

National Pharmaceutical Services Association
Level 7/167 Macquarie Street
Sydney 2000

28 February 2019

Consumer Policy Unit
UnitPricingReview@TREASURY.GOV.AU

Submission to the Retail Grocery Industry (Unit Pricing) Code of Conduct

Dear Sir/Madam

I refer to your consultation on the Retail Grocery Industry (Unit Pricing) Code of Conduct (the Code) which we have been informed is being canvassed to also include industries other than grocery.

The National Pharmaceutical Services Association (NPSA) is the peak organisation representing full-line pharmaceutical wholesalers in Australia. Its Members distribute to all pharmacies throughout Australia and carry and distribute the full range of PBS medicines sold in pharmacies as well as other front of shop pharmacy products.

NPSA members:

- Ensure Australian [REDACTED]s with next day, if not same day, delivery;
- Provide facilities for rapid supply of urgent and emergency medication for patients via pharmacy;
- Provide supply chain redundancy for manufactures, pharmacies and patients when medicines are in short supply due to supply shortages, natural disasters or epidemic;
- Provide competitive options for pharmacists and their customers;
- Maintain quality, safety and efficiency standards within a compliant supply chain from medicine manufacturers through to pharmacies; and
- Keep medicines supply affordable for the community and for Government.

We trust that the Treasury respects during this consultation process that pharmacies are not grocery stores in that most products and services provided are medicines and products for the health care of patients. It would be inappropriate for medicines and health care products to be

commoditised and sold on a Unit Price basis. Anything that encourages patients to compare on the basis of price rather than clinical effectiveness would appear to contravene the Quality Use of Medicines which is a pillar of longstanding National Medicines Policy.

NPSA members are also concerned that if Unit Pricing is applied to pharmacy this will result in a substantial cost to modify the software used by pharmacies and wholesalers to apply changes to the thousands of products supplied to every one of the 5,700 community pharmacies in Australia.

Unlike grocery, Pharmacy does not have a common Point of Sale (POS) system. It would be a very complex exercise to change the multiple software systems used across pharmacies in Australia. All of these systems would need to be changed to accommodate the Unit Price so that it is displayed prominently in shelf stripping and shelf labels. In addition, because our members supply pricing information to pharmacy POS systems, our wholesaler members would have to modify their software to accommodate unit pricing so that it calculates and stores the Unit Price of every single Stock Keeping Unit (SKU). Moreover, pharmacies would have to maintain a database of items that were not sourced from their main wholesaler.

Our members believe that implementing Unit Pricing in the pharmacy sector is inappropriate for patients and would be an unnecessary and expensive undertaking for industry.

Thank you for the opportunity to assist in your consultation process. If you have any further questions or would like to meet with NPSA member representatives who could further explain the complexities and costs of implementing Unit Pricing in the pharmacy sector, please feel free to contact me via [REDACTED].

Yours sincerely

Donna Edman
COO