

11 March 2008

Hon Daniel Andrews MP
Minister for Health
GPO Box 4057
MELBOURNE VIC 3001

Dear Minister

Review of the effect of section 174(4) of the *Health Professions Registration Act 2005*

Submission by the Pharmacy Board of Victoria

1. Prior to commencement of the *Pharmacy Practice Act 2004* ("PPA") there were 14 Friendly Societies which owned pharmacies in Victoria.
2. It appears that information was gained by at least two organizations prior to commencement of the PPA which enabled them to restructure/take action which benefited their organizations:
 - Auburn & Lidcombe Friendly Societies amalgamated with the Friendly Society Medical Association (T/as National Pharmacies) during the evening of 15 November 2004.
 - East Yarra Friendly Society (EYFS) which owned 12 pharmacies solely and was in partnership with pharmacists in a further 34 pharmacies became a corporate owner upon commencement of the Act. This change in structure, the number of pharmacies owned, sales and transfers resulted in the Board spending over \$100,000 on legal advice to resolve what legal counsel described as poorly constructed sections of the Act. EYFS continues to use the name as its registered name with ASIC even though it does not operate as a Friendly Society as defined in the Act. This sometimes causes confusion and misunderstanding.
3. Federation Health and Australian Unity divested themselves of their pharmacies prior to commencement of the PPA given that they would not have complied with the mutuality provisions having previously de-mutualised.
4. Since 16 November 2004, being the date on which sections 1, 140, 147 and 148 of the PPA came into operation as a result of Royal Assent being granted on that date, there has been a net increase of three pharmacies owned by Friendly Societies.
5. The current *bona fide* Friendly Society owned pharmacies do not cause any concern or difficulty in terms of compliance for the Board.
6. The current Friendly Societies have not sought to increase their numbers to the extent permitted in sec 147(4)(b) of the PPA and covered in transitional provisions of the *Health Professions Registration Act 2005* ("the Act") in sec 174(4)(b).
7. A cap on numbers for Friendly Societies did not exist prior to commencement of the PPA and was an increased control placed on them in line with, but not the same as, restrictions placed on pharmacists as owners.

8. If the current cap on Friendly Societies were to be lifted as a result of the review then that would be inconsistent with restrictions imposed on pharmacists and pharmacist corporations.
9. A lifting of the restriction on numbers for all ownership categories would be advantageous to “cashed –up” pharmacists, those who may currently infringe ownership provisions and place an increased financial barrier on young pharmacists being able to purchase pharmacies.
10. A table showing ownership across the last four years is attached for information.
11. It is not the role of the Board to argue the matter of ownership by Friendly Societies. Acting as a statutory authority in the public interest means that the Board should provide factual information and comment on possible options with even-handed comment.

The Board submits that the following options are suitable for inclusion in your consideration of this review:

- a. removal of the cap on Friendly Societies
 - this would maintain a restriction on community pharmacists whilst there would not be a comparable restriction on Friendly Societies; or
- b. retention of current controls on numbers
 - with removal of the review date this would maintain the *status quo* and appears to be working well with respect to Friendly Societies; or
- c. removal of restriction on numbers for all categories of owner
 - as discussed in paragraph 8 this would seriously erode the maintenance of professional standards with all of the problems identified in the submission for the review of pharmacy legislation in this State and also during the review under National Competition Policy, or
- d. imposition of new controls

The Board would be pleased to assist the Service and Workforce Planning Branch in any further request for information or clarification.

Yours sincerely

Stephen Marty
Registrar

Pharmacy Board of Victoria

Friendly Society pharmacy ownership in Victoria

Proprietor	March 2004	June 2004	27 October 2004	18 January 2005	6 February 2008
Bendigo UFS	2	2	2	3	3
Central Victorian UFS Dispensaries Ltd					1
UFS Dispensaries Ltd	8	8	10	11	11
Cheltenham UFS	1	1	2	1	1
Box Hill UFS	1	1	1	1	0
Community Care Chemists F S	3	3	3	3	3
Community Pharmacy F S	5	5	5	4	5
Eaglehawk UFS Ltd	1	1	1	1	1
Federation Health	3	3	0	0	0
North West Dispensaries F S	3	2	2	2	2
Australian Unity F S	13	13	11	0	0
Friendly Pharmacy Vic Ltd	4	3	3	3	3
Wonthaggi Miners F S	1	1	1	1	1
Friendly Society Medical Association T/as National Pharmacies	17	18	24	24	25
East Yarra Friendly Society - solely	13	15	12	0	0
East Yarra Friendly Society – in partnership with pharmacists	29	29	34	0	0
Western Victorian UFS Dispensaries Ltd					1
Total	104	105	111 (65)	54	57