



## **THE HON SUSSAN LEY MP**

Minister for Health  
Minister for Sport

### **TRANSCRIPT**

#### **Press Conference updating on the 6<sup>th</sup> Community Pharmacy Agreement 18 May 2015**

**Sussan Ley:** Thank you for joining us here on a cold Canberra morning. I'm delighted to be here to open the national conference of Speech Pathologists Australia, an important allied health professional, one that we want to see taking a strong role in our primary care teams in an integrated approach to health into the future and speech pathologists are vital because they speak up for many patients who have no voice.

Now equally important as a member of a primary care team are our pharmacists and I'm pleased today to announce that the Government has reached an in-principle agreement with the Pharmacy Guild worth \$18.9 billion. That's our investment for the sixth community pharmacy agreement over the next five years and does many things, a couple of which I'll focus on without diving into too much detail. But this is a really important agreement.

For the first time, I sat down with everyone across the supply chain for medicines, whether it be the manufacturers, the wholesalers, the dispensers, the prescribers and most importantly, the consumers. Every step of the way, consumers have been at the table. And one of the key things that we will be delivering across the course of this agreement is cheaper, more affordable medicines for consumers. But we recognise that viable community pharmacy is critical, particularly in so many areas of regional, rural and remote Australia. One of the things pharmacists have told me, and told all of my colleagues and we've certainly listened to is that as the price of medicines goes down with medicines coming off patent, the retail margin for pharmacists also goes down and their remuneration goes down. That doesn't always make sense. So what we've done in this agreement is de-link the remuneration that pharmacists are paid with the actual cost of the medicines. We can continue to make medicines more affordable for consumers while not affecting pharmacists' remuneration. For the first time we're giving them a handling, an infrastructure fee, that will assist them in the warehousing, the dispensing, of course the important advice they give.

There's another important ingredient of this agreement which is an investment of \$1.2 billion for pharmacy programs and pharmacy moving into some items of primary care. We're going to take this as a staged approach. If pharmacists are going to be in the future key members of primary integrated healthcare teams, then we need to trial

the things they'll do, make sure that they're evidence-based and lock them in for the future.

There are many of these things that of course pharmacists do now - dosage administration aids, visiting aged care homes, delivering medication after hours. We want to make sure that we give them a key role in the primary care teams of the future. So that's an exciting new structural reform for the future.

Now overall, I want to come back to more affordable medicines for consumers because for those with chronic diseases - and so many Australians now are suffering from chronic diseases today, they have many scripts, sometimes many a month and the discounted co-payment opportunity that pharmacists can provide in this agreement, that's \$1 per script if they choose to discount by that much, will actually really improve patients' affordability when it comes to medicines. So it's a good and exciting re-investment for the future for pharmacy and for primary care. I'm happy to take your questions.

**Question:** How do your plans for an optional discount on the co-payment interact with your plan to increase PBS co-payments or has that policy been abandoned?

**Sussan Ley:** Well look that's a separate measure that I inherited from the last budget. That is in the Senate at the moment. This package is in no way contingent on that - and I'll be paying attention to what we do about that package in the future, but this is a stand-alone re-investment for the future.

**Question:** You've said previously that the impact of the optional discount of the co-payment might be that pharmacists in country areas where there's less competition might not engage in that discounting and pharmacies in urban areas will do, so isn't that a poor outcome for people in country areas? Won't they end up paying more for their medicines than people in the city?

**Sussan Ley:** I think it's important that we introduce competition into the pharmacy sector. Now I've heard that message clearly through the ANAO report into the previous pharmacy agreement and through comments that have been made from various Productivity Commission Harper review reports. So the \$1 discount is an important element of introducing competition. There's no reason why pharmacists need to take it up. Some will, some won't. Pharmacists in rural areas do a lot of different things when it comes to the primary care of the communities they serve. You often see them out and about in constant conversation with the doctors, with community health, with mental health professionals and I would expect that, with the programming funding that we have and we're introducing for primary care, they will have their hand up to get access to that to demonstrate what they can do. So it's all part of a package. It's important that we make medicines more affordable for consumers and that's what the discounted co-pay is about.

