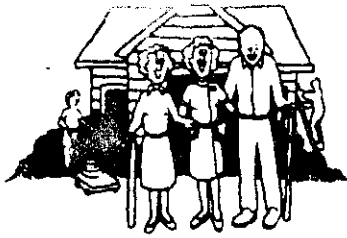


**APPENDIX 4**

**MINISTER FOR AGED, FAMILY AND HEALTH SERVICES:  
MEDIA RELEASES OF 24 JULY AND 8 AUGUST 1990**



Minister for Aged, Family and Health Services  
Hon. Peter Staples M.P.

## MEDIA RELEASE

Parliament House, Canberra Phone (06) 277 7220 Fax (06) 273 4146

PS174/90

### PHARMACY RESTRUCTURING

24 July 1990

A major agreement on pharmacy restructuring has been reached between the Federal Government and the Pharmacy Guild of Australia.

The in principle agreement, announced today by Ministers in the Community Services and Health portfolio, Mr Brian Howe and Mr Peter Staples, and by Mr Jim Matthews for the Pharmacy Guild, will produce improvements in the structure of the industry through rationalisation of the numbers of pharmacies and associated Micro Economic Reform measures proposed by the Guild.

They also announced that the Guild and the Government would be putting complementary submissions on remuneration to the Pharmaceutical Benefits Remuneration Tribunal by mid August.

The Ministers said the Government was willing to accept the Guild's proposal for a major restructuring of community pharmacy. They said it was essential that people have ready access to necessary medication delivered in a more cost effective manner.

The Guild welcomed the Government's confirmation that the restructuring would be voluntary with pharmacists wishing to amalgamate or close being assisted to do so. This assistance for financing of redundancy packages and amalgamations of pharmacies will be jointly financed by the Government and pharmacists.

The Guild confirmed its willingness to work closely with the Government on restructuring.

Guild President, Mr J P Matthews stated that the agreement would restore confidence and stability within the industry and the pharmaceutical profession and would thus allow pharmacists to continue to deliver their excellent service to the community.

The Government and the Guild believe that consumers and taxpayers will benefit from having a more efficient pharmacy structure. Pharmacists will benefit from the market being distributed over fewer pharmacies enabling them to achieve economies of scale. The restructuring will reduce the costs of the Pharmaceutical Benefits Scheme.



The procedures to effect the restructuring will be developed by the Guild and the Government. This will ensure that community needs are met including most importantly continuing access to the Pharmaceutical Benefits Scheme in less populated areas. The Government will also support the continuation of essential pharmacies.

They said that the restructuring would be welcomed by those many pharmacists who had approached the Government seeking rationalisation. They said that the restructuring and agreement on a joint submission to the PBRT would remove uncertainty and put pharmacy on a more stable footing.

The Ministers and the Guild said that they looked forward to working together to ensure that high quality services were maintained. The complementary submissions to the PBRT would recommend:

- . a gross margin of \$4.25 per script from 1 October 1990;
- . a reduction in the mark-up of 25% to 10% with an increase in the dispensing fee to produce the \$4.25 gross margin;
- . the resultant dispensing fee be frozen until March 1992;
- . the dispensing fee would then be indexed every six months with a further review by the PBRT after three years. This would provide sufficient time for restructuring to occur;
- . the current PBRT review be terminated.

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Hon. Peter Staples M.P.

**MEDIA RELEASE**

Parliament House, Canberra Phone (06) 277 7220 Fax (06) 273 4146

PS182/90

### PHARMACY RESTRUCTURING - RESTRICTIONS ON APPROVALS

The Minister for Aged, Family and Health Services, Peter Staples, today detailed new arrangements concerning pharmacy restructuring which had been agreed to by the Pharmacy Guild of Australia and the Federal Government on 24 July 1990.

Mr Staples said the restructuring program included assistance for encouraging amalgamation and closure of pharmacies to be jointly financed by the Government and pharmacists.

"To facilitate this program it is necessary that temporary restrictions be placed on the issuing of approvals to dispense PBS prescriptions," Mr Staples said.

"As from tomorrow any applications for approval to dispense PBS prescriptions will be issued in accordance with criteria presently being established.

"Applications already lodged will be dealt with in accordance with the rules which currently apply.

"Pharmacists who have entered into commitments with the expectations that approvals would be issued will have their applications dealt with on a case by case basis."

Arrangements for the administration of the foreshadowed industry restructuring and incentive payments will be developed over the next few weeks.

While precise details will not be decided until the consultations between the Government and the Guild are completed, it is likely that any financial assistance will be restricted to pharmacies that opened before 1 July 1989.

"The possibility of rationalisation has been known since then and it would not be appropriate to pay people who opened with that knowledge," Mr Staples said.

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Date: 8 August 1990

