To the surprise of almost no one in the scientific community, Australia’s National Health and Medical Research Council (NHMRC) 2015 homeopathy review concluded that ‘there are no health conditions for which there is reliable evidence that homeopathy is effective’ and it ‘should not be used to treat health conditions that are chronic, serious, or could become serious.’ The vast majority of credible studies found that homeopathic treatment performed no better than placebo. Based on widely debunked concepts such as the ‘Law of Similars’ (symptoms can be treated with small amounts of the agents that cause them) and the ‘Law of Infinitesimals’ (highly dilute preparations are more potent), homeopathy asserts that water and other carriers retain a ‘memory’ of the substances mixed with them, even though they typically no longer contain any of the original ingredient.

Australians spent an estimated $7.3 million on homeopathic products such as ointments, pills and elixirs in 2009 (the most recent available figure). Other research suggested that 6% of people used homeopathic products at some point during the year. Many homeopathic items are purchased from pharmacies and often sit next to conventional pharmaceuticals on the shelves. They are also frequently packaged and presented in very similar ways to clinically active medications. The NHMRC report prompted the Royal Australian College of General Practitioners (RACGP) President Dr Frank R Jones to release a position statement calling upon doctors to refrain from prescribing or recommending homeopathy and for private health insurers to stop offering rebates for homeopathic

This case was written by Marinella Padula for Associate Professor Michael Di Francesco, Australia and New Zealand School of Government. It has been prepared from published materials as a basis for class discussion rather than to illustrate either effective or ineffective handling of a managerial situation.

Cases are not necessarily intended as a complete account of the events described. While every reasonable effort has been made to ensure accuracy at the time of publication, subsequent developments may mean that certain details have since changed. This work is licensed under Creative Commons Attribution-NonCommercial-NoDerivatives 4.0 International Licence, except for logos, trademarks, photographs and other content marked as supplied by third parties. No licence is given in relation to third party material. Version 01122017. Distributed by the Case Program, The Australia and New Zealand School of Government, www.anzsog.edu.au

1 National expert body promoting the development and maintenance of public and individual health standards.
services. It also stated that: ‘Pharmacists should not sell, recommend, or support the use of homeopathic products’. The RACGP considered that homeopathic ‘medications’ had no useful role to play in disease prevention, management or treatment, and warned that they could be dangerous if they caused patients to defer or decline conventional care for serious ailments. The Pharmaceutical Society of Australia (PSA), the national peak professional organisation representing approximately 18,000 pharmacists, released a statement endorsing the NHMRC’s findings and noting that it did not support the sale of homeopathic products in pharmacies. It also reminded pharmacists of their professional and ethical obligations to give consumers current, accurate and appropriate advice with regard to all over-the-counter and prescription medications, including homeopathic preparations.

Speaking prior to issuing the statement, PSA President Grant Kardachi suggested that selling homeopathic products was not consistent with the Association’s goal for pharmacies to become integrated ‘health hubs’ offering a wide range of professional services. He said:

I think we’d be saying you should seriously consider, if you are stocking these products in your pharmacy, what that actually means. And you should be looking at other products in your pharmacy to treat patients’ health conditions where there is more evidence. You need to [be] mindful of what sort of message you’re trying to sell. Am I in the business of health and pharmacists doing the right thing by consumers? Or am I a retail outlet?

‘PSA is not a regulatory body and cannot force pharmacists to remove products from sale, however the NHMRC report provides unequivocal evidence that when dealing with homeopathy products pharmacists must consider not only their interaction with patients but also what stock is to be held within the pharmacy’, Kardachi said. John Dwyer, emeritus Professor of Medicine at the University of NSW and spokesperson for advocacy group Friends of Science in Medicine, agreed. He believed that the increasing commercialisation of pharmacies was behind the widespread availability of homeopathy, as well as a whole range of other questionable products. He argued that their mere presence in pharmacies gave them a degree of legitimacy that could mislead the public. NSW pharmacist Ian Carr was one of a small minority of pharmacist-proprietors who had never stocked homeopathic products, or was in the process of removing them. He hoped more of his peers would do likewise: ‘I personally think that the professionalism of pharmacy is threatened by the selling of non-evidence-based products’, he said.

The Pharmacy Guild of Australia (PGA) took a more oblique position. Its membership was made up of 4,000 community pharmacy owners, including the major chains. The PGA initially had no plans to issue any statement to its members on homeopathy. A Guild spokesman noted that it did not direct pharmacists on what to stock. However, its complementary medicine policy stated that pharmacists should be aware of ‘the efficacy and safety of complementary medicines sold within their pharmacy, using an evidence-based approach and utilising available clinical / traditional-use information’. The Guild later altered its line when it signed a joint statement with the PSA (amongst other groups) which declared that: ‘Pharmacists should not recommend or support the sale of homeopathic treatments’. Despite this, little was expected to change on the pharmacy floor.

