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Dear Mr Hansen,

RE: Inquiry into the establishment of a pharmacy council and transfer of pharmacy ownership in Queensland

I make this submission to the inquiry as a pharmacist and pharmacy proprietor of four pharmacies in Far North Queensland – one in Airlie Beach and three in Port Douglas. I am on the Pharmacy Guild Queensland Branch Committee and I am also one of the partners in the LifeLive Pharmacist Group – an affiliation of 18 pharmacist partners owning a total of 39 independently run pharmacies with a central administration office for HR, payroll and accounting services. We have been serving regional communities within Queensland for over 35 years and we currently employ over 600 staff within our Queensland operations.

In these regional areas, pharmacists play a pivotal role in the community. Not only are they available at any time to deal with primary healthcare issues, they are often involved in many areas of the community, from business organisations to sporting clubs or school boards. The same may be said for our metropolitan counterpart, although to a less conspicuous extent.

This is a function of a small business owners' emotional attachment and desire to reinvest in the community in which they live. It is evident even more so when those small business owners deal with the health of their community. This is a characteristic not found in the corporate structure of large companies.

When it comes to the ownership debate, I believe there are two simple points to consider.

Firstly, is pharmacy a purely retail business? If the answer is no, then you need to ensure there are protections for patients and are these protections more easily enforced on corporate structures or the healthcare professional who owns the business?

Secondly, what is the evidence that a deregulated pharmacy ownership system delivers better health outcomes for patients? Worldwide, there have been many studies done and the answer is ZERO. Indeed, in Norway, deregulation has resulted in such poor health outcomes and cost blow outs that the government has reregulated the profession.

The purpose of this inquiry was to investigate the formation of a body (Pharmacy Board or Council) in Queensland to police and enforce the Pharmacy Business Ownership Act (PBOA) 2001 – and to bring the state into line with all other states where such a body exists.

The reason for this request is that there are very real concerns that some pharmacy groups who operate within Queensland are blatantly disregarding the intent of the Pharmacy Business Ownership Act (PBOA) 2001. The use of proxies, as well as elaborate accounting and legal structures, to maintain proprietary and pecuniary interest of the business. The current Queensland Health administration of the act has failed to uphold the legislative instrument of the PBOA by not clearly establishing who holds the true financial and managerial control of the pharmacy.

Currently, the majority of Community Pharmacies are small businesses for whom the primary motivation is not profit, but the welfare and health outcomes of the patients they treat. Corporate ownership threatens the very foundation that makes this one of the world's leading health care systems – in that the basis of this system is the pharmacist proprietor is personally responsible for the clinical decisions and administrative process of drugs and poisons in line with state and federal legislation. Without this personal responsibility, other interests, such as profit for shareholders, becomes the primary motivation and not the health of the patients. Corporate companies have a fiduciary duty to act in the best interest of the shareholders. That is – profit at all costs.

Currently, every pharmacist every day makes decisions in the best interest of their patients, without regard for profit. This is the small business mentality – hoping and believing that patients will appreciate the care and service and continue to be loyal. Large corporations do not display that level of dedication to the best interests of the patient. Their primary concern is to the shareholder and generating profit.

Furthermore, the public have demonstrated their support for this model of ownership time and time again. They just do not want big corporations to have access to their health information. Especially when those same corporations happily sell alcohol and cigarettes ……. There have been many reviews into the current ownership model and the conclusion is always the same, health outcomes are better, cost burden to government is reduced and all Australians, particularly regional communities are better off when pharmacies are owned by pharmacists.

Ownership should not be in question here. What the committee should be considering is the best way to protect and allow a pathway for development of this current world class community pharmacy network. The only way to enforce the Pharmacy Business Ownership Act is to have a body which has the industry expertise and knowledge to ask the right questions of applicants and to study the evidence on a forensic level to ensure proprietary and pecuniary interest remains, at all times, with the pharmacist applicant.

Once established, the Pharmacy Board or Council could provide assistance in areas where other state's pharmacy bodies already act. In particular, environmental health, currently administer by Hospital & Health Service's (HHS) around the state, premises legislation (to ensure standards are met for the physical space of the pharmacy) and to uphold the Pharmacy Board of Australia (PBA) guidelines, for example, with mandatory reference texts. This would allow uniform interpretations of

the relevant Acts and reduce duplication of resources. It would also allow enforcement of the Pharmacy Board of Australia's industry specific guideline – eg availability of mandatory texts.

