

Tel 53277757 (direct)

5 March 2008

Mr Dan Harvey  
Service and Workforce Planning Branch  
Department of Human Services  
GPO Box 4057  
Melbourne 3001

Dear Dan,

### **Review of Friendly Society Pharmacy Ownership**

On behalf of UFS Dispensaries Ltd., I am writing in support of the submission from the Victorian Friendly Society Pharmacies Association (VFSPA) to the review of the effect of the limit imposed on friendly society pharmacy growth since 16 November 2004.

At 16 November 2004, UFS Dispensaries, which has operated successfully in the Ballarat region since 1881, owned ten pharmacies. Since that date we have purchased two additional pharmacies. Our current capacity to expand is therefore limited to one additional pharmacy. Whilst our financial position is sound, as a mutual organisation we do not have the capacity for rapid growth. Nevertheless, the current limitation, were it not to sunset as planned, would severely constrain our company in the medium and long-term.

We firmly believe that the ability of friendly society pharmacy groups to expand is of significant benefit to the health of the Victorian community. This is particularly true in rural and regional areas where access to affordable health services is often problematic, and morbidity and mortality data demonstrate the poorer health status of these communities compared to their city counterparts. The expansion of UFS Dispensaries into disadvantaged communities in the western region over the last four years has been warmly welcomed by local residents.

As an example of the benefits of allowing friendly society pharmacy groups to continue to expand, I enclose a confidential case study (*withheld*) of a

pharmacy which was recently acquired by UFS Dispensaries Ltd. Whilst the case study certainly raises questions about the efficacy of the current pharmacy regulatory mechanisms, it is provided as part of this submission for the purpose of illustrating the capacity of friendly society pharmacies, operated for member benefits rather than for-profit, to improve the quality and accessibility of pharmacy services in Victoria.

The imposition of the anti-competitive cap in 2004, where none had existed previously, was an historic policy reversal, brought about as a result of the immense political influence of the Pharmacy Guild, a group which represents powerful vested interests, and not the Victorian community. It is our view that the Pharmacy Guild, whilst having been an excellent advocate for high quality community pharmacy services, remains locked in an out-dated paradigm with respect to pharmacy ownership. The Guild has failed to recognise that its true ally in the pursuit and promotion of high-quality full-service pharmacy is the traditional friendly society pharmacy group. The existence, and recent proliferation, of cut-price low-service pharmacy discounters is the 'elephant in the lounge-room' of Guild arguments about friendly society pharmacies.

It is our view that the imposition of the temporary cap on friendly society pharmacy ownership was an unfortunate compromise resulting from the need to secure NCP payments to Victoria. We believe there will be significant future benefits to the Victorian public if the restriction is allowed to lapse as intended, as this will enable the expansion of high quality low-cost pharmacy services to occur in areas of need.

We respectfully request that the Victorian Government consider the overall public benefit to be gained by a return to the historic status quo of no restrictions on the growth of legitimate friendly society pharmacy groups.

Directors and senior staff of UFS Dispensaries Ltd would be pleased to answer questions or be involved in any further discussions required on this matter.

Yours sincerely

Lynne McLennan  
Chief Executive Officer  
UFS Dispensaries Ltd.