Stephen Marty, chair of the Pharmacy Board of Australia (PBA), argued that compelling pharmacies to drop homeopathic products could be viewed as a restriction of trade. However, he noted: ‘It

6 Most pharmacists work in community pharmacy settings; however, some work in hospitals, research and academia.
13 The Pharmacy Board of Australia (part of the Australian Health Practitioner Regulation Agency) is responsible for regulating pharmacists, including registration, accreditation and setting professional standards.
certainly doesn’t put pharmacy in a very good light to stock many of these products, given the lack of evidence’. According to PBA Guidelines, ‘When complementary and alternative medicine is provided at a pharmacy, pharmacists should provide products of proven safety and quality. Relevant accompanying advice should be offered to assist patients in making a well informed choice regarding treatment with a complementary or alternative medicine, which should include available information on the potential benefits and harms, and whether there is sufficient evidence to support its proposed use’. Pharmacists are also obliged to observe the Board’s Code of Conduct with provisions applicable to all registered health practitioners such as: ‘providing treatment options based on the best available information and not influenced by financial gain or incentives’ and ‘Practitioners have a duty to make the care of patients or clients their first concern and to practise safely and effectively’. More specific guidance was contained within the PSA’s Code of Ethics for Pharmacists which had been endorsed by the PBA (Exhibit B). Examples included:

- Pharmacists should ensure they and their staff are not susceptible to inappropriate marketing influence that may adversely impact on their primary obligation to provide the most appropriate product, care or advice to meet consumer needs.

- Professional judgement must be exercised to prevent the supply of products likely to constitute an unacceptable hazard to health or the supply of unnecessary and/or excessive quantities of medicines or products, particularly those which have a potential for abuse or dependency.

- When considering service or product availability from a pharmacy, the pharmacist will need to carefully balance issues such as consumer demand and commercial factors with quality, safety and efficacy.

Marty noted that misrepresenting the benefits or efficacy of homeopathics would constitute a reportable breach. Community pharmacies are also required to abide by a Service Charter which centred on the key principles of: access, safety, communication, respect, participation, privacy and the right to comment on services provided.

Defenders of homeopathy (principally homeopaths, manufacturers and their clientele) argued that that there was evidence to support the use of homeopathic products which the NHMRC either ignored or discounted. They contended that consumers should have the freedom to choose which healthcare products they wanted. They also argued that some pharmaceuticals lacked a robust evidence base or were later found to be ineffective or harmful. Others, including some pharmacists, believed that homeopathic preparations harnessed the placebo effect which could benefit certain patients. Moreover, stocking such products in a pharmacy gave consumers the opportunity to seek expert advice and be guided towards more appropriate treatments.

The NHMRC homeopathy review came at an opportune time. As part of the Sixth Community Pharmacy Agreement (Exhibit C) between the Federal Government and the Pharmacy Guild of Australia, the Review of Pharmacy Remuneration and Regulation got underway in late-2015. This Review, the first of its kind in 20 years, was designed to be broad-ranging in order to ‘re-think the role of community pharmacy and provide new and innovative ideas on what community pharmacy should look like in the future’. Areas under consideration would include:

16 Code of Conduct, Pharmacy Board of Australia, March 2014.
18 Evidence typically involved small studies, clinically insignificant results or anecdotal reports.
- Remuneration for dispensing and other pharmacy services;
- Regulation and competition;
- Accountability and the consumer experience.

‘In consideration of the Commonwealth’s roles and responsibilities in health,’ noted the Discussion Paper, ‘the Review’s recommendations will be directed toward achieving arrangements which are transparently cost-effective for Government and consumers, financially sustainable, considerate of current and future expectations for the community pharmacy sector, and effective in delivering quality health outcomes and promoting access and quality use of medicines’.21 The Review Panel invited interested parties to participate, with findings due for release in 2017.

The role and function of community pharmacies

Community pharmacies are an integral part of Australia’s primary health care system. For many Australians, the local chemist is their first and most convenient port of call for a variety of ailments. Estimates suggest that the average person visits a pharmacy 14 times per year.22 Pharmacists primarily dispense prescribed and over-the-counter (OTC) medications, many of the latter restricted to pharmacies only. The process takes a few minutes in straightforward situations, longer for people with complex needs. Pharmacists play a vital role in ensuring patients are given the correct medication and understand how to take it safely. According to the PGA, adverse drug events are responsible for approximately 230,000 hospital admissions each year, 50% of them avoidable.23 Some prescription and OTC drugs have high potential for abuse or trafficking; pharmacies actively monitor purchases of certain controlled substances for law enforcement and public health purposes. Pharmacists also provide patients with advice regarding health products or conditions, and often liaise with doctors to determine appropriate treatments. Additional services offered within pharmacies may variously include:

- Health checks and screening programs
- Flu vaccinations
- Medicine reviews (at home or in-situ)
- Issuing medical certificates (for minor illnesses)
- Weight loss programs
- Illness management
- Medicine compounding/packing/disposal
- DNA and allergy testing
- Beauty treatments
- Natural therapies.