In summary:

I am in favour and strongly support the formation of a Queensland Pharmacy Council to police and enforce the Pharmacy Business Ownership Act and appoint expert panels to investigate expanded scope of practise opportunities

I strongly support the existing ownership legislation for a number of reasons:

- it maintains the safety of patients by ensuring professional autonomy of all pharmacists and professional accountability by every individual owner. This safety net would be lost under corporate ownership where profits is the driving motivation
- the current system delivers cost savings to the government. Compare the cost savings with the PBS expenditure compared to the Medicare blowouts where corporates can own medical practises and pathology. The after hours home visit service is a classic example of corporate opportunism in action – resulting in funding being cut for what should have been a vital service for patience
- the current combination of ownership laws and location rules ensures that a pharmacy exists in many small and regional communities where there are no other health services – the current model of ownership and location rules supports the current model which provides healthcare, employment and high cost/low return pharmacy services like nursing home services, diabetes services, home delivery, disease screening services and medication management services. Deregulation will result in the closure or cancellation of these vital services. There is also the intangible benefit of continuity of care having local pharmacist owners living and contributing in other ways in regional communities for years at a time.
- Deregulation will not lead to more competition. There already exists every style of pharmacy possible within the 1140 Queensland pharmacies owned by 800+ different owners. Similarly to the grocery industry – competition will reduce under deregulation and servicing of small and remote communities will vanish.

I am strongly in favour of maintaining the restriction on the maximum number of pharmacies a single pharmacist is allowed to own in order to maintain effective control and responsibility for the operation of those pharmacies

I am strongly in favour of I am in favour of further structured education for our staff and team members with formal qualifications being developed for a Pharmacy Assistants as para professionals

I am strongly in support of a Pharmacy Council addressing expanded scope of practise for pharmacists – in fact, allowing us to work to our full scope of practise has the potential to bring enormous health outcomes for patients and save Governments millions in terms or preventable hospitalisations and unnecessary GP visits – it also allows GP's to focus on more complex patient health issues delivering further savings.

Addressing the specific questions raised in the issues papers and drawing Guild Branch Committee meetings in which I participated:

1. **Are pharmacy ownership restrictions imposed by the *Pharmacy Business Ownership Act 2001* (Qld) (Act) necessary to protect consumers and deliver accessible and affordable medicines and services? Why or why not?**

   I question the relevance of this question as this was not in the Terms of Reference provided by the Health Minister. Many inquiries, many much better resources and with greater investigative powers, of several years have come to the same conclusions, that pharmacy ownership restrictions should remain as they ensure the safe, timely and cost effective provisions of drugs and poisons across both the state and country. To allow any vertical integration of corporates, doctors, insurers/payers, hospital owners would ultimately reduce the health outcomes and choice of patients and lead to higher costs, financial and otherwise, to both the individual and the health system over many years.

   The easiest way to protect the public health of Queenslanders is to ensure that pharmacists themselves are the ones who own and control the practice of pharmacies. Ie. The pharmacist themselves as an owner who takes responsibility for the way the professional conduct of the pharmacy occurs where the focus is on the health of the patient and not just commercial terms.

2. **Are the ownership restrictions sufficiently clear, particularly regarding the restrictions on corporations owning pharmacies? If not, how could the restrictions be made clearer?**

   As mentioned above, the current legislation and the processes to administer the act are inadequate. The Queensland Health, tick and flick form is being abused by groups and corporates using complex accounting and legal structures. An independent body with industry expertise needs to administer the act to ensure all applicants comply with the intent of the act – for this, a Queensland Pharmacy Coucil with industry specific knowledge of the issues in put in place. Compliance of the act is paramount and this structure works effectively in other jurisdictions.

   It is vitally important that the corporates and some groups who operate in Queensland, are able to ensure the corporate entity itself and the shareholding structure is one where the applicant pharmacist is in control.

   The key characteristics of this council would be that it is:
   - Robust
   - Transparent

- Accountable
- Consultative with industry
- Fair and balanced

- Self-funding through an annual licensing fee of pharmacies
- Enable practice change

3. Would changing the pharmacy ownership restrictions under the Act improve community outcomes? If so, how should the restrictions be changed?

As outlined above, the overriding principle that pharmacists should have proprietary and pecuniary interest in the pharmacies they operate in the sole interest of the patients and more widely, population health delivers results. particularly in smaller regional communities

The Terms of Reference for this inquiry do not question this notion. What is asked by the Terms of Reference is the ability of a body, to transparently see the structure of pharmacy ownership and this is how it occurs. E.g. who are the shareholders and who are the directors?

