



Employment Expectations Report

Executive summary

Community pharmacy is Australia’s most accessible and frequently used health care destination. Every year, there are around 300 million pharmacy visits with about 65,000 trained professionals supplying medicines and providing a wide range of patient care services, support and advice.

As the Government reduces PBS prices for off-patent medicines through price disclosure, pharmacies are directly impacted through reduced government funding for mark-up and the loss of trading terms. This has been exacerbated by Simplified Price Disclosure, announced on the eve of the last Federal election, without any consultation or recognition of its flow-on impact on pharmacy remuneration.

The Guild estimates that pharmacy gross profits will fall by an average of \$90,000 in 2014-15 due to price disclosure. As a result, many pharmacies are being forced to reduce staff to remain viable. This is not only affecting hard-working pharmacy professionals, but also importantly the patients they serve.

Employment expectations

The Guild has recently undertaken a national survey of pharmacies about their employment intentions over the next 12 months. 944 pharmacies responded to the survey, representing 17.6% of the total industry, including 24.9% from rural areas and 20% of the 425 single pharmacy towns.

‘The survey results show that nearly 9,000 pharmacy jobs will be lost in the next 12 months’

The survey results show that nearly 9,000 pharmacy jobs will be lost in the next 12 months, including 2,229 pharmacists and 4,400 pharmacy assistants. This equates to more than 10% of professionally trained pharmacy staff. These figures do not include job losses that have already occurred with a separate Guild report showing that pharmacies have shed some 3,200 staff in the last 12 months.

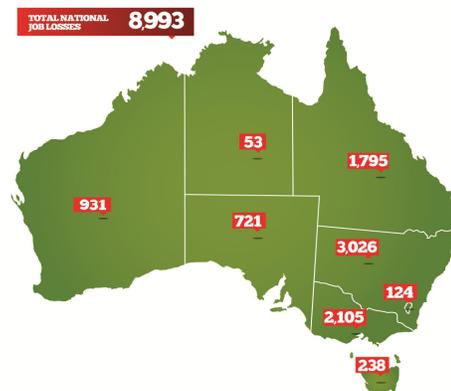
The survey results also show that more than half of all pharmacies will be reducing pharmacist hours and over two thirds will be reducing pharmacy assistant hours in the next twelve months.

Employment Snapshot—next 12 months

- **8,993** jobs lost across the sector including:
 - **2,229** pharmacist jobs
 - **4,400** pharmacy assistant
- **69%** of pharmacies reducing staff hours
- **3,200** jobs already lost in 2013

Jobs lost per State & Territory

ACT	NSW	NT	QLD	SA	TAS	VIC	WA
124	3,026	53	1,795	721	238	2,105	931





Community Pharmacy Viability

Community pharmacies are a vital health care destination. Some 94% of Australians visit a pharmacy each year. With an estimated \$5 billion in privately funded assets, the community pharmacy network is a critical piece of health infrastructure, utilised for the public good in providing equitable and high-quality access to PBS medicines and a range of health services.

The Pharmacy Guild of Australia and community pharmacies have consistently supported price disclosure as a means of ensuring that taxpayers get maximum value for money from the PBS. **However, as the impact of price disclosure increases significantly during 2014-15 many pharmacies have no option but to reduce staff and services just to remain viable.**

It was always the case that the 2010 price disclosure regime would hit pharmacies the hardest in 2014-15. However, two days before the Federal election was called, the previous Government announced without any consultation that it would further accelerate the speed at which it would reduce PBS prices for off-patent medicines from October 2014. This announcement contained no recognition of the additional financial impact on pharmacies in the last year of the current five year Community Pharmacy Agreement, which was negotiated on the basis of the 2010 price disclosure regime. This has severely disrupted community pharmacies, which have little choice but to reduce staff and services, given that PBS prices are set by government.

'As the impact of price disclosure increases significantly during 2014-15 many pharmacies have no option but to reduce staff and services just to remain viable'

Current Employment in the Pharmacy Industry

Pharmacies currently employ over 20,000 pharmacists and over 43,000 pharmacy assistants. Pharmacies also employ a range of staff in other roles including, delivery drivers, administration and security.

