

TITLE: Pharmacists' special case

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PUBLICATION: The Canberra Times

PUBLICATION DATE: 9/06/12

LINK: <http://www.canberratimes.com.au/opinion/pharmacists-special-case-20120608-201r2.html>

Why can the Pharmacy Guild get away with a deal with the government which limits competition?

Rather than admit that it is a union working to maximise the income of its members, the Pharmacy Guild of Australia prefers to position itself as a "professional association" concerned more with improving standards and delivering benefits for the community.

Except, of course, for the community of Hackett who, if not for the power of the pharmacists' union, could have had a pharmacy in their local shopping centre - a centre that could do with a bit more diversity and vitality.

But thanks to good lobbying, the existing Community Pharmacy Agreement between the federal government and Pharmacy Guild actually prevents a new pharmacist from opening up within 1.5 kilometres of an existing one. One of the few exceptions to this rule is if the new pharmacist is a tenant of a big shopping centre, because not even the pharmacists can be expected to out-lobby Westfield or Stockland.

We take for granted that cafes and restaurants will cluster near movie theatres and compete with each other on price and quality. Similarly, we take for granted that fruit and vegetable stores will cluster near supermarkets. But when it comes to pharmacies we are told it makes much more sense if they each have a monopoly in proximity to the local doctor.

While it makes sense for pharmacists to locate near doctors as most patients leave with a prescription that only they can fill, from a patient's point of view it would make more sense if there was more than one nearby so they could shop around and get the best price.

Year after year we are told about the dangers, and cost to the taxpayer, of the overprescribing of antibiotics, but year after year doctors, pharmacists and pharmaceutical companies strangely do nothing to stop the profitable delusion that antibiotics are good for colds.

The price of prescription medicine varies wildly across Canberra pharmacies. The prices pharmacists charge for non-prescription medicines are even more extraordinary, with things like Panadol and tissues selling for much more than you would pay in your local supermarket. And, of course, there is no more expensive place in Australia to buy jelly beans than the local pharmacy.

While it is true that, in theory, customers can always hop in their car and shop around, in reality this is harder than it seems. There aren't many doctors' surgeries in Canberra where patients are seen on time and, in turn, there aren't many patients who leave the doctor's surgery with a bit of time on their hands.

Of course the pharmacists' union argues that their local monopolies are an essential component of the Australian health system. We are told that without high mark-ups on medicine and protection from local competitors, pharmacists would not be able to provide high quality advice to consumers about safe combinations of drugs.

Leaving aside the issue of why doctors should leave it to pharmacists to tell us if the drugs we are prescribed are safe, multiple "secret shopper" surveys by Choice have concluded that many pharmacists dispense poor advice along with their expensive medicines. For example, in a 2004 survey 58 of the 87 pharmacists visited were rated as giving "poor advice" about the use of medicine. Whoops. As a small business it is understandable that pharmacists may not want to open late at night and early in the morning. But, in a world in which many households have two parents in full-time work the idea that pharmacies aren't open when people need them would hardly seem to be in the "community interest".

Coles and Woolworths have both expressed a desire to employ trained pharmacists to operate dispensaries within their stores. For those who want either late night convenience, or simply to pay much lower prices for tissues or jelly beans, such an outcome would again appear to be good for the community. But, perhaps unsurprisingly, the pharmacists have considered this issue as well and decided that the community needs all pharmacies to be owned by a pharmacist.

While restaurants can be owned by non-chefs, bakeries can be owned by non-bakers and GP Super Clinics can be owned by corporations, the law in Australia requires pharmacies to be owned by pharmacists.

Pharmacists have an important role to play in our society, and, like other businesses, they deserve to be paid for the service they provide. But the regulations that protect pharmacies are not like other businesses. They are protected from competitors setting up nearby and they are protected from ever having to work for anyone who is not a pharmacist.

Much is made of the need to "deregulate" the Australian economy, but it seems that the regulations that are always the first to go are the ones that protect consumers or the environment. Of course we need good regulations to ensure that Australian health consumers receive high quality medicine and high quality advice. But there is no evidence to suggest that

the best way to do that is to ensure that some pharmacists make high profits selling expensive medicines while being protected from any threat of local competition.

The community of Hackett recently missed out on a local pharmacy, but all communities miss out on choice and lower prices every time the doctor tells them they need prescription medicine. If we abolished the pharmacists' protective regime they would still be free to stand on the pedestal behind their counter, but I bet they wouldn't charge us as much, or make us wait as long.

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