4. Should the Act be amended to allow any party to own a pharmacy, subject to requirements for dispensing only by a qualified pharmacist? Would the community be better off under such a scenario? Why or why not?

Corporates act in the interest of the shareholders, not the patient. Given a corporate ownership structure, pressure from management can lead to a less efficient, stressed and dollar driven workforce. These corporations, whether health based or insurance based or other, don't put the patient at the core of company objectives.

There is no evidence that deregulation delivers better health outcomes to patients anywhere in the world – in fact, there is substantial evidence to the contrary and as previously mentioned, Norway has reversed its deregulation policy due to poor outcomes and cost blow outs.

The community would definitely not be better off by only a simple notion that required the dispensing to be by a qualified pharmacist. If anyone could own and control a pharmacy, it would compromise:

- operations of the pharmacy
- the health resources it provides
- the way it acts ethically
- how it facilitates medicines
- the support the patients with their medicines

We also need to ensure division of the prescriber and dispenser of medicines. This is not only for financial or vertical integration issues, such as those experienced in North America, where freedom of choice for a provider means financial disincentives; but a public safety lens that an

another professional is ensuring the right medication is for the right person, at the right dose at the right times whilst confirming it won't cause harm due to interactions or allergies.

5. **Is there any difference in performance of pharmacies owned by non-pharmacists in Queensland (such as those run by friendly societies or the Mater Misericordiae Health Services Brisbane Limited) in relation to protecting consumers and delivering accessible and affordable medicines and services?**

Looking at the history of pharmacy in Queensland, these pharmacies existed at the time of legislation change and the use of grandfathering was the way the government of the time dealt with these outliers via the act.

For example, PBOA s139B be) names the Mater and friendlies societies as specific entities who exist outside other pharmacies.

By their very nature, these entities are not for profit and benevelant structures not to be confused with corporate entities like Coles, Woolworths and co.

6. **Does the Act provide adequate protections to promote the professional, safe and competent provision of pharmacy services, and to maintain public confidence in the pharmacy profession now and in the future? If not, what additional protections should be included in the Act and why?**

The current provisions allow professional, safe and competent practice because the pharmacist owner is responsible for the ethical and safe practice of dispensing medicines. If this principle did not exist, a huge number of provisions would need to be implemented simply to restore the status quo.

7. **Are you aware of any transfers of pharmacy ownership which have not conformed to the requirements under the *Pharmacy Business Ownership Act 2001* (Qld) (Act)?**

I believe there is several transactions which may not have conformed Act. In particular, the recent sale of the Malouf group of pharmacies to Ramsay Healthcare involves some suspicious circumstances that a Pharmacy Council with appropriate expertise would see as warning signs:

- The timing of the approvals, during caretaker mode of the state government is more than a coincidence
- All the nominated pharmacist were **employees** of Ramsay Healthcare. Most, if not all, of these pharmacist do not even on their home outright, let alone have enough capital to provision $120 million in cash, on short notice, for the sale to proceed.
- These pharmacists went from being employees in the **hospital** pharmacy sector, to owning **4-5 community pharmacies in their own right, overnight**.
- No a single owner in the Ramsay Pharmacies comes from outside of the employment of Ramsay Health

8. Are the offences prescribed in the Act necessary and sufficient to ensure the objectives and intent of the legislation are being met, and are the maximum offences that apply appropriate?

The offences are as they exist are sufficient for the current ownership structure of community pharmacy. In a deregulated market, it is unlikely the current penalties would be sufficient and as per other states, corporate penalties should be much higher

9. Do you think there should be restrictions on the number of pharmacies a pharmacist may own in Queensland? Are the current restrictions under the *Pharmacy Business Ownership Act 2001* (Qld) appropriate?

I think the current restrictions on the number of pharmacies fosters a healthy competitive environment whilst not providing the ability to buy many pharmacies in a region and have a geographic monopoly. Current provisions are adequate to protect the regions.

This restriction on number of pharmacies maintains effective control of the provision of medicines by the pharmacist proprietor. As the pharmacist is personally responsible for the operations of the business, he has to be in effective control at all time. If the number of pharmacies was unlimited, how could a pharmacist act ethically and prove he was in effective control at all times? Nearly all states mandate five as the maximum number and I believe the current number is sufficient to ensure a pharmacist is in effective control.

