



## NATIONAL PHARMACEUTICAL SERVICES ASSOCIATION

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Senate Standing Committees on Environment and Communications  
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### **NPSA Submission: Recent trends in and preparedness for extreme weather events**

*CSO pharmaceutical distributors' capacity, and recent action, to meet the medicine supply needs of Australians during times of National Disaster*

The National Pharmaceutical Services Association (NPSA) represents full line pharmaceutical wholesalers across Australia. The NPSA would like to take the opportunity provided by this Inquiry to demonstrate the preparedness of the full line pharmaceutical wholesalers to maintain supply of medicines to pharmacies during extreme weather events - a preparedness that is facilitated by the standards to which all full line pharmaceutical wholesalers adhere under the Community Service Obligation (CSO). In addition, the NPSA would like to outline the recent performance of full line pharmaceutical wholesalers during the January 2013 Queensland floods and Tasmanian bushfires, and the 2011 Queensland floods, in protecting the Federal Government's National Medicines Policy objectives of reliable and universal access for Australians to affordable PBS medicines within 24 hours.

#### **About the Community Service Obligation**

The Community Service Obligation is a Federal Government Deed of Agreement to which full line pharmaceutical wholesalers in Australia comply. There are currently five CSO Distributors with warehouses geographically distributed across Australia. They commit under the Agreement, with few exceptions, to supply all pharmacies in a State or across Australia with any PBS medicine within 24 hours.

The CSO was conceived under the terms of the Fourth Community Pharmacy Agreement in 2005 and commenced in 2006. Within this agreement, a reduced wholesaler margin was enforced, and the savings used to establish a pool of \$150 million per annum (indexed annually) to fund the CSO.

When delivery standards of PBS medicines to community pharmacies within 24 hours of the regular order cut off time are met, the wholesaler becomes eligible for increased funding via the CSO funding pool. The intention of this funding pool is to ensure CSO distributors can

adequately invest in meeting the additional cost requirement of supplying rural and remote pharmacies and low volume PBS medicines in a timely fashion.

The CSO Distributor network now represents a significant investment in the infrastructure underpinning Australia's community pharmacy network. ***Together they create a robust system of back-up supply and redundancy for times of unexpected crisis and when Australians need to cope with natural disaster.***

The notion of unimpeded access to medicines for all Australians is the central tenant of the CSO and is therefore embedded in the CSO Distributors' approach to the day-to-day functioning of their medicine supply chain. Effectively the CSO places the initiative of ensuring uninterrupted supply to community pharmacies onto the shoulders of the full line pharmaceutical wholesalers. So it is no surprise that during times of emergency, that same sense of supply obligation predominates in the minds and actions of the CSO Distributors.

### **CSO Distributors during extreme weather events**

In order to support the Community Service Obligation in times of crisis, The Pharmacy Guild of Australia, the Department of Health, CSO Agency and CSO Distributors work together to turn their regular reporting and communicating channels into an effective emergency response mechanism, sharing information on road access to towns and pharmacies, facilitating contingency planning in cases where a supply warehouse may become compromised and co-ordinating the supply of medicines to emergency services when stock needs to be flown into isolated towns.

In Queensland last month, we witnessed a natural disaster which tested the ability of Australia's medicines supply chain to supply medicines to patients. Fortunately there were multiple supply options for pharmacies throughout the impacted area via the three national CSO Distributors.

Access to Bundaberg and various major regional towns such as Gympie, Hervey Bay, Maryborough and others was very limited and CSO Distributors worked to arrange air freight wherever possible and also sent road transport to flooded areas to wait for road access to improve in the hours ahead.

In Rockhampton, southern road access was impeded so special long haul deliveries were arranged from the north - out of Townsville.

During the fires in Tasmania last month, Symbion staff members were opening their warehouse at 10 o'clock at night and delivering items to pharmacies that same evening so they could reach isolated patients by 6am the next morning via the State Emergency Service.

In 2011, just before the New Year, pharmacies in Rockhampton and surrounds were advised by their CSO Distributor to stock up given the forecasted extreme weather conditions and risks to supply. These supplies were made available on a forward charge basis to the effected pharmacies to ensure that they could afford the increased cost of their inventories.

In the weeks that followed, API's significant warehouse in Ipswich was evacuated, while staff were wading through water to reach Sigma's Rockhampton warehouse. Sigma's warehouse in Toowoomba was hit by the Tsunami. In response to this, the three CEOs spoke and agreed to set aside all competitive interests and do all that they could to ensure that all pharmacies (no matter who they usually obtained their supplies from) were able to provide their patients with their essential medicines. They worked together to meet the needs of the impacted communities with staff investigating ways to reach pharmacies that could not be accessed by any CSO Distributor.

These actions are very real examples of how the Community Service Obligation underpins investment into the redundancy of a supply chain on which the wellbeing of so many Australians

rely. Pharmacist and their patients are not placed in a predicament where their supply of a government funded PBS medicine is wholly compromised, even when located in a national disaster area.

On a regular basis, all CSO distributors repeatedly demonstrate their capacity and their willingness to do all in their power to deliver medicines to pharmacies within 24 hours of orders being placed, in keeping with their CSO undertaking to Government.

The NPSA believes that the CSO is a wonderful example of effective health policy and deserves to be highlighted in the context of this Inquiry. The agreement means that patients, pharmacists and Government can rest assured that orders will be delivered when medicines are most needed and that patients remain the number one priority even when the supply chain is under pressure.

NPSA represents Symbion, Sigma Pharmaceuticals Limited, Central Healthcare Services and National Pharmacies.

Yours sincerely,

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National Pharmaceutical Services Association