Some services, such as compounding (making medications to order from base ingredients), are performed exclusively by pharmacists, others by pharmacy staff or external providers. Likewise, some services are government funded (Exhibit D) while others are offered on a user-pays basis. Most community pharmacies typically feature a retail space at the front and dispensary at the rear of the store. Over recent decades, however, the retail side of operations has grown in size and significance. Pharmacies often offer an expansive array of goods which vary according to location and market. Typical lines are:

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21 Ibid, p.9.
22 Ibid, p.7
- Vitamins, minerals, herbal medicine and other supplements
- Medical sundries and devices
- Toiletries, hair care and accessories
- Cosmetics, fragrance and skin care
- Health foods and confectionery
- Infant formula, nappies and baby care products
- Shoes, orthotics and sports supports
- Living and mobility aids.

The Sixth Community Pharmacy Agreement (6CPA) between the Commonwealth of Australia and the Pharmacy Guild of Australia (PGA) sets out remuneration levels for all Australian pharmacies dispensing Pharmaceutical Benefits Scheme (PBS) medicines and providing government programs and services. The 6CPA, which commenced on 1 July 2015, allocated approximately $18.9 billion ($3.4 billion from direct public co-payments) to pharmacy retailers and wholesalers. Included in the package is close to $12 billion for dispensing activities over the term of the agreement. Dispensing fees under the 6CPA are primarily fixed fees ranging from $3.49 to $70.00 per prescription, depending on the wholesale price. This replaced the previous, largely percentage-based system. Some prescriptions might attract additional fees, e.g. for dispensing dangerous drugs.

The 6CPA also apportioned almost $1.3 billion for Community Pharmacy Programs (CPPs). CPPs (Exhibit D) are evidence-based, patient-focused professional pharmacy programmes and services, such as medicine reviews. The Government had doubled funding for CPPs from the previous pharmacy agreement and a number of trials had been planned to explore additional ways of delivering primary healthcare services. The 6CPA was due to expire in 2020, when a new accord would come into effect.

Industry overview

According to PGA figures, Guild members employ roughly 20,000 registered pharmacists and 40,000 ancillary staff such as sales assistants and cashiers. The average annual wage for employee pharmacists in 2016 was almost $67,000; however, pharmacists working in hospitals, for example, tend to earn more than those in the retail sector. Guild data also indicates that the average turnover for community pharmacies in Australia is $2.8 million per annum with a net profit of $107,000 (excluding proprietors’ salaries) though these figures can fluctuate. On average, each pharmacy received $690,000 annually in dispensing and program fees under the 6CPA (not including funding for any new initiatives). Aside from wages, rental and lease costs represent a significant expense, ranging from 3.5% of revenue on shopping strips to 6.5% for shopping centre or medical centre leases. Although the industry is worth more than $16 billion, PBS medication prices had been in decline since 2007, constraining revenue growth. Just over 60% of pharmacy income was now derived from prescription medication, while retail products accounted for nearly 23% (Exhibit E). Scheduled non-prescription medicines, such as antihistamines and nasal decongestants, represented

24 The PBS is the Commonwealth’s key contribution to Australia’s National Medicines Policy (NMP) and subsidizes commonly required prescription drugs to ensure Australians have access to affordable medication. An aging population, coupled with constant public demand for newly developed drugs, means that costs are an ongoing issue.
26 ‘63060DO011_201605 Employee Earnings and Hours, Australia, May 2016’ Australian Bureau of Statistics, abs.gov.au
28 Ibid, p.18.
16% of revenue. These figures varied according to location with shopping centre pharmacies, for example, garnering a higher proportion of retail sales.

In Australia, five pharmacy groups account for around 65% of total market revenue (Exhibit F). The last 10-15 years has seen a rise in ‘big box’ discount pharmacy chains which has put downward pressure on prices leaving smaller traditional pharmacies struggling to compete. Chains such as Chemist Warehouse use their substantial buying power to offer significant savings on medications, relying on customers to buy additional products whilst in-store. Retail items in these settings can represent 70-80% of revenue. Independent proprietors and many pharmacists were unhappy about these developments. Chemist Warehouse, in particular, had been accused of underpaying staff, compromising patient care and subverting pharmacy ownership rules. Reports suggested that some of their pharmacist employees were expected to dispense 300 prescriptions per day, well above the 150-200 recommended by the Pharmacy Board. However, some critics of the community pharmacy industry argued that the sector had been protected (and customers overcharged) for too long and needed to evolve.

Pharmacy Rules

In Australia, a variety of federal and state regulations govern who can own community pharmacies, the number they can own and where they can be located. All States and Territories require pharmacies to be owned by at least one registered pharmacist who cannot have a beneficial interest in more than 5-6 pharmacy businesses at the same time (exact requirements vary slightly between jurisdictions). Corporations (which also have to include a pharmacist/s) face similar restrictions. Under the GCPA, pharmacies cannot be located within supermarkets and must be a set minimum distance from other pharmacies (which differs according to location). These rules, the Guild argues, are necessary to protect service standards and ensure that rural and regional pharmacies can survive. However, some economists and pharmacists have questioned why pharmacies are entitled to protections that, for example, medical centres are not. Location and ownership rules, they contend, increase costs to consumers and hamper new entrants in favour of incumbents.

