

Proposed licensing framework and new regulatory fees for pharmacy ownership in Queensland

Fact Sheet

Consultation Regulatory Impact Statement (RIS)

This information is for all community pharmacy owners, pharmacists and other stakeholders. This information sheet provides an overview of the Consultation Regulatory Impact Statement (Consultation RIS) for the proposed licensing framework and new regulatory fees for pharmacy ownership in Queensland.

Background

In May 2018, the Health, Communities, Disability Services and Domestic and Family Violence Prevention Committee (Committee) was asked to inquire into the establishment of a pharmacy council and the transfer of pharmacy ownership in Queensland. The Committee made 11 recommendations, including:

- the establishment of a pharmacy council
- regulation of pharmacy ownership
- changes to pharmacy ownership legislation
- that with any proposed legislative amendments that the pharmacy ownership requirements of the Pharmacy Business Ownership Act 2001 (PBO Act) be retained; and
- improved transparency of compliance outcomes in the pharmacy industry.

In making their recommendations, the Committee considered the Queensland Audit Office: Report No. 4: 2018/19 – Managing transfers in pharmacy ownership, the Queensland Productivity Commission Report: Cost-benefit analysis of establishing a pharmacy council (QAO Report), the 210 public submissions to the Inquiry and testimonies from public hearings held in Brisbane, Toowoomba, Townsville and Cairns.

The QAO Report recommended Queensland Health re-designs its internal controls so it can effectively administer the PBO Act (QAO recommendation 2) and implement a process to monitor pharmacies' ongoing compliance with the PBO Act (QAO recommendation 4). The Government Response to the Committee Report was tabled in Parliament on 16 April 2019. All of the recommendations made by the Committee were accepted in full or in-principle.

What is the purpose of this Consultation RIS?

The Consultation RIS has been prepared by Queensland Health to assess impacts of options arising from the Government Response to the Inquiry. The Consultation RIS focuses on four of the 11 recommendations and investigates whether to:

- establish a Council to advise Queensland Health in its administration of the PBO Act and provide expert advice on ownership and premises matters (recommendation 6)
- make amendments to improve compliance with the PBO Act including new offences for breaches of the ownership provisions and introduce a licensing scheme (recommendation 8)
- retain the existing pharmacy ownership requirements (recommendation 9); and

- investigate ways to improve transparency regarding the compliance of pharmacists with the PBO Act (recommendation 10).

Queensland Health proposes to improve its ability to assess, monitor and investigate compliance with the pharmacy ownership requirements through the introduction of a licensing scheme and an updated pharmacy ownership legislative framework. It proposes to change its processes to examine all commercial arrangements for each pharmacy premises, require pharmacy owners to provide an annual compliance statement, and audit ongoing compliance as required. These activities will also support improved reporting of pharmacies' and pharmacists' compliance with the Pharmacy Business Ownership Act 2001. Additionally, the proposed regulatory reform will allow increased transparency via publicly available compliance reporting, as well as providing for the establishment of the Council, funded by industry.

Proposed new licensing framework and regulatory fees

The Government Response to the Committee proposed to introduce a licensing scheme to support the regulation of pharmacy ownership, as is common in other jurisdictions. The Committee recommended that the pharmacy ownership requirements of the PBO Act be retained. The QAO report recommended Queensland Health re-designs its internal controls so it can effectively administer the PBO Act and that Queensland Health implements a process to monitor pharmacies' ongoing compliance with the PBO Act. In order to effectively address these recommendations, Queensland Health must provide a mechanism that:

- provides clarity to the industry about what is required from pharmacy owners and how compliance is assessed.
- allows for ongoing monitoring and regular review of compliance status; and
- provides effective enforcement options, including the ability to apply conditions.

In addition, other recommendations made by the Committee require that Queensland Health:

- ensure that details that the department holds about pharmacies is correct and current; and
- have the authority to publish information about compliance activities undertaken and the outcomes of those activities (Recommendation 10).

Community pharmacists are the health professionals most accessible to the public and are a cornerstone of primary health care in Australia. To help ensure the quality of services provided by community pharmacy, Queensland Health propose a licensing framework. Licensing may be considered recognition of an industry or a profession's ability to practice legally whilst ensuring a best practice approach to corporate governance. Queensland Health therefore propose a pharmacy licensing framework will facilitate:

- transparency of processes for the pharmacy sector, in that pharmacy owners would have full awareness of what is required of them, how they will be assessed and what the cost will be
- currency and accuracy of information about a pharmacy business due to regular review by pharmacy owners and/or the department as a part of licence renewal or declarations
- improved efficiency through automating processes and validation, which will assist in keeping costs to government (and therefore, cost of licences) to a minimum
- regular review of compliance through fixed licensing terms
- the use of conditions to apply closer monitoring of a pharmacy business where concerns are identified
- the option to refuse or revoke a licence to address instances of significant or repeated non-compliance

- recovery of costs associated with increased regulatory activities; and
- a mechanism for recovering the costs of maintaining the Queensland Pharmacy Council (in whatever form) as recommended by the Committee (Recommendation 6).

Without the formality of a licensing framework, enforcement and monitoring is likely to be more ad hoc and less efficient; there is no incentive for pharmacy owners to be proactive in notifying Queensland Health of changes; and there is no opportunity to recover costs currently. If a licensing framework is adopted, Queensland Health will license pharmacy businesses every three (3) years and will collect information about the commercial structures and arrangements for each pharmacy. In addition, pharmacy owners will provide annual Compliance statements and Queensland Health will carry out random audits as deemed appropriate. The collection of this information will also support improving communication to consumers about pharmacy business ownership matters, including public reporting about pharmacies' and pharmacists' compliance with relevant legislation.

There are three (3) fee options proposed within the Consultation RIS these are:

1. establishing a one size fits all fee structure (flat fee scheme)
2. establishing a tiered fee scheme based on complexity of business structure; and
3. establishing a fee framework that includes fees per application related to pharmacy businesses as well as additional fees based on business complexity and the number of financial interests' persons (including body corporates) hold in a pharmacy business.

Queensland Health propose establishing a licensing framework and relevant fees associated with the cost of the framework for pharmacy businesses to address all the gaps identified in the QAO Report and implement a system wide change that addressed the Recommendations handed down by the committee. Implementation of a licensing framework will be underpinned by legislation and should include the establishment of the Council.

Have your say

Queensland has more than 1,200 community pharmacies, and Queensland Health understands they play a crucial front-line role in primary health care. The business environment has undergone significant shifts over the past decade in response to increased competition and changed operating conditions. Therefore, Queensland Health is keen to hear from interested stakeholders including pharmacy owners, pharmacists and other interested representatives on options proposed within the Consultation RIS.

Submissions are open until 5:00pm Friday 6th November 2020 and can be made by email or post.

Electronic submissions	Written submissions
Pharmacy.governance@health.qld.gov.au	Queensland Health Chief Medical Officer & Healthcare Regulation Branch Locked Bag 21 Fortitude Valley BC QLD 4006 P: 0436 937 835

Further information

For further information please visit the following websites:

<https://www.getinvolved.qld.gov.au/gi/consultation/7600/view.html>

<https://www.health.qld.gov.au/system-governance/licences/pharmacy/pharmacy-ownership/proposed-fees-and-licensing-framework>