



**PRIME MINISTER**  
**The Hon Scott Morrison MP**

**MINISTER FOR HEALTH**  
**The Hon Greg Hunt MP**

8 May 2019

Mr George Tambassis  
National President  
The Pharmacy Guild of Australia  
Level 2, Pharmacy Guild House  
15 National Circuit  
BARTON ACT 2600

Dear Mr Tambassis

The Morrison Government appreciates the opportunity to reiterate our strong support for community pharmacy and the patients you serve ahead of the upcoming federal election.

Our Plan for Strengthening Australia's World-Class Health System is providing Australians with access to quality medical care, record hospital funding, affordable life-saving medicines through community pharmacy and breakthrough research for new medicines and treatments.

Our goal is to make our health system even stronger and to ensure it is the best in the world.

By keeping our economy strong we will continue to guarantee the essential health services that Australians rely on such as Medicare and the Pharmaceutical Benefits Scheme (PBS).

Community pharmacy is an essential part of the Australian health care system. You are trusted and highly accessible healthcare professionals that provide Australian patients with access to vital medicines, healthcare services and support.

Community pharmacy was central in the delivery of eleven million flu vaccines in 2018 an increase from eight million vaccines the previous year. Australia's collective increase in flu vaccinations lead to a seventy six per cent reduction in cases of the flu and over ninety percent reduction in deaths.

But, you are also small business owners and operators who support Australian jobs and invest significantly in our economy.

The Morrison Government is proud of its record in supporting your small businesses and supporting the work that you do as healthcare professionals.

- We are delivering on the landmark Sixth Community Pharmacy Agreement signed with the Pharmacy Guild in 2015 which has provided a strong framework for the pharmacy sector to provide effective and highly valued health services for consumers.
- We have replaced the percentage based mark-up for dispensing medicines with a flat rate Administration, Handling and Infrastructure fee (AHI). This crucial structural change implemented for the first time by our Government has ensured the viability and predictability of remuneration for dispensing PBS medicines.

- We continue to support the model of pharmacists owning pharmacies to ensure that community pharmacies remain focused on the needs of patients.
- We have legislated through the parliament to, for the first time, make location rules permanent and have agreed changes to these rules to support your operating environment such as greater flexibility to relocate out shopping centers.
- We have strengthened the Sixth Community Pharmacy Agreement through the 2017 Pharmacy Compact with the Pharmacy Guild. This includes \$225 million to support the ongoing dispensing of medicines for patients through the AHI dispensing fee and an additional \$600 million for enhanced community pharmacy programs, including per service funding for Dose Administration Aids.
- We have further invested \$215 million over three years, from 1 July 2020 to guarantee that the current remuneration for dispensing continues beyond the expiry of the Sixth Community Pharmacy Agreement ensuring patients can access their medicine when and where they need them.
- We have reduced Government payment timeframes for the dispensing of PBS medicines from up to 16 days to between two and nine days to better align reimbursement with the day a medicine is dispensed. This change will improve community pharmacy cash flow by over \$213 million in the 2018-19 financial year.
- We have provided an additional \$15 million for important community pharmacy programs in the recent budget to support quality use of medicines programs.
- We are investing \$50 million to trial new patient focused programs in community pharmacy, through the Pharmacy Trial Program.
- We have invested \$28.2 million for the implementation of electronic prescribing of PBS medicines to make it easier for patients to access their medicine through their community pharmacy.
- We have invested over \$16 million to the establishment of Real Time Prescription Monitoring to address abuse of addictive prescription medicines.
- We have increased the instant asset write-off threshold to \$30,000 and are expanding access to medium-sized businesses with an annual turnover of less than \$50 million.
- We have reduced the tax rate for small and medium businesses from 30 per cent to 27.5 per cent, with a further reduction to 25 per cent brought forward to 2021-22.

As a result of our strong economic management a re-elected Morrison Government will build upon these investments and continue to support you and your patients.

Since 2013 the Liberal National Government has made over 2000 new or amended medicines listings on PBS through an investment of \$10.6 billion.

When last in Government Labor stopped listing medicines on the PBS because they could not manage the economy and on the eve of the 2013 election implemented major structural changes to the pricing of PBS medicines without consultation with you.

As small business owners and health professionals you and your patients cannot afford to risk a Labor Government.

Labor's risky agenda includes billions of dollars in higher taxes – on retirees, housing, incomes, investments, family businesses, electricity and more.

Unlike Labor we have a plan for lower taxes and will continue to list all new medicines on the PBS because of our strong economic management.

We will also work with you to support Australian patients through a Seventh Community Pharmacy Agreement with the Pharmacy Guild.

If elected we will lead early and inclusive negotiations on a Seventh Community Pharmacy Agreement with the goal of signing a new agreement within the first six months of forming Government.

A Morrison Government will continue to improve affordability for consumers and improve quality use of medicines through this agreement.

A re-elected Morrison Government will invest \$308 million to further improve the affordability of life changing prescription medicines for over 1.4 million Australians who require multiple medicines and who reach their PBS Safety Net.

From 1 January 2020, the PBS Safety Net thresholds will be lowered by 12 scripts for concession card holders and the equivalent of 2 scripts for non-concession card holders.

This will substantially increase the over 37 million fully subsidized PBS medicines that are dispensed in community pharmacy with no consumer co-payment each year.

We will carefully consider other proposals that could also improve the affordability of medicines for patients in the context of this agreement and will undertake extensive consultation on such proposals as part of these deliberations.

This will include careful consideration of the ongoing operation of the optional \$1 discount and its role in improving affordability for consumers, particularly in rural and regional areas.

Importantly, over the course of the agreement, aggregate agreed reimbursement to community pharmacy for the dispensing of prescriptions for patients will be delivered in full.

We will also work with you to improve access to medicines in rural and regional Australia in particular for Aboriginal and Torres Strait Islanders communities.

With the common goal of improving the health of all Australians much can be achieved by continuing to work together.

Should our Government be re-elected in the upcoming election we look forward to continuing to build upon our successful partnership with community pharmacy for the benefit of Australian patients.

Yours sincerely



The Hon Scott Morrison MP  
PRIME MINISTER



The Hon Greg Hunt MP  
MINISTER FOR HEALTH