**Question:** How are negotiations going with drug companies on the Pharmaceutical Benefits Scheme?

**Sussan Ley:** We're having very constructive conversations with the manufacturers of both innovative drugs and also generic drugs and they are well and truly at the table.

We've talked to them from day one and we know that they have a strong role to play when it comes to investing in a sustainable PBS for the future. Remember that with about \$3 billion worth of new listings for drugs in front of the Government now and that's after the announcement I made in the budget of \$1.3 billion in new cancer life-changing and life-saving drugs, it's vital that we have a sustainable PBS, and the manufacturers of medicines have a role to play in that. So those conversations are going well and they're ongoing.

**Question:** When can patients expect to see the benefit of that \$1 optional co-payment? Is it something you expect will get through the Senate?

**Sussan Ley:** A package of legislation will come up to the Senate next week or the week after - sorry, probably come up to the House of Reps to begin with, and the new agreement is due to start on 1 July.

**Question:** If you wanted to increase competition in the pharmacy sector, wouldn't one way of doing that be to abolish the pharmacy location rules? What justification is there for the pharmacy location rules being extended for another five years?

**Sussan Ley:** First I want to say a viable community pharmacy sector is something this government takes very seriously. We recognise the role that our pharmacists play across the country in delivering medicines affordably to consumers in a 24-hour period and that will continue. However, there have been calls for reviews and calls for change, so what the pharmacy sector and government have agreed is we will have a two-year review of both remuneration and location rules. So that will happen from 1 July and that will be an opportunity for everyone to have their say about how the location rules could work better and how the remuneration models are working in practice. It will give us a good idea to look at how this agreement rolls out.

As Minister, I look at perhaps 40 appeals against current location rule decisions so that tells me that right here, right now, the location rules could work better - and pharmacists agree with me they could because those applications for - to step outside the location rules come from pharmacies, so we've got a good opportunity to work together in this review over the next two years.

**Question:** Did you leave the location rules alone to appease the pharmacists over the \$1 co-payment that they're not happy about?

**Sussan Ley:** Not at all. The location rules are due to sunset, as we know, on 30 June and the new agreement is due to start on 1 July. This is an integrated package of measures that will sustain pharmacy, sustain affordable medicines and introduce much-needed structural reform into the future.

**Question:** Are you envisaging that pharmacists under this agreement will start providing services to patients that they're not providing currently and what sort of services might they provide?

**Sussan Ley:** There's an opportunity for pharmacists to step into the primary care space, but we are doing this carefully and on an evidence-based - in an evidence-based way. So at the moment if something goes through our medical services

advisory committee and gets ticked off as a primary care item to be delivered in a certain way, then that's how it moves forward. So the trials that we're going to start with pharmacy will allow pharmacists to apply for funding, to operate innovate programs, to do something differently, to demonstrate longer opening hours, to say, well, this is what we're doing already and we think we can build on it, and to take a staged and careful move into the primary care space. But we want this to be evidence-based. We want this to proceed carefully and we know that over time the investment that we will make in this area will entrench our pharmacists as key members of our primary care teams. Now last question please.

**Question:** Did the Prime Minister consult you on the new medical school in WA?

**Sussan Ley:** Well not only did the Prime Minister consult me, the Premier of Western Australia consulted me. I met with him three months ago and I've talked to a range of different people about the importance of the new undergraduate medical school in WA. And one of the things that has really come home to me on my visits to the west is the high number of overseas-trained doctors particularly in rural and remote WA and I understand WA's passion and interest and advocacy to build a new medical school to service its own state. Now the WA Government is making a significant investment in this and there are no dollars in our forward budget attributed to this at all. So WA Government has stepped up, the Curtin University has stepped and, yes, there will be new Commonwealth funded places into the future and I look forward to those students servicing the communities of Western Australia. Thank you.

**ENDS**