

NPSA Deputy Chair Brett Barons' address to APP State of the Industry Panel

April 2024

Thanks, Amanda. So firstly, on behalf of all NPSA members, thank you to Trent and the Guild for the opportunity to be part of the conversation today at what is clearly a crucial juncture for both pharmacists and wholesalers.

When I think back to last year's panel, we were relatively positive and upbeat about the state of the industry. We were seeing more opportunities than challenges, and as Trent touched on yesterday in his opening speech, we've demonstrated our performance through the prior few years and highlighted the fundamental value of the community pharmacy sector.

The heavy lifting during COVID would surely point to the opportunity to utilize the sector to do more for patients and healthcare in Australia. 12 months on, and it's fair to say we've encountered some large funding challenges that we continue to work through, both pharmacists and wholesalers.

To the industry's credit, we've navigated through the first and second tranches of the 60-Day Dispensing seamlessly from a patient perspective, despite the commercial and operational challenges. As an industry, we've also had to respond to an ever-increasing number of extreme weather events, interrupting our business, but largely not impacting patient access to medicines. And just this year alone, we have seen communities dramatically affected by two Queensland cyclones, including floods and extended power blackouts. And I know many pharmacists have experienced that personally.

However, the strong links across the supply chain continue to protect patients, and this is a point that should be clearly understood. From a wholesaler perspective, these increasing natural disasters reinforce the robustness of the CSO and its protections for not only patients, but for pharmacists, particularly those in rural, regional, and remote parts of the country. The robustness also comes from the fact that we need to carry all medicines, every single one, fast-moving, slow-moving, lines that require storage in vaults, cold chain, all medicines. And we need to deliver these medicines safely and reliably within 24 hours, and to provide equity of medicine access for all pharmacies, particularly when demand outstrips supply.

Put simply, the CSO has and continues to be good policy and a good government investment in medicine access and healthcare. When it comes to investments, the wholesalers have invested more than \$1 billion in the supply chain over the past five years. We're investing in distribution centers, our systems and



surrounding technologies so we can adapt to changing environmental and patient needs. And we also need to cater for the ever-increasing volume through the supply chain.

We are also seeing, since the pandemic, a population movement to regional and coastal Australia. And that migration is predominantly of the grey nomad whose healthcare needs are often complex and reliant on access to PBS medicines.

I've mentioned volumes. The number of PBS medicines now, I'm not sure if you're aware of this, is now more than 10,400 products. The number of high-care medicines that require unique handling is increasing, as is the growth of complex high-priced medicines. And our network needs to be able to respond to that and never miss a beat.

And that is why we need a funding environment that supports the wholesalers' capability and capacity for growth in the short and long term. So, as we look ahead, we also realize we can do more for the sector, and there's a genuine willingness for all of us to do that. And this has been a focus of our engagement with the government.

Section 100's is one example of this. As you're aware, there's an ever-increasing number of Section 100s going through pharmacy, and vaccines are also being administered now through pharmacy. So we're talking to government on how they can maximize its investment in these areas.

The other area where we also know we can add a bit more value is through our end-to-end visibility of the supply chain. We can provide insights and build solutions to problems such as track and tracing of medicines so we can avoid the failures that have occurred internationally.

So where does all of that leave us? We are all investing to strengthen our medicine supply chain. However, the stark reality is that wholesaler remuneration has declined over the 7CPA, and this must change. Pleasingly, our discussions are very advanced and constructive with government about future policy reforms so that we can create a more sustainable supply chain. We're working to ensure that the operational model of PBS medicine wholesaling is properly understood, particularly when major cost drivers such as wages and transport have been increasing at a far greater rate than inflation.

As all of us know, we have one of the best healthcare systems in the world. That is a system that is underpinned by government investment in your business and also in the wholesaler supply chain. So I feel we all need to reinforce that healthcare is not a cost, it is an investment and one that has and continues to be centered around good patient outcomes, which are only possible with a strong, sustainable and future-proof supply chain.

Thanks very much.