Pharmacy chains such as Chemist Warehouse manage to circumvent such restrictions with a complex franchise structure. This permits pharmacists with relatively little equity to establish their own stores under the Chemist Warehouse brand, taking advantage of centralised buying, marketing, training and human resource functions. In exchange, however, they must abide by the group’s trading terms which dictate which products are stocked and how all stores are run. Yet irrespective of whether pharmacist-proprietors are closely involved in day-to-day operations, they are still responsible for what occurs on the premises. Under Australian Health Practitioner Regulation Agency rules:

A registered pharmacist who is a proprietor of, or who has a pecuniary interest in, a pharmacy business, must:

- maintain, and be able to demonstrate an awareness of, the manner in which that pharmacy business is being conducted, and
- where necessary, intervene to ensure that the practice of pharmacy is conducted in accordance with applicable laws, standards and guidelines.

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31 Ibid.
33 Supermarkets can sell some medications but are limited in the types and quantities of medications they can sell. For instance, they can stock mild painkillers such as ibuprofen but are restricted to small packets.
35 ‘Guidelines on responsibilities of pharmacists when practising as proprietors’ Pharmacy Board of Australia, September 2015.
They cannot delegate their professional obligations, no matter the business structure. These include ‘having an awareness and understanding of the range of goods sold and services provided at the pharmacy, including non-traditional and novel goods and services, and their associated liabilities’ and ‘maintaining an awareness of and responsibility for the services being provided including unregulated services, and goods being sold’. 36

**Income supplements**

For many critics, however, homeopathic preparations are just the watery tip of a very large iceberg filled with products of dubious value. These include health/dietary supplements such as vitamins, minerals and herbal remedies, along with other nutrients and biological extracts. Particularly favoured in complementary and alternative medicine (CAM), Australians are enthusiastic consumers of supplements: approximately 11,000 different products37 make up a market worth an estimated $1.5 billion per annum.38 Research indicates that as many as 70% of adults use supplements at least occasionally.39 40 41 Consumers commonly take supplements to prevent or alleviate illness, and enhance wellbeing, frequently believing they are safer than conventional drugs.42 Pharmacies are a major source of advice regarding supplements and most stores have multiple shelves or aisles devoted to them, along with prominent promotional collateral. For major supplement manufacturer Blackmores, community pharmacies are the $317 million company’s main driver of sales.43

Health supplements are widely available at supermarkets, health food stores and chemists but, unlike prescription medications, can be advertised directly to the public. Manufacturers are not permitted to make specific health claims, though they can make generalised statements such as ‘boosts immunity’, ‘assists recovery’ and ‘supports digestion’ (Exhibit G). Although some supplements do have evidence-based medical applications, there is a growing body of research to suggest that, for most people, they offer little-to-no benefit (except in the case of certain conditions or diagnosed deficiencies).44 At best, supplements are simply a waste of time and money, at worst they can cause harm due to toxicity, adulteration or adverse interactions. Many ingredients lack evidence of clinical efficacy and/or have not been tested in combination with others. Where positive research does exist, it is often poorly designed, executed or analysed.45 In the case of nutrients such as vitamins, which are essential to health, most are easily obtained (and more readily absorbed) from foods. A related problem concerns supplements sold in concentrations too low to provide clinical benefit or well in excess of recommended daily intake levels. Even long-term ‘normal’ vitamin supplementation has been associated with increased morbidity.46 It is difficult to gauge the extent of problems caused by supplements as there is no systematic record-keeping. Moreover, patients frequently fail to disclose their supplement use and doctors often neglect to ask.47

Supplements are regulated in Australia by the Therapeutic Goods Administration (TGA)48 and the majority are classified as ‘AUST-L’ or ‘Listed’ products meaning they contain ingredients that are considered low-risk. More than 1,500 new products are submitted to the TGA each year but unlike

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36 Ibid.
38 https://www.theguardian.com/world/2013/jun/11/vitamins-take-australia-hollywood-names
40 https://www.theguardian.com/world/2013/jun/11/vitamins-take-australia-hollywood-names
45 http://www.abc.net.au/4corners/stories/2017/02/13/4616948.htm#transcript
46 https://www.theguardian.com/society/2015/apr/21/vitamin-supplements-increase-risk-cancer-heart-disease-research
48 Part of the Department of Health, the TGA is responsible for regulating the supply, import, export, manufacturing and advertising of therapeutic goods including medicines, medical devices, blood and blood products.
most pharmaceuticals, supplements are not required to pass clinical trials before going to market. Sponsors of Listed preparations simply have to declare that they can supply evidence of efficacy and that their products are made in TGA sanctioned premises, containing only pre-approved substances that match the ingredients and potency indicated on the label.

