

DATA-DRIVEN INSIGHTS 2023:

# Pharmacies on the healthcare frontline

How the vital role of community  
pharmacies in the lives of  
Australians is gaining pace.



The Pharmacy  
Guild of Australia



# New trends are driving change

## Community pharmacies are an increasingly vital pillar in Australia's healthcare system.

As the nation's most accessible healthcare destination, the role of Australia's community pharmacies has rapidly evolved in recent years.

They are now delivering a wider range of services, helping to increase capacity across the healthcare sector, and providing trusted advice to more Australians.

Since riding the waves of the pandemic, the nation has moved from living in lockdown to living with COVID-19 and, while the spikes in pharmacy spending witnessed between 2020 and 2022 have subsided, an upward trend in spending remains.

### Positive reform

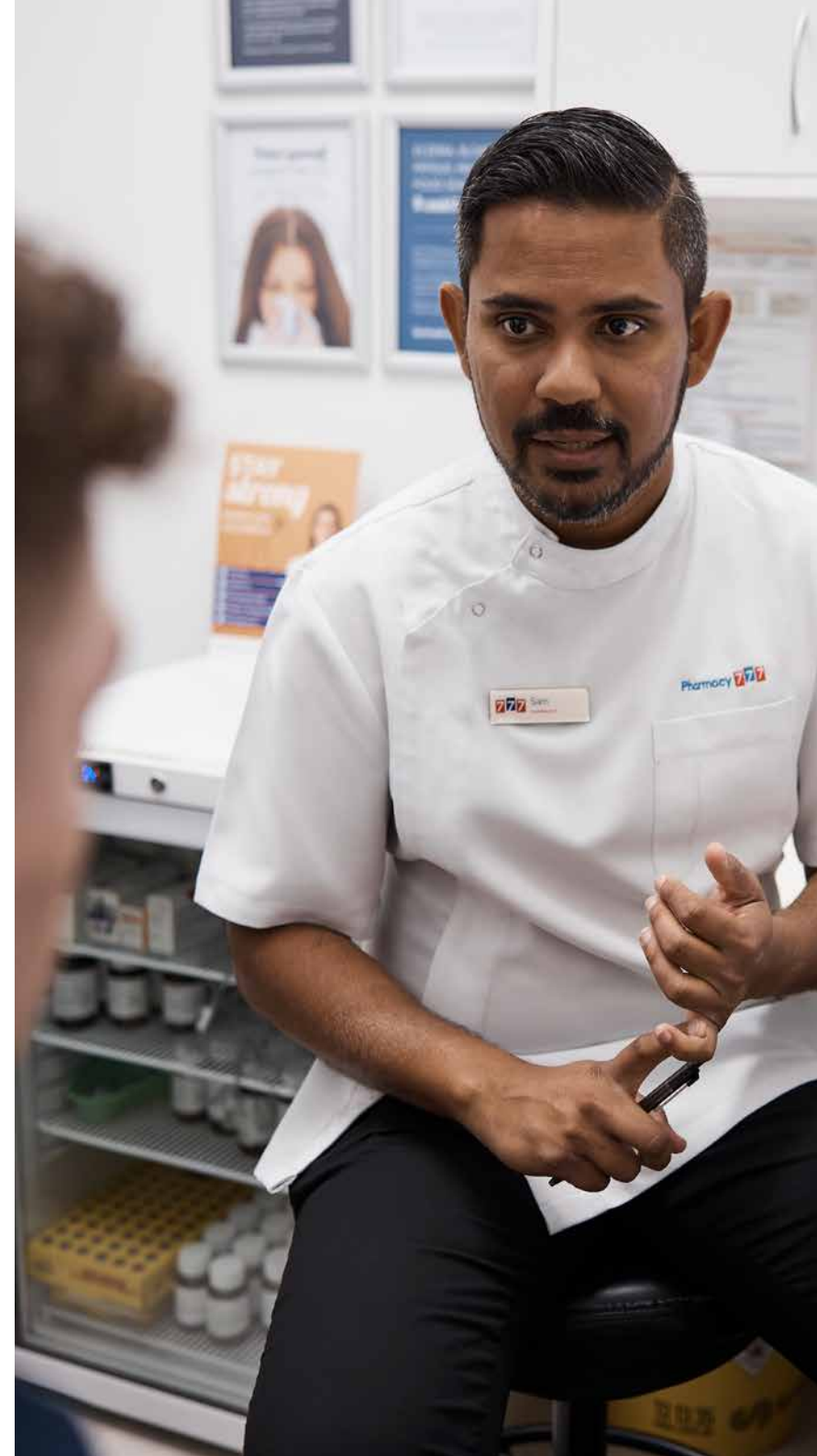
Recent reforms impacting scope of practice and recommendations from the Federal Government's [Strengthening Medicare Taskforce Report](#) are also leading to greater demand for services, and community pharmacies are changing their practice in response.

