

Review of Pharmacy Remuneration and Regulation

A Message from the Chair

22 June 2017



Professor Stephen King
Chair
Review of Pharmacy Remuneration and Regulation

On behalf of the Review Panel, I am pleased to present the Interim Report for the Review of Pharmacy Remuneration and Regulation.

There has been considerable deliberation among the Panel Members over the reform pathways presented in this Interim Report. Underpinning these deliberations has been a common vision of an integrated and sustainable community pharmacy sector, which is adaptive to the inevitable changes in healthcare given Australia's ageing population, rapid advances in technology and ongoing Pharmaceutical Benefits Scheme (PBS) reform. Accordingly, our intent is to develop a flexible framework for community pharmacy remuneration and regulation, consistent with a twenty-year timeframe, encouraging of innovation whilst adaptable to the changing needs of the Australian public and broader healthcare system.

Consistent with the Review's Terms of Reference, the Panel has considered foremost arrangements that support consumer access – the safe, efficient and effective distribution of medicines listed on the PBS to Australians who need them, regardless of location – consistent with the National Medicines Policy.

While Australia's pharmaceutical supply chain has strengths, like any system there is always room to build and improve capabilities to ensure efficiency, responsiveness and sustainability.

As an agent of the Australian Government, community pharmacy can only be effective if it is appropriately remunerated and provided with appropriate incentives. The Australian Government and the public require the community pharmacy sector to operate efficiently and sustainably to ensure the best value from taxpayer and patient contributions.

The Panel also recognises that regulation presents costs to the public, the government and the participants in the medicine supply chain. Regulation must be sufficient but not excessive and must underpin sustainable consumer access.

The issues contained in this report are complex, with the potential to impact significantly on community pharmacy. For this reason, the Panel has decided to present options rather than draft recommendations in this Interim Report.

Many of these options were raised by stakeholders in our consultations or in their written submissions and responses to the online survey. The options were also informed by evidence independently gathered by the Review and analysed by various consultancies. Consequently, the options reflect both evolutionary and more transformative reform pathways intended to strengthen the community pharmacy sector.

The Panel has worked to ensure that the issues associated with pharmacy remuneration and regulation are properly scrutinised in this Interim Report, consistent with our commitment that no new matters will be introduced in the Final Report. As such, alternative and mutually exclusive options are presented in certain instances where multiple reform pathways are being considered ahead of the finalisation of the Final Report.

Some areas of the Interim Report detailing current community pharmacy arrangements do not contain options for reform. In such instances, options have been deliberately omitted as the Panel has not found compelling evidence for change.

The Panel notes that the Australian Government's 2017/18 Budget contained a range of decisions that affect elements of this Review. These decisions impact upon a number of community pharmacy programs and the pharmacy location rules.

The Interim Report presents options to replace or modify the pharmacy location rules. However, given the Government's recent commitment to continue the current location rules, the Panel considers that its options to replace the current location rules are no longer immediately relevant to this Review. While they are included in the Interim Report for the sake of transparency around the Panel's consideration of the issue, they will not be presented in the Final Report.

However, the Panel will continue to consider the options presented to modify the location rules that have been put forward on the assumption that the current location rules will be retained.

In developing its Final Report, the Panel welcomes the submission of new evidence and additional insights in relation to the options outlined in the Interim Report. Written submission can be made to the Panel through the [Department's Consultation Hub](#) via the [Review website](#) and may be lodged up to **23 July 2017**. Submissions can take the form of either a separate document prepared by stakeholders or as online comments beside any of the 47 options presented in the Interim Report. The Panel will review and consider all submissions received by this closing date.

The Panel will also hold consultations with a select group of peak bodies and industry stakeholders and that are representative of the participants in medicine supply chain, including consumers, community pharmacy owners, employee pharmacists and technicians, wholesalers and Government. These bilateral discussions will provide an opportunity for the Panel to obtain consolidated feedback on the proposed options and any new information that may warrant consideration as we develop our Final Report.

The decision to target our face-to face consultations to peak bodies and key pharmacy sector representatives reflects the complexity of the findings and options presented in the Interim Report, as well as a desire to streamline industry engagement in a manner that will allow the Panel to provide the Minister for Health with both a considered and timely Final Report.

We encourage you to engage with your representative bodies or provide a written submission to ensure that your views on the reform options are conveyed to the Panel.

We would like to thank all those who have provided their input, time and support to the Review process to date. The Panel believes that this constructive approach to reform will ultimately deliver a final report to Government that will secure value and maximise opportunities for the community pharmacy sector and the Australian public.

Kind regards

A handwritten signature in black ink, appearing to read 'Stephen King', written in a cursive style.

Professor Stephen King
Chair

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