

We refer to the Competition Policy Review, announced on 4 December 2013.

This submission, by Symbion Pty Ltd (Symbion), relates to the Community Pharmacy sector in Australia.

1. The Community Pharmacy sector is a cornerstone of the Australian health care system, delivering medicines to all Australians, regardless of location, in a timely and efficient manner. The provision of medicines and pharmaceutical advice is critical for the community. The delivery of medicines, in combination with the provision of other health services delivered through Community Pharmacies, is vital to the health and wellbeing of patients and consumers.
2. Pharmacies are often the first point of call for the community in the primary health care sector. This is due to their accessibility, both in terms of convenient locations and opening hours, and the highly educated and knowledgeable medical professionals they employ. While competition is extremely strong within the pharmacy sector, pharmacies continue to invest and innovate to deliver services required to better care for their customers and patients.
3. Symbion has a long history of involvement in the Community Pharmacy sector. Since 1845, Symbion has been an integral part of the Australian health care system and today has leading positions in a wide range of health related sectors. Symbion's goal is to improve our customers' businesses and enable them to deliver better health care outcomes to the community.
4. Symbion's operations include pharmaceutical wholesaling and retail management solutions for community pharmacies, bespoke Community Pharmacy software solutions, pharmaceutical distribution services to public and private hospitals, clinical trials logistics support, specialty contract logistics services for health care manufacturers and national veterinary wholesale services. [REDACTED]

#### **Community Pharmacy – a vital cog in the Australian health care system**

5. The Community Pharmacy sector performs a much wider role in the community than simply the filling of prescriptions. Retail pharmacies are at the front line of the primary health care system in Australia, providing a range of services that cannot be replicated without significant investment.
6. Community Pharmacies are a key pillar in the provision of medicines in the community – upholding the Government's National Medicines Policy, which aims to improve positive health outcomes for all Australians through their access to and wise use of medicines. Community Pharmacies are increasingly being viewed as the first point of call in the primary health care system, with the ability to conduct simple but important health checks such as blood pressure, cholesterol checks, flu vaccinations and other services. In regional and remote areas, where access to other medical services may be limited, Community Pharmacies are often the only trained medical practitioners available in the community. While this is undoubtedly a valued community service, it also has wider benefits for the health system by reducing the demand on General Practitioner (GP) appointments and fostering a healthier and better informed community.
7. With the recent budget announcements to introduce a GP co-payment, it is expected that patients will increasingly call on Community Pharmacies for triage services before visiting a GP.

8. There are also increasing levels of competition within the Community Pharmacy sector. National brands and chains are competing with each other and independent pharmacies on service, innovation and price. As the perception of Community Pharmacies has changed, and the additional services offered by them are relied on by ever increasing numbers of patients, pharmacies are becoming increasingly innovative and are investing in new and valuable service offerings.
9. The current Community Pharmacy market encourages aggressive competition and innovation within the sector, without exposing the community to risk. One only needs to look at the daily newspaper advertisements or review online and posted catalogues to be aware of the extreme competition within the Community Pharmacy sector.

### **Risk to the community**

10. Pressure continues to be exerted by vested interests to open the Community Pharmacy market to competition – particularly from the grocery sector. The grocery sector undoubtedly has expertise in the delivery and sale of products, but medicines - and particularly the advice that comes with the safe dispensing of medicines – represents much more than the simple sale of a product. The advice provided by a qualified pharmacist in a professional environment regarding the safe consumption of the medication has a significant impact on the health outcomes of the patient.
11. Community Pharmacies have continued to innovate with new service offerings and improved advice. These services would be lost to the community if the dispensing of medicines was relegated to the sale of a product, without referencing the interactions the medication can have with the individual patient, or with other medications prescribed to the patient.
12. The grocery sector is already encroaching into areas that were traditionally a pharmacy-only area. Consumers are now able to purchase pain relief, anti-inflammatory and other medications within a supermarket; however, there is no on-site professional advice available to assist consumers in making an informed decision on the best treatment of their condition. Consumers are being left to self-diagnose and prescribe treatment based on price, which is not in the best interests of an optimal health outcome. Some pharmaceutical products already available within supermarkets can be potentially dangerous if consumed incorrectly, for example a patient on Warfarin medication to thin their blood can have severe consequences if taken with Ibuprofen which is readily available in supermarkets. This risk would likely grow further if the range available within supermarkets was increased.

