-competition-policy-review-draft-report.pdf

⁵ PBS Date of Supply, Guild Digest, <https://www.abs.gov.au/ausstats/abs@.nsf/mf/3101.0>

located pharmacies better able to provide the quality advice and service consumers expect from community pharmacy. At the same time, in order to ensure no return to the previous excessive number of tightly clustered pharmacies, the first set of location rules was introduced.

Over time these location rules have been reviewed and revised. While they were initially intended to enforce an overall cap on the number of PBS approved pharmacies nationally, they now allow for growth in the number of approvals while ensuring that new pharmacies open where they are most needed. Between 30 June 2010 and 30 June 2021, the number of PBS approved pharmacies increased from 5,137 to 5,875⁶. This is an increase of 14.4%, almost matching Australia's population growth of 15.2%⁷ over the same period. The location rules have allowed for this appropriate rate of growth, and this has resulted in ongoing high rates of accessibility (as highlighted earlier in this submission).

⁶ Department of Health & Ageing, PBS Expenditure & Prescriptions report (various years)

⁷ Australia Bureau of Statistics, 3101.0 – Australian Demographic Statistics.