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6 March 2008

Mr Daniel Harvey  
Policy Advisor  
Service and Workforce Planning  
Department of Human Services  
GPO Box 4057  
MELBOURNE VIC 3001

Dear Daniel

**RE: REVIEW OF THE HEALTH PROFESSIONS REGISTRATION ACT 2005**

Friendly Society Medical Association Limited, which trades as National Pharmacies, had considerable input into the submission of the Victorian Friendly Societies Pharmacies Association Inc. and supports their submission. There are two points in particular we wish to emphasise.

Firstly, there are over 20,000 pharmacists in Australia who are able to purchase pharmacies in Victoria, with 1,400 new graduates a year able to own pharmacy in Victoria. Each pharmacist can own 5 pharmacies in Victoria and up to a theoretical maximum of 120 across Australia. There are only 13 Friendly Society Pharmacy Associations operating in Victoria with another 20 spread across Australia. No new friendly society pharmacy association has been formed for at least 60 years. It is almost impossible to form a new friendly society pharmacy association and own pharmacy today given the high cost of acquiring pharmacy licences. The growth in the not for profit mutual model, which gives back to the community, will only come from these existing friendly societies which have the financial base from which to build going forward.

There has been discussion in the past of the need for a level playing field. The level playing field should be 50% of the market to the for-profit pharmacist owners and 50% for not for profit friendly society pharmacy associations, i.e. 50% each for each model of ownership.

Secondly, the retail community pharmacy marketplace has changed in the three years since the legislation came into effect in November 2004. The industry has seen changes to the branding and groupings of pharmacy ownership. As illustrated in the attached table, the increase in allowable ownership numbers by pharmacist owner operators from 3 to 5 has encouraged the owners to establish chains of pharmacies. These chains of pharmacies allow greater purchasing power. We are seeing the development of chains of discount pharmacies establishing which are low service models of pharmacy. This is not good for the community, because although they lower prices, they also do not provide the medical and community services normally supported by the pharmacy industry. The Pharmacy Guild of Australia has even rejected from membership a number of these groups.

The industry has changed; chains of for-profit owner operators have formed, margins are tighter and economies of scale are required as the Federal Government reduces gross profit margin in pharmacy. The decisions made in 2004 to put a temporary cap on friendly societies were made in the light of certain events at the time. Times have changed and the legislation should not now place another cap on the friendly society pharmacy associations.

If you require further information to support comments made here or in the VFSPA Submission, please contact me on (08) 8223 7565 or 0418 843 607.

Yours sincerely  
**National Pharmacies**

A handwritten signature in black ink, appearing to read 'Jim Howard', written over a horizontal line.

**JIM HOWARD**  
**MANAGING DIRECTOR**

## Pharmacy Groups Operating in Victoria

	August 2004	February 2008	Banner	Principal Owner	
Amcal / Max	136	121	Sigma		
API Healthcare	31	0	API		
IPA	34	0	API		Unbranded Buying Group
ChemMart	49	45	Symbion		
Chemworld	11	2	API		
Full Life	10	0			
Guardian	116	75	Sigma		
Healthsense	13	0	Symbion		
My Chemist	49	36		Sam Gance	
National Pharmacies	22	23		FSMA	
Pharmacist Advice	4	1	API		
Pharmore	25	18		John White/ Ross Taylor	
Sigma National	53	0	Sigma		Unbranded Buying Group
Synergy	55	0	Symbion		Unbranded Buying Group
Terry White	27	25	Symbion		
The Medicine Shoppe	3	0	Symbion		
Soul Pattinson	11	6	API		
<b>SUB TOTAL</b>	<b>647</b>	<b>352</b>			
Priceline Pharmacies	-	60	API		
Pulse	-	48		Rohan Aujard	
Chemist Warehouse	-	35		Sam Gance	
Nova Pharmacy	-	15		Alan Feil	
Discount Drug	-	8			
Quality Pharmacy	-	10		Charles Khallouf	
Pharmacy Alliance	-	128		Simon Reynolds	Unbranded Buying Group
Pharmacy Choice	-	103	Symbion		Unbranded Buying Group
Pharmacy Best Buys	-	38	API		Unbranded Buying Group
Triple S	-	43	Sigma		Unbranded Buying Group
Advantage Group	-	39	Sigma		Unbranded Buying Group
Healthwise	-	12			
Pharmacy Select	-	11			
QVic Group	-	8			
<b>TOTAL</b>	<b>647</b>	<b>910</b>			

- Table compiled from data provided by Pharmabroker sales and telephone enquiries with the organisations.
- Victoria has 1,175 pharmacies.