	Pharmacist	Pharmacy Assistant
Staff Employed	20,865	43,335

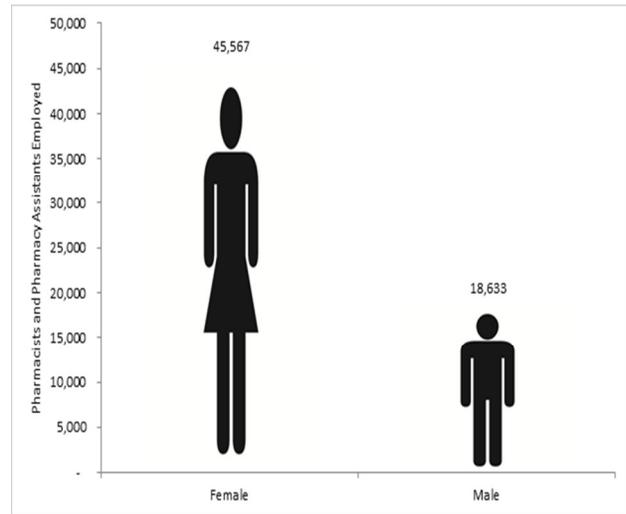
To qualify, all pharmacists are required to complete a four year full-time bachelor degree and upon graduation spend a year in an internship. In addition community pharmacists have a median twenty years of professional experience working in the role and 12% have postgraduate qualifications.



Pharmacy has a very high level of female employment, with 62.7% of pharmacists and and 88.2% of pharmacy and dispensary assistants being female.

‘The only staff I can cut to save money in my wages are ... a middle aged woman with years of experience ... a single mother; or two young people with a passion for helping others’ —

Pharmacy Owner, Victoria



Recent Employment Impact

The Pharmacy Guild conducted Business Conditions Surveys in March 2013 and March 2014.

In the 2013 survey, pharmacies expected a decline in income from price disclosure and reported an intention to reduce 0.35 staff per business on average. In the 2014 survey, it had become clear that the actual impact was significantly greater with pharmacies reporting that, on average, they had reduced by 0.6 staff per business. This equates to a total current impact on pharmacies of 3,200 jobs lost in 2013-14.

2014-15 Employment Impact

In March 2014 the Pharmacy Guild conducted the Employment Expectations survey, engaging pharmacies from all states and territories on their expected changes to staff levels and staff hours in the coming 12 months.

- 944 responses received
- 17.6% of all pharmacies participated
- 24.9% from non-metropolitan regions
- 20% of one pharmacy towns responded