### **Pharmacy Innovation**

13. To combat increased pressures on revenues, Symbion has continued to actively invest in the Community Pharmacy sector. Symbion has often led the industry in offering new services to the Community Pharmacy sector. Examples include:
  - Symbion's development of MINFOS, a state-of-the-art, pharmacy-specific point of sale software to assist Community Pharmacies run their dispensary and their business;
  - Symbion's investment in Intellipharm – business intelligence software to help pharmacies analyse their business to identify areas for improvement; and

- Symbion's purchase of APHS Packaging, a cutting edge dose administration service designed to increase medication compliance amongst patients on multiple medications
14. In addition to these significant investments, Symbion continues to invest in market-leading services offered by its branded pharmacy franchise, Chemmart, such as health checks, skin cancer checks, cholesterol and blood pressure check-ups amongst many others. For Community Pharmacies that wish to remain independent, Symbion has developed a modular suite of retail services and solutions through its Pharmacy Choice retail offering, to assist with marketing, buying, e-commerce and other business services.
  15. In the past, Community Pharmacies were perceived primarily for their ability to fill a script prescribed by a GP. Now, however, Community Pharmacies are viewed as a health destination in their own right. Pharmacists and Community Pharmacies have continued to innovate their service offering to patients and consumers. This has been aided by the Community Pharmacy Agreements negotiated between the Pharmacy Guild and the Commonwealth Government. These agreements have provided funding to Retail Pharmacies to continue to offer additional services to consumers, often provided at no additional cost to the consumer. Examples of these additional services include:
    - Blood pressure checks
    - Cholesterol checks
    - Flu Vaccinations
    - Weight Loss Programs
    - Smoking Cessation
    - Diabetes support
    - Sleep Apnoea
    - Home medicines review
    - Bowel Screen
    - Medication Check
    - Return of Unwanted Medicines
    - STOP Pseudoephedrine monitoring
    - Mirixa medication compliance programs
  16. It is clear that the current regulations relating to the Community Pharmacy sector have not resulted in a reduction in innovation or competition.
  17. Behind the retail operations, Symbion also continues to invest heavily to ensure it can provide the most competitive and efficient distribution solutions to pharmacies throughout Australia. This is evidenced by [REDACTED] the company's newest Victorian warehouse facility in Keysborough, which will feature world-standard distribution technology such as goods to person picking, pick to voice and A-frame distribution systems.

### **Competition in the Pharmacy Sector**

18. Even a cursory review of the Community Pharmacy sector reveals the extent and depth of competition in the market. The 5,300 pharmacies in Australia today are represented by more than 100 different Community Pharmacy groups, and hundreds of individual Community Pharmacies.

Ownership restrictions requiring pharmacies to be owned by a pharmacist, and State imposed limits on the number of pharmacies that can be owned by an individual pharmacist, have resulted in a fragmented market. This in turn has resulted in pharmacies being free to move between groups to offers they feel best match the needs of their customers. For this reason, pharmacy groups are continually innovating as they compete for new members.