The TGA has long been criticised by public health academic and advocate Associate Professor Ken Harvey of Monash University, and others, for its ‘light touch’ approach to regulation and a rather anaemic compliance regime which, in spite of numerous reviews, had yet to be substantially strengthened. The supplements industry, however, claimed that more rigorous standards are unnecessary and would be prohibitively expensive and lengthy, as well as disadvantageous to Australia’s sizable export market. Recent TGA data from 473 random and targeted checks found that 80% of products tested were in breach – typically for failing to produce adequate evidence of efficacy or inaccurate labelling and advertising. Harvey also noted that 98% of complaints to the TGA regarding existing products were upheld. Meanwhile, separate studies of herbal medicines found many contained unlisted ingredients, such as prescription drugs, dangerous contaminants and common allergens that could result in serious side-effects. For these reasons, the Australian Sports Anti-Doping Authority strongly advised athletes to avoid supplements. Although locally manufactured products are less likely to be tainted than some imports, non-compliant products can remain on sale for months, even years, after adverse findings. Dr Rachael Dunlop of the University of Technology Sydney, and a prominent member of the scientific scepticism movement, has argued in favour of batch-testing and much more stringent assessments:

Consumers can easily be lulled into a false sense of security, especially if a product is stamped with an official-looking number and sold beside evidence-based medicines in a pharmacy. But they’d be wrong and this is simply not good enough.

Widespread quality and efficacy issues led doctors and pharmacists, including peak medical professional body the Australian Medical Association, to criticise the community pharmacy industry for stocking and promoting supplements so heavily. (By contrast, in-office sales from medical surgeries are much more circumscribed.) Pharmacist-proprietor Ian Carr, who had campaigned against homeopathics, had equally serious concerns about other CAM products like herbal remedies and detox kits, along with pharmacies’ increasing retail focus: ‘Given the multimillion dollar advertising by vitamin and supplement companies, the exponential growth of complementary and alternative medicines and folk cures, and the extreme level of science and health illiteracy in the populace, this laissez faire approach is not acceptable’. He also asked, ‘Were I an employee pharmacist in a discount chain, would I have the same opportunity to exercise my professional discretion and conscience? Or would I be encouraged to companion sell and recommend the chain’s favoured brands? Could I tell the truth and expect to keep my job?’. Carr was especially worried for new pharmacists: ‘We’re training our students in evidence-based medicine and then they’re being pushed out of the universities into places of work where they’re expected to sell supplements. I’ve met quite a few young students who’ve been absolutely dismayed because the promise of the course, and the promise of the profession, isn’t lived up to in the retail environment. I think we can improve that’.

49 https://theconversation.com/dont-believe-the-hype-your-complementary-medicines-are-unlikely-to-deliver-52139
51 http://www.abc.net.au/4corners/stories/2017/02/13/4616948.htm#transcript
53 https://www.theguardian.com/australia-news/2017/feb/06/herbal-medicines-can-have-dangerous-side-effects-research-reveals
From the perspective of the complementary medicine industry, its products had been unfairly maligned. Moreover, since many Australians have sub-par diets and lifestyles, supplements play a vital role in public health.59 Meanwhile, Damien Gance (Chemist Warehouse Chemist director and founder) had no issues with stocking supplements: ‘I think in order to survive modern pharmacies in Australia have to listen to its consumers ... [and] to provide the retail pharmacy offer that the consumer wants, demands and probably deserves’, he said.60 Yet how was often as big a question as what.

Several years earlier the Pharmacy Guild and Blackmores had come under fire for devising a promotion which would have seen participating pharmacists receive computer prompts suggesting supplements when dispensing certain prescription drugs. Though never implemented, the company had recently been advertising for naturopaths to work as product consultants in selected pharmacies. Carr was aghast: ‘You’ve got the dispensary up one end and people getting their important prescription medicines... but I honestly cannot imagine, if you then forward them to the naturopath to talk about complementary medicines, what they’re going to be told’.61 In terms of what pharmacists might say about CAM products, a Choice survey of 240 Sydney pharmacies found variable quality in the information pharmacists dispensed. Worryingly, 30% recommended homeopathic or other ineffective medications.62 In terms of public opinion though, pharmacists are still amongst the most trusted professionals in the community, one poll putting them at No.2, just behind nurses.63

To maintain public trust, Carr and others believed pharmacists and the broader industry had some tough choices to make: ‘From what I see on pharmacy shelves at the moment, an incredible percentage is basically health fraud. Quite frankly, the situation has gotten out of hand’.64 He felt that dispensing with pseudo-medicine was also essential to expand into new professional spheres. Meanwhile, the medical profession counselled against expanding pharmacists’ scope of practice, citing concerns over patient care. Medical journalist and pharmacology graduate, Michael Woodhead, also questioned whether pharmacies were really an appropriate venue for health screening and other publicly funded programs given the ‘fundamental conflict of interest at the heart of the retail pharmacy system’.65 Wrote Woodhead:

> We've reached a tipping point where pharmacists want to take on an extended role in primary care. The health minister envisages pharmacists as professional partners with GPs in managing patients with chronic illness. ‘We see pharmacists playing a critical role, with one in two Australians having a chronic health condition’, she said. ‘This model keeps GPs at the centre of patient care, but allows pharmacists, who have high levels of contact with the community, to identify and refer patients to a GP’. But pharmacists can’t do this while at the same time spruiking useless supplements and magic water. Pharmacists must decide whether they want to be healthcare professionals who meet patient’s needs, or sales professionals who persuade customers they need supplements.66