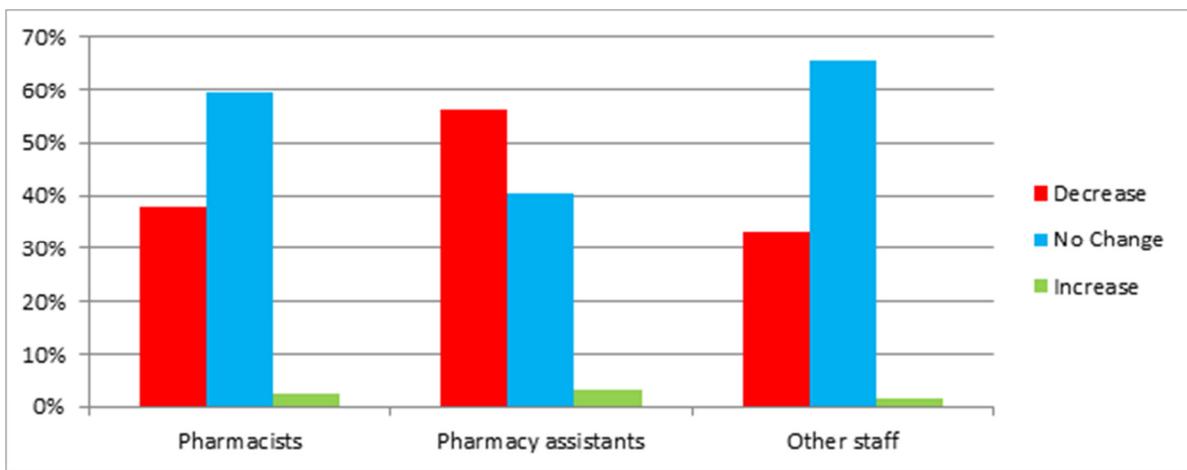


Pharmacies affected

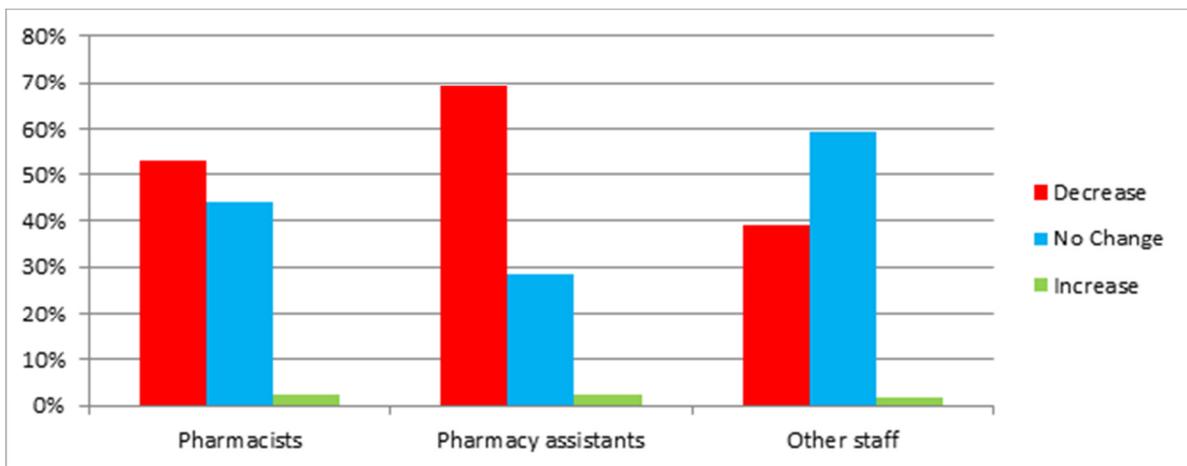
More than a third of pharmacies are intending to reduce the number of pharmacists employed and over half will be reducing the number of pharmacy assistants employed in the next twelve months. The percentages of pharmacies intending to reduce staff hours for retained staff are significantly higher. Over half will be reducing pharmacist hours and over two thirds will be reducing pharmacy assistant hours.

Less than 3.3% of pharmacies are intending to increase staff numbers in the next year.

Staff numbers



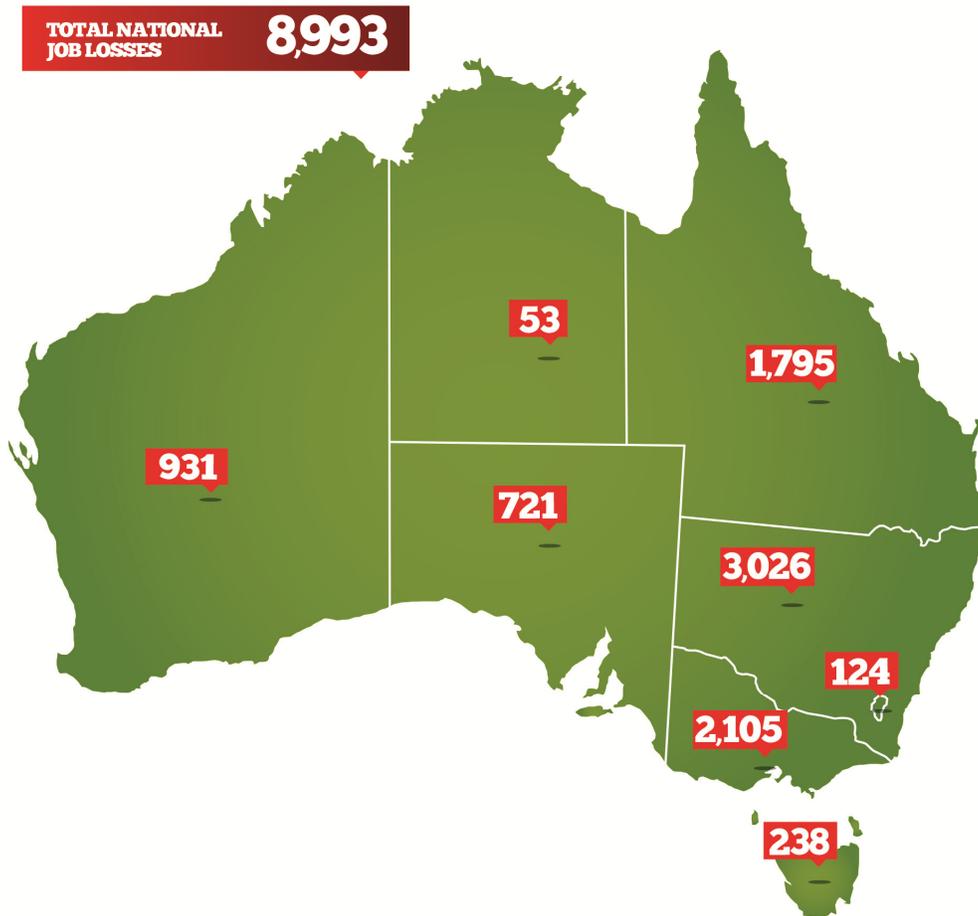
Staff hours





Projected Impact

8,993 jobs are expected to be lost nationwide in the next 12 months.