Digital health initiatives are driving greater investment in IT infrastructure and pharmacies are refurbishing stores with consultation rooms for the administration of a growing range of health services.

### Seizing the opportunity

This latest document builds on the insights in [2022 Counting on Community Pharmacies](#), drawing on further data from Westpac Group and The Pharmacy Guild of Australia to identify new trends in consumer spending habits and the evolving scope of practice within community pharmacies.

It shows patients' increasing preference for accessing healthcare services at community pharmacies and explores how they can seize the many emerging opportunities in the evolving healthcare landscape.



# Community pharmacies: Insights at a glance



## Spending on average keeps increasing

Total pharmacy spend rose from \$92.5 million in July 2019 to \$123.7 million in January 2023.

**CHANGE IN PHARMACY SPEND:**

**+33.7%**

Jul 2019 to Jan 2023

Source: Westpac Group data, 2023



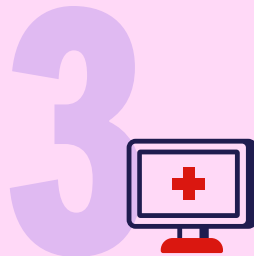
## Instore pharmacy services are growing

As consultation numbers rise, pharmacists are skilling up for delivery of services.

**CONSUMERS WHO SOUGHT ADVICE FROM A PHARMACIST IN THE 12 MONTHS TO JULY 2022:**

**70%**

Source: Pharmacy Guild Members Survey, 2022



## Investing all-round for a new tomorrow

Businesses are evolving to accommodate the expanding volume and range of services on offer, while investing in IT infrastructure in response to ongoing digitisation.

**PHARMACY GUILD MEMBERS WHO HAVE CHANGED THEIR BUSINESS MODEL OR PRACTICES FUNDAMENTALLY, VERY OR QUITE SUBSTANTIALLY IN THE LAST 3-5 YEARS:**

**64%**

Source: Pharmacy Guild Members Survey, 2022

**E-PRESCRIPTIONS ISSUED SINCE MAY 2020:**

**114+ million**

Source: Australian Digital Health Agency, 2023



## Instore spending trumps online

The growth for instore pharmacy spending in the wake of COVID-19 looks likely to stick, as consumers continue to channel more of their pharmacy spend instore than online across all jurisdictions.

**PERCENTAGE OF TOTAL PHARMACY SPEND INSTORE:**

**58.9%**

Jul 2019

**79.8%**

Jan 2023

Source: Westpac Group data, 2023



## Healthcare reforms make medicine more accessible and affordable

Pharmaceutical Benefits Scheme (PBS) co-payments came down from \$42.50 to \$30 on 1 January 2023, while the remit of pharmacists looks set to keep expanding.

**PBS CO-PAYMENTS:**

**\$42.50**

Dec 2022

**\$30.00**

Jan 2023

The top 10 list of medicines dispensed remained stable from 2021 to 2022 but, as patents on biologics expire, demand for more cost-effective biological medicines from dispensaries is tipped.