As Ken Harvey and the AMA pointed out, supplement consumers are often literally ‘pissing the money down the toilet for no benefit’. Yet that was far from the largest problem and pharmacies, directly or indirectly, played a major part. ‘We know that people forego important prescription medicine because they can’t afford all of them’, Harvey said. ‘If you then get a pharmacist saying, “As well as your prescription medicines you need this extra complementary medicine for another twenty, thirty,

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59 http://www.abc.net.au/4corners/stories/2017/02/13/4616948.htm#transcript
60 http://www.abc.net.au/news/2017-02-13/four-corners-complementary-medicine-supplements-chemists/8260408
fifty dollars”, then I suspect they’re going to forego more essential medicine and take the bullshit instead.67

Panacea or bitter pill?

By early 2017, the Government’s Review Panel examining Pharmacy Remuneration and Regulation was close to finalising its report. The Panel Chair was industrial economist and Productivity Commissioner Professor Stephen King, who was joined by Consumer Representative Jo Watson, Deputy Chair of the Consumers Health Forum of Australia, and Pharmacy Representative, Bill Watson, experienced pharmacist, pharmacy partner and PGA member. Describing the submissions and consultations, King reported ‘passionate arguments’ on both sides of the debate. But soon he would have to put forward his views on this issue and possible directions for pharmacies into the future.

67 http://www.abc.net.au/4corners/stories/2017/02/13/4616948.htm#transcript
Exhibit A: Brauer

Baby & Child Pain & Fever 50mL

$12.99 AUD

Add to Cart

Baby & Child Pain & Fever includes ingredients traditionally used in homeopathic medicines to provide temporary relief from pain and mild fever. Baby & Child Pain & Fever may be used in babies from 6 months of age: the natural blackcurrant flavour and included oral measuring dropper make it easy to give to your child.

Gluten Free  
Sugar Free  
Lactose Free

How to use

Getting the most from your Brauer product

Active Ingredients

Each 2 mL dose contains 2 μL of each of: Aconitum nap. 6X, Belladonna 6X, Cinchona officinalis 6X, Eupatorium 6X, Ferrum phosphoricum 6X, Gelsemium 6X, Mercurius sol. 12X, Pulsatilla 6X.

All Brauer Baby & Child products are free from:

- Paracetamol
- Ibuprofen
- Artificial colours, flavours and sweeteners
- Gluten and lactose

Reviews

Exhibit B: Pharmaceutical Society of Australia Code of Ethics

<table>
<thead>
<tr>
<th>AREA OF FOCUS</th>
<th>PRINCIPLE AND SUPPORTING TEXT</th>
</tr>
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<tbody>
<tr>
<td>THE CONSUMER</td>
<td>1. A pharmacist recognises the health and wellbeing of the consumer as their first priority.</td>
</tr>
<tr>
<td></td>
<td>A pharmacist will utilise expert knowledge and provide care in a compassionate and professional manner.</td>
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<td></td>
<td>2. A pharmacist pays due respect for the autonomy and rights of consumers and encourages consumers to actively participate in decision-making.</td>
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<td></td>
<td>A pharmacist will through informed consent, pay due respect to the dignity and privacy of the consumer including: respecting the consumer's individuality; respecting their right to refuse advice or treatment; and ensuring the privacy and confidentiality of the consumer and information provided.</td>
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<tr>
<td>THE COMMUNITY</td>
<td>3. A pharmacist upholds the reputation and public trust of the profession.</td>
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<td></td>
<td>A pharmacist will not abuse the trust and respect of individuals and society.</td>
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<td></td>
<td>4. A pharmacist acknowledges the professional roles in and responsibilities to the wider community.</td>
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<td></td>
<td>A pharmacist will ensure responsible and accountable control and supply of therapeutic goods and contribute to public health and enhancing the quality use of medicines.</td>
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<tr>
<td>THE PHARMACY PROFESSION</td>
<td>5. A pharmacist demonstrates a commitment to the development and enhancement of the profession.</td>
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<td></td>
<td>A pharmacist will commit to advancing the profession through involvement in activities including: training staff; engaging in teaching; acting as a preceptor; mentoring students, interns and colleagues engaging in discussions and participating in initiatives to develop the profession and showing professional leadership.</td>
</tr>
<tr>
<td></td>
<td>6. A pharmacist maintains a contemporary knowledge of pharmacy practice and ensures health and competence to practise.</td>
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<td></td>
<td>A pharmacist will recognise the importance of lifelong learning and self-development and their impact on professional competence. Further, a pharmacist is responsible for ensuring personal health to practise and supporting health professional colleagues in this regard.</td>
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<td></td>
<td>7. A pharmacist agrees to practise only under conditions which uphold the professional independence, judgement and integrity of themselves or others.</td>
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<tr>
<td></td>
<td>A pharmacist will exercise professional autonomy, objectivity and independence and manage actual and potential situations of conflict of interest.</td>
</tr>
<tr>
<td>BUSINESS PRACTICES</td>
<td>8. A pharmacist conducts the business of pharmacy in an ethical and professional manner.</td>
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<td></td>
<td>A pharmacist will ensure business practices are conducted primarily in the best interest of the consumer, paying due respect to colleagues, while upholding the reputation of the profession.</td>
</tr>
<tr>
<td>OTHER HEALTH CARE PROFESSIONALS</td>
<td>9. A pharmacist works collaboratively with other health professionals to optimise the health outcomes of consumers.</td>
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<tr>
<td></td>
<td>A pharmacist will consult and work cooperatively with other health care professionals to achieve expected or optimal health outcomes for the consumer.</td>
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Exhibit C: 6th Community Pharmacy Agreement 2015 – 2020