10. Given there are no restrictions in the Australian Capital Territory and the Northern Territory, are community outcomes in the Australian territories different from the Australian states? If so, how are they different?

Given the size, population and decentralised nature of Queensland, the requirements for pharmacy provision cannot be compared to ACT (size, decentralised) and NT (population). They are not valid comparotors

11. Has pharmacy ownership regulation in other Australian jurisdictions improved community outcomes (relative to Queensland)? If so, how?

The Pharmacy Board of Western Australia has recently rejected applications by Ramsay Healthcare on the basis that their structure did not conform to the Pharmacy Ownership legislation of WA, affording West Australians protection from corporate priorities over patient health care.

The various state boards and council often distribute educational briefs to minimise dispnsing errors etc. They also hold panel hearings to prosecute professional misconduct resukting in patient harm

12. What functions might a pharmacy council perform in Queensland? How would these functions differ from the current functions performed by Queensland Health?

From the Guild submission, the core functions are but not limited to:

- Provide independent administration and enforcement of the ownership and registration provisions of the legislation through an annual registration/licensing process;
- Provide specialist knowledge as to the state of pharmacy services in Queensland;
- Determine whether pharmacy premises meet appropriate standards; and
- Provide advice on the developments in dispensary standards in pharmacies, including the development of improvement programs that promote quality and safety in the dispensing and use of medicines.
    - Conduct pharmacy business inspections to ensure pharmacy premises are of a minimum standard of fitness for safe and competent delivery of pharmacy services,

This is consistent with the scope of pharmacy registering authorities in other Australian jurisdictions.

Furthermore, the Council would:

- Maintain a register of pharmacies and facilitate public access to the information regarding location and contact details of pharmacies in Queensland so as to help identify gaps to public access of services;
    - Maintain a register of pharmacies and facilitate public access to specific pharmacy services or specialised medicines such as: needle and syringe programs, opioid dependence treatment services, medicinal cannabis, immunisation

13. How would the establishment of a pharmacy council in Queensland improve community outcomes?

Beyond those covered previously, a database of pharmacies and services could allow patients to have more knowledge of services available at particular pharmacies including: Languages other than English, Opening Hours, Clinic services such as: Opioid Replacement programs, Absence from Work Certificates, Sexual health testing and specialities (HIV/Hep C), Medicinal Cannabis access, Diabetes Australia agency among many, many others.

14. What would be the costs and benefits to the community of establishing a pharmacy council in Queensland?

This council should not impose a financial burden to the taxpayer. It should be entirely industry funded. The Council's activities would be supported by a yearly licensing fee for pharmacies registered in Qld.

16. If a pharmacy council was established in Queensland, what issues would need to be considered in its interactions with other agencies or individuals involved in regulating pharmacy businesses and practice? What legislation would need to be changed?

I refer to the Guild's submission

17. What effect would relaxing pharmacy ownership restrictions have on community outcomes (such as protecting consumers and delivering accessible and affordable medicines and services) in Queensland? What are the potential risks to consumers?

This has been covered in many of the previous responses.

Fundamentally, the health outcomes of the patients are not at the forefront of a corporate ownership model. The professional conduct of the pharmacist themselves adds another layer of safety and affordability to patients. Services such as Hep C provisions will continue despite them not being the best interest of the pharmacist financially. Methadone services are not provided because of the perceived quality of the clientele. These are the types of services that have borderline viability or may create a process where the corporate can have discriminatory behaviour whilst technically not being in breach of any laws. Equitable access to health services in Qld would be seriously compromised if a corporate owned a pharmacy where they have no obligations for particular services, no obligations to maintain particular products.

Relaxing of ownership restrictions would create clustering in city areas where pharmacies would be more profitable and the loss of small pharmacies in one pharmacy towns, where the pharmacy would no longer be viable. If ownership restrictions were relaxed, the competitive environment that currently exists would cease to exist as the major players would crush competition and then raise prices once they have market share. In 2014, the Pharmacy Guild commission a geo-spacial analysis which showed that community pharmacies were more accessible than all major supermarkets combined

18. Should the scope of practice of pharmacists and pharmacy assistants in Queensland be extended? If so, in what areas of practice?

19. What additional training for pharmacists/pharmacy assistants, or other risk reduction measures, should be implemented to ensure patient safety?

I fully support the Pharmacy Guild of Australia's submission with respect to the scope of practice – Question 18/19

Kind Regards,

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