# 1 Spending on average keeps increasing

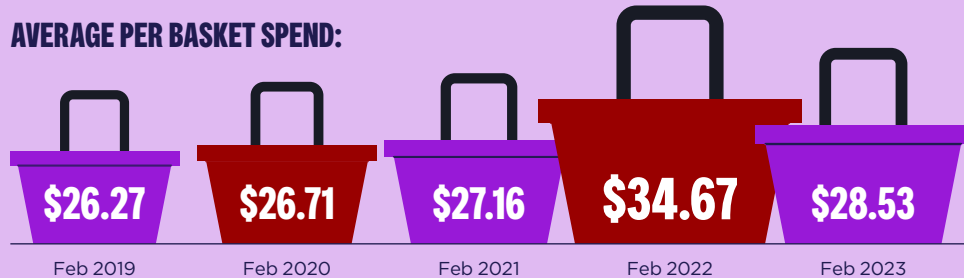
Overall spending is still heading upwards, despite lower per basket spend in early 2023

**TOTAL PHARMACY SPEND:**



Source: Westpac Group data, 2023

**AVERAGE PER BASKET SPEND:**



Source: Pharmacy Guild of Australia, 2023

**AVERAGE PER BASKET SPEND IN SYDNEY AND MELBOURNE CBDS:**



Source: Westpac Group data, 2023

**COVID-19 spending cushions interest rate blow**

The pandemic spike in pharmacy spending has stabilised, with spend per basket decreasing by 17.7% in February 2023 compared to the same time in 2022.

However, data throughout the study period shows an upward trend, with average spend per basket at pharmacies increasing by 8.6% over the four-year period.

“Panic buying had stabilised by 2022 but, for most of our membership, the year was defined by the scale of people sourcing rapid antigen tests and COVID-19 vaccinations from their community pharmacy,” says Trent Twomey, National President of The Pharmacy Guild of Australia.

“The result is that our sector started 2023 in a well-capitalised position and most of the network has held on to working capital to ensure that they could increase their stock levels. This has also helped to provide a cushion against rising interest rates.”

**Rebound for CBD pharmacies**

Community pharmacies located in Sydney and Melbourne CBDs experienced a rapid decline in spending due to the exodus of city office workers during COVID-19 lockdowns.

**“Our sector started 2023 in a well-capitalised position.”**

TRENT TWOMEY, NATIONAL PRESIDENT OF THE PHARMACY GUILD OF AUSTRALIA

But data shows total pharmacy spend in the cities’ CBDs was 18.4% higher in January 2023 than January 2020. The average spend per basket in these locations also increased from \$34.80 to \$36.80, which is an encouraging upswing.

Particularly given that, as Twomey notes, the rising cost of rent is a growing concern, especially for CBD-based community pharmacies. To that end the Guild advises members “not to wait until they’re in trouble to speak to your landlord about renegotiating their lease”.



# 2 Instore pharmacy services are growing

## Powering up to meet demand

From 2020, community pharmacies across the country have been able to deliver influenza vaccinations to eligible people aged 10 years and over. With six new vaccinations added to the list of those that can be administered by community pharmacists in the past 12 months, more Australians look set to roll up their sleeves instore.

## More funding for services

The Seventh Community Pharmacy Agreement (7CPA), which commenced in July 2020 to support consumer access to PBS subsidised medicines through community pharmacies across Australia, saw an investment of \$1.2 billion in professional services. Services such as Diabetes MedsCheck delivered under 7CPA in community pharmacies increased by 45.4% from January 2021 to January 2023.

“The quantity of professional services funded through the 7CPA is continuing to increase, with growth of 24% in occasions of service in the last two years, and we’re seeing more community pharmacies participating in the delivery,” says Kaizaad Mehta, National Head of Healthcare at Westpac.