About 6CPA

History
Since 1990, the remuneration that pharmacists receive for dispensing Pharmaceutical Benefits Scheme (PBS)* medicines and the regulations regarding the location of pharmacies have been governed by a series of agreements between the Australian Government and the Pharmacy Guild of Australia (the Guild). Over time, these agreements have increased in scope and now also provide for professional pharmacy programmes and services.

The 6CPA
The Sixth Community Pharmacy Agreement (6CPA) between the Australian Government and the Guild provides approximately $18.9 billion to over 5000 community pharmacies for dispensing PBS medicines, providing pharmacy programmes and services and for the Community Service Obligation arrangements with pharmaceutical wholesalers.

Location Rules
To ensure that all Australians have access to PBS medicines, particularly in rural and remote areas, Pharmacy Location Rules (the Rules) have been a feature of all six Community Pharmacy Agreements. The Rules are given their effect by a Ministerial Determination under section 99L of the National Health Act and administered by the Australian Community Pharmacy Authority (ACPA).

Community Service Obligation
Since 2005, the Australian Government has provided funding for a Community Services Obligation (CSO) Funding Pool. The CSO Funding Pool ensures that all Australians have ongoing access to the full range of PBS medicines through community pharmacies. It provides financial support to pharmaceutical wholesalers, supplying the full range of PBS medicines regardless of pharmacy location and the relative cost of supply.

The CSO Funding Pool helps ensure that low volume PBS medicines are delivered to community pharmacies anywhere in Australia and that all PBS medicines are delivered to rural and remote community pharmacies.

*NB: Under the Pharmaceutical Benefits Scheme, the Federal Government subsidises the cost of prescription medication for eligible Australian residents, for most medical conditions. The majority of listed medicines are dispensed by pharmacists and, as of 2016, patients contribute between $6.20 - $38.30 per prescription depending on the cost of medication and income status.