2,229 pharmacist jobs and 4,400 pharmacy assistant jobs are expected to be lost in the next year.

	Australia	ACT	NSW	NT	QLD	SA	TAS	VIC	WA
Pharmacists	2,229	32	755	12	443	177	56	525	229

	Australia	ACT	NSW	NT	QLD	SA	TAS	VIC	WA
Pharmacy assistants	4,400	59	1,476	27	880	355	120	1,026	457



Pharmacies also hire a range of staff in other roles including delivery drivers, administration and security. These roles are also expected to be reduced as part of continuing efforts by pharmacies to lower their expenses. In total 2,364 other staff roles are estimated to be lost.

	Australia	ACT	NSW	NT	QLD	SA	TAS	VIC	WA
Other Staff	2,364	33	796	14	472	189	62	554	245

In total, the survey suggests that 8,893 people in community pharmacy may lose their jobs in the coming 12 months.

	Australia	ACT	NSW	NT	QLD	SA	TAS	VIC	WA
Total Jobs	8,993	124	3,026	53	1,795	721	238	2,105	931

With 20,800 pharmacists and 43,000 pharmacy assistants, this impact equates to over 10% of the community pharmacy workforce losing their jobs.

	Pharmacist	Pharmacy assistant
Staff Employed	20,865	43,335
Jobs expected to be lost	2,229	4,400
% reduction	10.7%	10.2%



Respondent Examples

Survey respondents were given the option to provide feedback and elect for their comments to be quoted. The following represent a selection of comments received.

VIC

'Since buying the pharmacy late in 2012, I have seen PBS prescription numbers drop, government remuneration fall drastically and patient contributions increase — a significant factor in this lower socio-economic area. I have already had to let go of the pharmacist who gave me a day off every second week, meaning my own hours are now well over 40 hours per week ... The only staff I can cut to save money in my wages are ... a middle aged woman with years of experience ... a single mother; or two young people with a passion for helping others and a desire to pursue a career in the industry — not one of which will be lost without a significant impact on my business and the services it delivers.'

ACT

'In October 2013 we increased our trading hours by 30% to improve after hours access to primary health care ... This has not been achieved and we are in the process of trimming \$1500 a week in wages. Staff positions will either be made redundant or terminated due to poor performance. This is not entirely due to our increased trade but heavily impacted by PBS price disclosure and now further cuts to our government funded professional services.'

NSW

'The value of my business has fallen 7% in just eight months and this is accelerating. Working harder, taking home less money — something has to give. Landlords are tough on negotiations, wholesalers (are) cutting back on rebates. So we worker harder (for less) ourselves and employ less people. Our industry is in serious trouble! Marginal pharmacies for sale everywhere. Not looking good, I'm afraid.'

TAS

'We were on the verge of moving from the equivalent of 1.25 pharmacists to 2 full time positions, but instead we have had to shelve plans for increased services and also reduce the hours of our assistants from the equivalent of three full-time to 2.75 ... That profit increase has been cancelled out by price disclosure, and then some. Now, it seems unrealistic that we will ever have enough rapid growth in our business to be able to afford to employ a second pharmacist and provide the services that go along with it.'

NSW

'The (now accelerated) price disclosure regimen has continued to drain our financial resources. Soon the costs of running a high service community pharmacy model will become all but prohibitive.'



NSW

'Just not feasible to pay rent, electricity etc and keep pharmacist and staff when income is declining. Services will be affected from reduction in staffing. PBS reduction is excessive ... The government is risking the viability of the most trusted health profession, a profession that is the triage to primary health care, with doctors and other health professionals throughout Australia. There will be pharmacy closures, patient health outcome will be affected. Hospitalisation will increase.'

QLD

'These are conservative estimates of the action we will be taking, we may have to be slashing even more hours and services as rolling price cuts impact further.'