19. This is a dynamic and innovative market in a very competitive landscape. Other sectors have a much greater concentration of market power held in the hands of a few large corporations. This is particularly evident in the grocery sector, controlled by the duopoly of Coles and Woolworths with limited competition provided by Aldi and Metcash (IGA). The banking sector is dominated by the big four retail banks, and the department store sector is dominated by Myer and David Jones. All of these businesses, offering a relatively homogenised product offering with limited product differentiation, are competing for customers primarily on price.
20. In contrast, the Community Pharmacy market is characterised by broad consumer choice with a wide variety of competing models. These models vigorously compete on service offerings and value.
21. Despite the ability of the three major pharmaceutical wholesalers to fund innovation and differentiation, the franchises owned by these businesses have not dominated the market as large corporates have in other markets. This is primarily because pharmacy owners do not view their pharmacies as simply a provider of products but rather as health care centres of excellence. Pharmacy owners have strong links to the communities they service and value their status as independent health professionals, free to make decisions in the best interests of their patients.
22. Symbion believes the current regulations governing the Community Pharmacy sector have served the community well. The Community Pharmacy model and its role to deliver the National Medicines Policy – underpinned by the Community Service Obligation, guaranteeing the safe, secure and timely delivery of medicines throughout Australia - is world's best practice. Far from reducing competition, it has encouraged the proliferation of new and valued health services within an extremely competitive environment. Pharmacies offer a crucial service to the community, both in terms of the professional advice and medications they provide and the valued health services available in their pharmacies.
23. Symbion does not believe the Australian community would gain any benefit from a wholesale change in the regulations or opening up the sector to additional competition from the grocery chains. On the contrary, we believe many crucial services that are integral in the front line of Australia's health care system would be lost.
24. The current Community Pharmacy market encourages aggressive competition and a strong and innovative pharmacy sector, without exposing the community to risk. It is in the public's interest for the existing pharmacy regulations to continue.

Symbion Pty Ltd

10 June 2014



## Appendix

Examples of additional services offered in Chemmart Pharmacies include:

### Health consultations in a private & professional environment



**Cholesterol Checks:**



**Blood Pressure Monitoring**





**Consultation on test results with trained staff**



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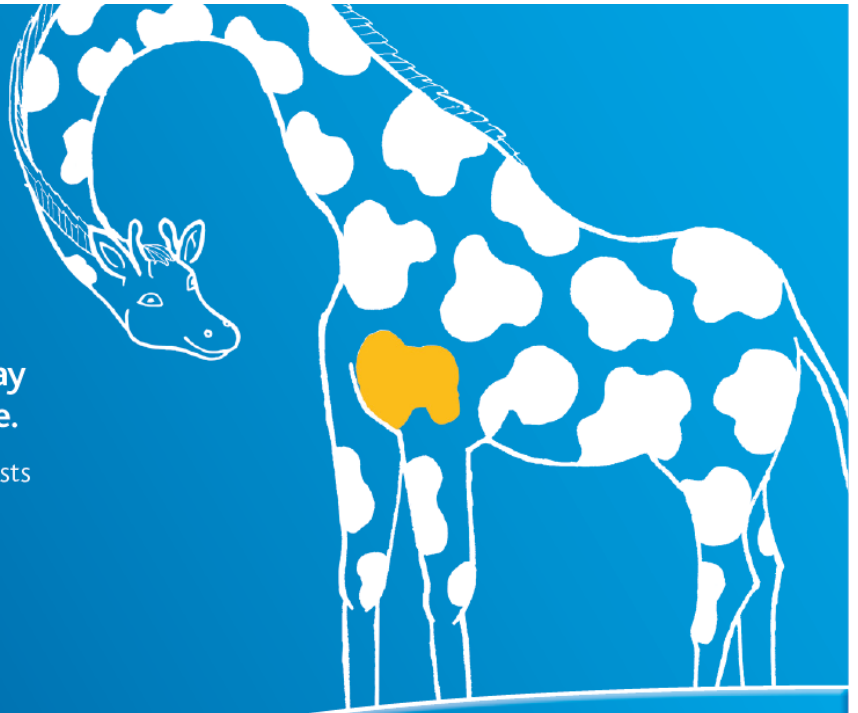
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