



PRIME MINISTER

CHECK AGAINST DELIVERY

EMBARGOED UNTIL DELIVERY

**SPEECH BY PRIME MINISTER
ANNUAL GENERAL MEETING, PHARMACY GUILD OF AUSTRALIA, SOUTH
AUSTRALIA BRANCH
ADELAIDE, 28 SEPTEMBER 1990**

Peter Staples
Colin Johns
Members of the South Australian Branch of the Pharmacy
Guild

One of the most time worn phrases of political speeches is the traditional introductory comment: it is a pleasure to be here tonight.

On this special occasion, let me invest that sentiment with new meaning and relevance.

It truly is a pleasure to be here tonight - because my presence as Prime Minister, speaking to this meeting of the Pharmacy Guild, confirms a very pleasing fact.

Over the last twelve months the Federal Government and the Pharmacy Guild had something of a blue - and it was a beauty.

Some pharmacists not only disagreed with much of what my Government was proposing for your industry, they even, as was their democratic right, did what they could at the March election to make sure that I ceased being Prime Minister.

And it is revealing no state secret to say that, for the Government's part, we too were at times exasperated by, and disagreed with, some of the things the Guild was then proposing.

But tonight, that is behind us. We have, I hope, brought those deep divisions and feelings of bitterness to a full stop, and can open a new chapter in the relationship between the Pharmacy Guild and the Federal Government.

Indeed, we are entitled to be doubly pleased because the reconciliation we have reached gives the Government and pharmacists a sound base on which to build.

Tonight, we can look to the future with confidence that we have achieved a major reform of public policy which will have enduring benefits for all Australians.

Let me spend some moments putting this achievement in its full historical perspective.

A hundred years ago it was the physician who was the main provider of care for the ill.

But with the invention, first, of aspirin in the 1890s, and then in succeeding decades of a never-ending range of new pharmaceuticals, the primary health care role of the physician has increasingly been shared by the pharmacist.

Today we take for granted that the pharmacist can dispense medication for a vast, even awe inspiring, range of conditions - diabetes, high blood pressure, cardio-vascular disease, even cancer.

Families have increasingly looked to pharmacists as a source of convenient, efficient and reliable advice about the health of everyone from the unborn and very young to the very old.

And pharmacists have increasingly brought new skills and professionalism to the task of meeting those needs.

Of course the growing availability of new medication has been accompanied by many questions - ethical, medical, economic - that demand attention.

No-one, not least governments and medical professionals, can today ignore the implications of questions such as:

- how to ensure the cost-effectiveness of some treatments;
- how to achieve the most equitable distribution of the costs of health care;
- how to encourage individuals to take responsibility for their own health; and
- how to strike the right balance between prevention and cure.

The involvement of the Federal Government as a source of funding for pharmaceuticals adds a new layer of complexity to such issues.

The social goal of ensuring the greatest degree of good health for the greatest number of individuals needs to be weighed in the balance with considerations of equitable availability and efficient public funding.

In Australia, the Pharmaceutical Benefits Scheme has served us well for some forty years, providing essential medications at affordable prices.

Through the Scheme, the Commonwealth has in recent years met some 70 per cent of the cost of pharmaceuticals used by Australians.

Nine out of every ten pharmaceuticals for which a doctor's prescription is required are listed on the Schedule that underpins the Scheme.

So it is truly a Scheme for all Australians.

But throughout the 1980s, it became increasingly clear to Commonwealth Governments that without a major restructuring the Pharmaceutical Benefits Scheme was in jeopardy.

It had taken almost forty years - from 1948 to 1985 - for the costs of the Scheme to reach half a billion dollars. But it took only another four years for costs to double to \$1 billion. And as the Budget documents this year made clear, it would have taken only another three years for those costs to double again, to more than \$2 billion - had the Federal Government not proceeded with its reform package.

It was, of course, the need to restructure the costs of the Scheme - a need that had been recognised by the Tribunal - that ultimately lay at the root of the divisions between the Federal Government and the Pharmacy Guild.

