



The Pharmacy Guild of Australia

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22 July 2015

Dr Andrew Southcott MP
Chair
Joint Committee of Public Accounts and Audit
PO Box 6021
Parliament House
Canberra ACT 2600
By email: Jcpaa@aph.gov.au

Dear Dr Southcott

The Pharmacy Guild of Australia (the Guild) is pleased to provide this short submission to the Joint Committee of Public Accounts and Audit (JCPAA) review of the Auditor-General's Report No. 25 (2014-15) into the Administration of the Fifth Community Pharmacy Agreement.

The Guild is an employer organisation which represents Australia's 5,450 community pharmacies, the vast majority of whom are Guild members. The Guild's mission is to enable and sustain community pharmacy as a key element of the Australia's primary health care infrastructure through ongoing advocacy, continuous innovation and enduring business solutions.

As the employer organisation representing the majority of community pharmacy owners, the Guild is a co-signatory to the community pharmacy agreements for the purposes of section 98BAA of the National Health Act 1953 and for related purposes. The first of these agreements was signed in 1990 and the most recent, the Sixth Community Pharmacy Agreement, was signed on 24 May 2015.

The Guild has publicly welcomed the Auditor-General's Report into the Administration of the Fifth Community Pharmacy Agreement. We support the eight recommendations in the performance audit. While the audit was into the Administration of the Fifth Community Pharmacy Agreement by the three relevant government departments, the Guild worked closely with the Australian National Audit Office (ANAO) during the audit process, including through the provision of detailed input at various stages of the audit.

The Guild takes its responsibilities as a co-signatory to community pharmacy agreements and as a participant in the governance and administration of the agreements extremely seriously. The audit did not make any adverse findings against the Guild. At all times, the Guild has ensured that we have adhered to all our reporting requirements and that we have met all of our Key Performance Indicators (KPIs) since we took responsibility in March 2014 for the processing of payments for services delivered under the Fifth Community Pharmacy Agreement professional programs.

Going forward, the Guild is committed to ensuring that there is transparency and accountability in relation to all aspects of the Sixth Community Pharmacy Agreement. There is no doubt that the Department of Health and the Guild are treating the findings of the Auditor-General's report extremely seriously. This is clearly reflected throughout the Sixth Community Pharmacy Agreement document, which includes a

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number of directly relevant reforms that have been committed to by both parties to the Agreement, including:

- An annual reconciliation of Agreement expenditure
- Independent cost-effectiveness assessments of all professional programs
- Provision of pricing information in relation to under co-payment prescriptions
- Market testing of the administration of Agreement programs
- Review of the future Agreement governance arrangements
- Broad consultation with stakeholders

The Guild will continue to ensure that it meets all of its responsibilities under the Sixth Community Pharmacy Agreement in a way that is transparent, accountable and in accordance with all necessary regulatory requirements.

In the run-up to the finalisation of the audit report, the ANAO asked the Guild to provide a formal response to the audit. Attached is a copy of our formal response to the ANAO, which remains an accurate summary of the Guild's position on the audit.

The Guild is happy to add to this submission in person should the JCPAA wish us to do so.

Yours sincerely



David Quilty
Executive Director



Pharmacy Guild response to the ANAO Performance Audit on the Administration of the Fifth Community Pharmacy Agreement: *Proposed Report*

The Pharmacy Guild of Australia (the Guild) welcomes the audit of the Administration of the Fifth Community Pharmacy Agreement (5CPA) and appreciates the opportunity to comment on the extracts from the final draft of the audit report provided to it by the ANAO.

For twenty-five years, the Guild has worked in partnership with the Commonwealth Government in ensuring that Australians have equitable and timely access to PBS medicines and pharmacy-related support services through five community pharmacy agreements. These agreements have succeeded in achieving their core objective in a way that delivers value-for-money for taxpayers; high-quality patient outcomes; and a trusted and highly accessible national community pharmacy network. The PBS is recognised internationally as one of the best subsidised medicines systems in the world.

The community pharmacy agreements are a true public-private partnership between the Commonwealth which has overarching responsibility for the PBS and community pharmacies which are responsible for the efficient, safe and professional provision of more than 200 million PBS medicine prescriptions annually to patients on behalf of the Commonwealth and also continue to make the ongoing capital investment in building and maintaining the important national network that is used for this purpose. Given their vital public health care responsibility, it is imperative that community pharmacies are viable and that the remuneration for their core role of dispensing PBS medicines enables pharmacies to make an adequate return on their sizeable capital investments.