## Impact of the talent crunch

The scope of practice may be expanding, but community pharmacies are experiencing a shortage of workers to deliver services as they compete with the wider healthcare sector for talent.

“Talent is still very difficult to get in both the pharmacist and pharmacy assistant markets,” says Twomey. “We’re finding that people are more attracted to a hospital setting than a primary care setting. The pay isn’t as good, but flexible working arrangements are better in hospitals, and that is a key motivator for young people.

“The reality is that if you only have two pharmacists running a practice, how do you provide the same flexible working arrangements as a hospital that has many more pharmacists?”

The broadening scope of practice, however, is increasing the sense of job satisfaction, which may become a powerful recruitment and retention tool, Twomey adds.

“The increased range of clinical services is making the community pharmacy a more clinically satisfying place to work than a hospital pharmacy. So, that traditional paradigm is being overturned.”

**CONSUMERS WHO SOUGHT ADVICE FROM A PHARMACIST IN THE 12 MONTHS TO JULY 2022:**

**70%**

Source: Pharmacy Guild Members Survey, 2022

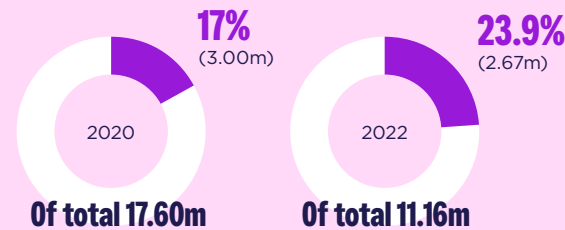
**PHARMACISTS WHO PROVIDED MORE THAN SIX CONSULTATIONS IN ONE DAY:**

**81%**

**PHARMACISTS WHO PROVIDED MORE THAN 20 CONSULTATIONS IN ONE DAY:**

**45%**

**PERCENTAGE OF FLU VACCINES DELIVERED BY COMMUNITY PHARMACIES:**



Source: Department of Health and Aged Care & Guild data, 2022

**CHANGE IN DIABETES MEDSCHECK DELIVERED BY COMMUNITY PHARMACIES UNDER 7CPA:**

**+45.4%**

Jan 2021–Jan 2023

Source: Department of Health and Aged Care, 7CPA programs data, 2023

**COVID-19 VACCINATIONS ADMINISTERED IN PHARMACY TO DATE:**

**9.4 million**

Source: Department of Health and Aged Care, COVID-19 vaccine roll-out, March 2023



# 3 Investing all-round for a new tomorrow

**PHARMACY GUILD MEMBERS WHO SAID THEIR PHARMACY HAS CHANGED ITS BUSINESS MODEL AND PRACTICES EITHER FUNDAMENTALLY, VERY, OR QUITE SUBSTANTIALLY IN THE LAST 3 – 5 YEARS:**

# 64%

Source: Pharmacy Guild Members Survey, 2022

## New business models

“More community pharmacies are reconsidering their business model to reflect the change in services consumers are seeking and they are delivering,” says Mehta.

“We’re hearing this from conversations with our pharmacy customers and we can see it in the growth in applications for finance that we receive. We’re seeing more investments in robot dispensing, refurbishments and renovations.”

## Upskilling a priority

Twomey stresses that practitioner skills must evolve along with their service offering.

“If we want to change the services a patient can receive at a practice, we have to change the practitioner, and we’re seeing a lot of investment by our pharmacists in upskilling and training.”

**“We’re seeing a lot of investment by our pharmacists in upskilling and training.”**

TRENT TWOMEY, NATIONAL PRESIDENT OF THE PHARMACY GUILD OF AUSTRALIA

He cites the examples of the North Queensland Community Pharmacy Scope of Practice Pilot, which will kick off this year to enable more pharmacists to treat and advise patients for a wide range of common health conditions, such as pain management, ear, nose and throat conditions and uncomplicated urinary tract infections.