It's not my intention tonight to rake over the coals of what every headline writer in the country came to describe as "the Chemists' Dispute" - or what the placards and leaflets and shop-front posters described in less flattering terms.

But I do want to emphasise that broader historical context I have outlined, so that we can see the final outcome in its true light.

The debate between us was too often cast as a battle of short-term considerations - for pharmacists, the immediate question of maintaining income and employment levels and for the Government, on behalf of the taxpayers, the pressing need for cost containment.

What was really at stake, and what has been genuinely safeguarded by the package of measures on which we have agreed, was the viability of pharmaceutical health care itself - and, by extension, the good health and well being of our fellow Australians.

There are three principal elements to the package: reforms to retail pharmacy, initiatives in minimum pricing arrangements, and substantial changes in patient co-payment arrangements.

First, in the retail pharmacy area, we have agreed on changes to the remuneration formula; amalgamation payments and employee redundancy payments funded on a 50/50 basis; a temporary freeze on new approvals for pharmacies; and limited flexibility on the prices of items below the maximum general patient contribution level in return for proper information on prices being made available to patients.

Some of these changes are still subject to deliberations of the Pharmaceutical Benefits Remuneration Tribunal.

Second, we have shown our determination through minimum pricing initiatives to protect Australians from the high cost of necessary pharmaceuticals.

This safeguards one of the great success stories of Australian health policies, namely the relatively low cost by international standards of Australian drug prices.

Third, by introducing fees for pensioners' prescriptions and by increasing the maximum general patient contribution, we have incorporated genuinely effective price signals into the Pharmaceuticals Scheme.

Safety nets will protect people, especially the chronically ill, from open-ended costs - and of course we have fully offset pensioner price increases with a pension increase of \$2.50 a week.

But we had been concerned by the mounting evidence suggesting that some people were using more pharmaceuticals than was necessary, or even good, for them. Introducing a small patient contribution encourages people to obtain only genuinely needed drugs rather than take whatever is on offer simply because it is free.

So good economics in this case is also good health policy.

My friends

The Pharmaceutical Benefits Scheme is an integral part of Australia's comprehensive health policy. It does not exist in a vacuum.

As politicians, as health professionals, as ordinary Australians, we need to see our individual contributions to health policy and administration in Australia in its broader context.

Our joint negotiations over the last few months will ensure Australia takes the Pharmaceutical Benefits Scheme into the 21st Century as an effective and vital contribution to the well being of our fellow citizens.

I appreciate that it cannot have been easy for the Pharmacy Guild to convince its members to accept lower receipts on many prescriptions.

Likewise, you probably understand that it was not easy for the Government to alienate, however briefly, such a highly respected profession as Pharmacy - particularly in the lead up to, and during, an election campaign.

On both sides we have only succeeded because we have kept our eye on the long-term goal.

I want to pay tribute to those Guild leaders who at different times throughout the dispute showed their leadership and their capacity to negotiate fairly and honestly, abandoning neither the legitimate interests of their members nor the belief that effective and successful solutions could be found - and in this respect I pay a particular tribute to you Colin Johns.

It is my hope that these changes can now be implemented with a spirit of co-operation between Government and Pharmacy. The last thing we want is to see any of the issues dragged back in bitterness to the Tribunal.

I believe Government and Pharmacy can return to, and can improve on, the constructive relationship we enjoyed for most of the 1980s.

I shall certainly be working towards this end - and I look forward to working with Colin Johns and the Guild.

You probably recall the line from "Yes, Minister" where Sir Humphrey confides that the surest way of killing off a policy proposal is to describe it to a politician as "courageous".

Together we have proved Sir Humphrey wrong.

We took the courageous decision - because it was the right decision.

As a result, we can each of us tonight declare that we have achieved reforms of fundamental and lasting value.

That is why, as I said at the outset, it is truly a pleasure to be here.

* * * * *