As the organisation representing the majority of community pharmacy owners, the Guild has a statutory responsibility under the *National Health Act* to negotiate with the Commonwealth the remuneration for pharmacies for dispensing PBS medicines. The Guild also plays a key role in the oversight and administration of the professional programmes funded under the community pharmacy agreements, working in partnership with the Department of Health and in collaboration with a wide range of industry, consumer and other stakeholders.

The Guild takes these responsibilities very seriously. In successive agreements, the Guild has assisted the Commonwealth in facilitating opportunities for pharmacies and pharmacists to play an enhanced role in delivering the objectives of the National Medicines Policy through the provision of an expanding range of professional services, underpinned by nationally accredited quality assurance standards and enabled by leading-edge information technology platforms and systems.

The Guild welcomes the fact that the 5CPA audit does not make any adverse findings in relation to its role in the administration of the 5CPA. The Guild has fulfilled its contractual requirements in relation to the 5CPA and met all the KPIs set by the Department of Health when it was agreed the Guild would take full responsibility from 1 March 2014 for processing and paying claims for services performed under the 5CPA professional programmes.



Based on the extracts of the report that have been provided to the Guild there are a small number of matters that the Guild wishes to bring to the attention of readers of the audit report.

1. As part of the SCPA, community pharmacies must meet the quality standards defined in the Australian Standard 85000:2011; also known as the Quality Care Pharmacy Standard, which is the recognised quality management system for pharmacies in Australia. The Guild's Quality Care Pharmacy Program (QCPP) is currently the only commercially available quality assurance system that supports this Standard, but nothing prevents the development of other quality assurance systems that meet the Standard. As an accreditation system, QCPP is self-funding through subscriptions and fees, and is not financially supported by the SCPA. The only funding that QCPP has received from the SCPA has been to enable the provision of the data required by the Commonwealth to administer eligibility for SCPA programmes.
2. A statement in the extracts from the audit report made available to the Guild relating to the net budget savings in the SCPA does not accord with the Guild's knowledge of this matter, including in the Agreement document itself.
3. The figures made available by the ANAO in relation to SCPA administration costs do not provide sufficient clarity to enable the provision of a Pharmacy Guild Average Staffing Level (ASL) figure for inclusion in the report.
4. The report references stakeholder concerns regarding the "(in effect) self-evaluation by the Agreement Consultative Committee (ACC)", when there has in fact been an independent evaluation of the ACC as part of the SCPA evaluation framework.
5. The report references claims by peak bodies on the Programs Reference Group (PRG) that changes to medication management programmes were made without input from the PRG. The Guild consulted separately with a number of PRG members about these changes.
6. The Guild is not aware of any evidence to substantiate the claim by the Department of Health that it has experienced difficulties getting Guild agreement to raise issues with PRG.

In summary, the Guild considers that the audit has provided an important opportunity to scrutinise the administration of the SCPA. The Guild will continue to work constructively with the Commonwealth and all stakeholders in ensuring that the next agreement provides maximum benefit to community pharmacy, the pharmacist profession, taxpayers, and, most importantly, the Australian public which relies on these vital PBS medicines and health care services.



Summary response

The Pharmacy Guild of Australia (the Guild) welcomes the audit of the Administration of the Fifth Community Pharmacy Agreement (5CPA).

As the organisation representing the majority of community pharmacy owners, the Guild has a statutory responsibility under the *National Health Act* to negotiate with the Commonwealth the remuneration for pharmacies for dispensing PBS medicines. The Guild also plays a key role in the oversight and administration of the professional programmes funded under the community pharmacy agreements, working in partnership with the Department of Health, in consultation with a wide range of industry, consumer and other stakeholders.

The Guild takes these responsibilities very seriously. In successive agreements, the Guild has assisted the Commonwealth in facilitating opportunities for pharmacies and pharmacists to play an enhanced role in delivering the objectives of the National Medicines Policy through the provision of an expanding range of professional services, underpinned by nationally accredited quality assurance standards and enabled by leading-edge information technology platforms and systems.

The Guild considers that the audit has provided an important opportunity to scrutinise the administration of the 5CPA and will continue to work constructively with the Commonwealth and all stakeholders in ensuring that the next agreement provides maximum benefit to community pharmacy, the pharmacist profession, taxpayers, and, most importantly, the Australian public which relies on these vital PBS medicines and health care services.