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THE CONVERSATION

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The current rules seek to ensure most Australians have access to a pharmacy staffed by a highly skilled professional with a pharmacy degree.
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Relaxing pharmacy ownership rules could result in more chemist chains and poorer care

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When you visit a pharmacy, your main focus is probably getting your script filled, or some advice on an over-the-counter medication. While you're there, you might also pick up some cosmetics, sunglasses, toys, jellybeans or other items.

If you're an investor, the pharmacy is a way of making money – potentially lots of money if you operate on a large scale. While the consumer thinks of convenience and health, the entrepreneur thinks of revenue and opportunities to reshape the rules for greater profit.

Those opportunities for profit underpin the Community Pharmacy Agreement, Australia's pharmacy regulation framework. Negotiations for the seventh agreement, which will take effect mid next year, are currently underway.

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Read more: [Explainer: what is the Community Pharmacy Agreement?](#)

Last week the Australian Medical Association raised the issue of who should be allowed to own pharmacies and where they can be located. Doctors should, the AMA argued, be able to own pharmacies that are co-located in their clinics, for the convenience of patients.

Federal health minister Greg Hunt ruled out relaxing pharmacy ownership rules, though the AMA says it will continue to lobby state and territory governments.

But deregulating pharmacy ownership could enshrine the dominance of major operators and privilege a handful of health companies that already own GP clinics, private hospitals, rehabilitation and testing centres.

What are the current rules?

In Australia, you are broadly free to operate most retail premises in any location. Three coffee shops might sit side by side, along with two bike shops and a barber's.

A consequence of the National Health Act 1953 and state and territory law is that pharmacies are different – that's why you never see two in a row.

Location restrictions state that when pharmacies relocate, they must do so within 10km of the existing site.

The establishment of a new pharmacy must generally be at least 1.5km from an existing operation.

We also have restrictions on ownership. Pharmacies must be operated by a registered pharmacist. A single person or corporation can own no more than five pharmacies. (Though franchising – where individual owners pay for use of a national brand such as Amcal and for services provided by the brand owner – blurs that restriction.)

Read more: The right prescription: pharmacy sector in dire need of reform

The current rules seek to ensure most Australians have access to a pharmacy staffed by a highly skilled professional with a pharmacy degree.

By not having too many pharmacies within the same area, and therefore reduced local competition, it increases the likelihood they'll make enough profit to stay open.

Such restriction is pragmatic, although it discomforts free-market purists who believe fewer rules foster competition through lower prices and better service.

What could change?

One suggestion is restrictions on pharmacy ownership should be removed to allow, for example, an individual (who isn't a pharmacist) or corporation to own an unlimited number of outlets that operate as standalone stores or are co-located with other businesses, including those outside the health sector.



Should pharmacy ownership remain restricted to pharmacists? Wavebreakmedia

This proposal is of interest to corporations that run medical clinics, private hospitals and other services such as pathology labs.

It is also of interest to the companies such as API (Australian Pharmaceutical Industries), which currently own some pharmacies and determine the operation of many more through franchises.

The API group is the parent company of 420 Priceline Pharmacy stores, 100 Soul Pattinson Chemists, 72 Pharmacist Advice pharmacies and affiliates.

API's competitor Sigma Healthcare distributes through 700 pharmacies, under the brands Amcal, Guardian, Discount Drug Stores, Chemist King and PharmaSave.

Why should you care?

Relaxing ownership rules risks pharmacies replicating the corporatisation of health services, such as GP clinics and pathology providers, where corporations have numerous premises across Australia in the same way there is a KFC and McDonalds in all major centres.

Just like GP chains wiped out many smaller, independent practices, such a move in pharmacy could spell the death of the local chemist, and the higher quality and more individualised care you receive.

Read more: Discount chemists are cheapening the quality of pharmacy along with the price

Changing rules about ownership of pharmacies located in medical centres also risks accelerating the shift towards “factory medicine”, with customers processed as quickly as possible (with little time wasted on advice or empathy) and persuaded to buy goods such as herbal products or vitamins that most people don’t need.

Discussions shouldn’t only involve the privileged

As pharmacy and health department officials negotiate the seventh **Community Pharmacy Agreement** behind closed doors, we need public debate about pharmacy ownership and location rules, and the implications of such changes.

Should pharmacy ownership remain restricted to pharmacists, as long as a **pharmacist is on site** to guide customers?

And should pharmacy ownership be capped at five stores? Or should it be completely opened up, so that if you have the resources you could have a bottle shop, a tyre outlet, a pharmacy and a supermarket in every town and major suburb across Australia?

If it’s the latter, pharmacists will need to resist pressure from corporate owners to sell **homeopathic** and other products that don’t work, or risk losing the public’s trust in the pharmacy profession.

Read more: Pharmacies to push supplements as 'fries and Coke' to prescriptions

Former ACCC head Graeme Samuel’s suggestion that regional towns could have a combined post office, bank and pharmacy makes for a nice soundbite but the reality could be very different.

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