### Exhibit D: 6CPA funding for pharmacy programs (indicative)

<table>
<thead>
<tr>
<th>Programme name</th>
<th>Description of Programme()</th>
<th>Year 1 of 6CPA $m</th>
<th>Years 2 – 5 of 6CPA* $m</th>
<th>Total $m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medication Adherence Programmes:</td>
<td>To support medication adherence programmes that are designed to improve medication compliance through the provision of community pharmacy services</td>
<td>65.6</td>
<td>123.6</td>
<td>189.2</td>
</tr>
<tr>
<td>Dose Administration Aids (DAA)**</td>
<td>To assist consumers in the community to better manage their medicines, with the objective of avoiding medication misadventure and improving medication compliance.</td>
<td>58.4</td>
<td>*</td>
<td>*</td>
</tr>
<tr>
<td>Staged Supply**</td>
<td>To support the provision of PBS medicines in instalments when requested by the prescriber (excluding the section 100 opioid dependency treatment programme). These instalments may be daily, weekly, or as otherwise agreed with the prescriber. The service is particularly targeted to patients with a mental illness, drug dependency or who are otherwise unable to manage their medicines safely.</td>
<td>7.2</td>
<td>*</td>
<td>*</td>
</tr>
<tr>
<td>Medication Management Programmes:</td>
<td>To support quality use of medicines services that are designed to reduce adverse medicine events and associated hospital admissions or medical presentations</td>
<td>63.4</td>
<td>114.9</td>
<td>178.3</td>
</tr>
<tr>
<td>Clinical Interventions</td>
<td>To identify, resolve and document drug-related issues that are identified within community pharmacy. The Programme seeks to improve patient health outcomes and improve quality use of medicines.</td>
<td>19.8</td>
<td>*</td>
<td>*</td>
</tr>
<tr>
<td>Home Medicines Reviews</td>
<td>To enhance the quality use of medicines and reduce the number of adverse medicine events, by assisting consumers to better manage and understand their medicines through a medication review conducted by an accredited pharmacist in the patient’s home.</td>
<td>14.5</td>
<td>*</td>
<td>*</td>
</tr>
<tr>
<td>Residential Medication Management Reviews</td>
<td>To enhance the quality use of medicines for consumers in approved Australian Government funded aged care facilities, by assisting consumers and their carers to better manage their medicines. The programme will also support activities that are designed to improve quality use of medicines across approved Australian Government funded aged care facilities.</td>
<td>14.2</td>
<td>*</td>
<td>*</td>
</tr>
<tr>
<td>MedsCheck</td>
<td>To provide an in-pharmacy medicine review between pharmacists and consumers to enhance quality use of medicines and reduce the number of adverse medicines events.</td>
<td>14.9</td>
<td>*</td>
<td>*</td>
</tr>
<tr>
<td>Programme name</td>
<td>Description of Programme (s)</td>
<td>Year 1 of 6CPA $m</td>
<td>Years 2 – 5 of 6CPA* $m</td>
<td>Total $m</td>
</tr>
<tr>
<td>--------------------------------------------------------------------------------</td>
<td>---------------------------------------------------------------------------------------------</td>
<td>-------------------</td>
<td>------------------------</td>
<td>----------</td>
</tr>
<tr>
<td>Aboriginal and Torres Strait Islander Specific Programmes:</td>
<td>To support targeted programmes and services which improve use of medicines and culturally-appropriate services for Aboriginal and Torres Strait Islander (ATSI) consumers</td>
<td>6.1</td>
<td>33.9</td>
<td>40.0</td>
</tr>
<tr>
<td>QUMAX</td>
<td>To enable pharmacies to work with rural and urban Aboriginal Health Services to improve the quality use of medicines by clients of those services who access PBS medicines.</td>
<td>2.5</td>
<td>*</td>
<td>*</td>
</tr>
<tr>
<td>S100 Support Allowance</td>
<td>To provide an allowance to approved pharmacies and approved hospital authorities to improve the quality use of medicines by clients of Remote Aboriginal Health Services that participate in the S100 supply arrangements.</td>
<td>3.3</td>
<td>*</td>
<td>*</td>
</tr>
<tr>
<td>ATSI Workforce Programme</td>
<td>To fund a range of initiatives designed to strengthen and support the ATSI pharmacy workforce, which in turn will provide improved, culturally-appropriate pharmacy services for ATSI consumers.</td>
<td>0.3</td>
<td>*</td>
<td>*</td>
</tr>
<tr>
<td>Rural Support Programmes:</td>
<td>To support targeted programmes and services which improve access to PBS medicines and services for people living in rural and remote regions of Australia.</td>
<td>21.2</td>
<td>99.1</td>
<td>120.3</td>
</tr>
<tr>
<td>Rural Pharmacy Workforce Programme</td>
<td>To fund a range of initiatives designed to strengthen and support the rural pharmacy workforce, in turn to provide increased access to quality pharmacy services for consumers residing in rural and remote regions of Australia.</td>
<td>6.9</td>
<td>*</td>
<td>*</td>
</tr>
<tr>
<td>Rural Pharmacy Maintenance Allowance</td>
<td>To support improved access to PBS medicines and pharmacy services for people in rural and remote regions of Australia, through the provision of a support allowance which recognises the additional financial burden of maintaining a pharmacy in these areas.</td>
<td>14.3</td>
<td>*</td>
<td>*</td>
</tr>
<tr>
<td>eHealth</td>
<td>To support initiatives designed to improve outcomes through sharing of information as part of a personally-controlled electronic health record</td>
<td>12.7</td>
<td>48.3</td>
<td>61.0</td>
</tr>
<tr>
<td>Electronic Prescription Fee (EPF)</td>
<td>To support payment of an electronic prescription fee per transaction to approved suppliers for eligible electronic prescriptions.</td>
<td>12.7</td>
<td>*</td>
<td>*</td>
</tr>
<tr>
<td>Other activity:</td>
<td>To support additional activities under this Agreement</td>
<td>8.3</td>
<td>15.9</td>
<td>24.2</td>
</tr>
<tr>
<td>Programme administration and audit</td>
<td>To support payment administration and audit activity to be undertaken to support implementation, ongoing management and any audit activity associated with programmes that are approved to continue by the Minister.</td>
<td>6.8</td>
<td>14.4</td>
<td>21.2</td>
</tr>
<tr>
<td>Comprehensive review of pharmacy remuneration and regulation</td>
<td>To support a comprehensive, independent and public review of pharmacy regulation and remuneration (including wholesaler remuneration), within the first two years of the Term.</td>
<td>*</td>
<td>3 million</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td>177.3</td>
<td>435.7</td>
<td>613.0</td>
</tr>
</tbody>
</table>

Table notes:

* Compliance arrangements will be used to ensure ongoing accountability.

* Funding for Community Pharmacy Programmes under this Agreement will be subject to a cost-effectiveness assessment as outlined in clause 6.1.3.

** Based on evidence already collected and available, the likelihood of these programmes being found cost-effective and being recommended for further expansion is very high. Therefore, both parties acknowledge that up to an additional $122 million (within the total funding limit specified in clause 6.1) may be made available for Financial Years 4 and 5, subject to cost-effectiveness assessment outcomes from the Medical Services Advisory Committee (or other health technology assessment body, as determined by the Minister) and decisions by the Minister.

Exhibit E: Pharmacy revenue sources

Exhibit F: Community Pharmacy Market Share

Exhibit G: Swisse Supplement

Swisse Ultiboost Cinnamon is a premium quality formula to help support healthy blood glucose levels in healthy individuals, aid digestion and help support cardiovascular health.