“As the range and level of service offering increases, it’s vital that pharmacies have the skills to deliver them,” says Twomey.

## Digital health on the rise

More than 114 million electronic prescriptions have been issued since May 2020 and 85% of pharmacies across Australia now have access to the Active Script List, the digital list of a patients’ electronic prescriptions.

Digital health initiatives – from the dispensary, to point of care screening and testing, to marketing – are powering transformation in community pharmacies and leading to greater investment in new IT infrastructure, software upgrades and staff training.

The shift promises greater efficiencies and an improved patient experience with electronic prescriptions leading the way by delivering convenience and protection from lost prescriptions. However, Twomey describes a friction between digital and paper-based clinical and administrative practices.

“Unfortunately, the introduction of electronic prescriptions has resulted in a decrease in productivity in the network and we’ll only see productivity gains from digitisation when analogue assets are decommissioned,” he says.



**NUMBER OF E-PRESCRIPTIONS ISSUED SINCE MAY 2020:**

# 114+ million

Source: Australian Digital Health Agency, February 2023



# 4 Instore spending trumps online

## Omnichannel expectations

Despite increasing digitisation across the sector, consumers are continuing to channel more of their pharmacy spend instore than online across jurisdictions, a stark contrast to the national e-commerce trend seen throughout the pandemic.

Relative to total pharmacy spend, there was no significant change in the amount or proportion of online shopping from January 2022 to January 2023, which suggests that the decrease in online pharmacy spend witnessed from July 2019 to February 2022 is likely to last for some time.

**“People visit their local community pharmacy on average 18 times a year. And increasingly they are visiting for a service, not just a product.”**

TRENT TWOMEY, NATIONAL PRESIDENT OF THE PHARMACY GUILD OF AUSTRALIA

While online spend hasn’t changed, since January 2022 there has been a substantial increase in online merchant facilities. This indicates that, whilst pharmacies are investing in e-commerce and online shopping, it isn’t yet being used by consumers.

“People visit their local community pharmacy on average 18 times a year,” says Twomey. “And increasingly they are visiting for a service, not just a product.

“But community pharmacies still need to invest in online infrastructure, because there is an expectation among consumers that they can access them 24 hours a day, seven days a week, at a time of their choosing.

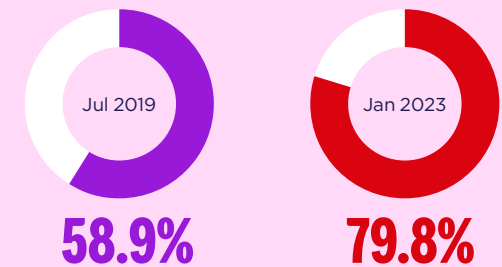
“Whether they are shopping online or instore, or whether the pharmacy has a big footprint or a small footprint, we need to meet patient and consumer expectations.”

## AVERAGE NUMBER OF TIMES AUSTRALIANS VISIT COMMUNITY PHARMACIES EACH YEAR:

18

Source: Pharmacy Guild media release, 2019

## PERCENTAGE OF TOTAL PHARMACY SPEND INSTORE:



Source: Westpac Group data, 2023

## INSTORE SPENDING SNAPSHOT, STATE BY STATE:

Instore spend	Jan 20	Jan 21	Jan 22	Jan 23
<b>Australian Capital Territory</b>	64.7%	74.5%	78.0%	79.7%
<b>New South Wales</b>	62.4%	74.1%	77.8%	77.6%
<b>Northern Territory</b>	72.0%	86.2%	89.4%	90.4%
<b>Queensland</b>	71.1%	85.1%	88.1%	90.0%
<b>South Australia</b>	53.6%	61.2%	66.6%	65.2%
<b>Tasmania</b>	76.5%	93.1%	93.7%	93.5%
<b>Victoria</b>	66.8%	77.1%	80.9%	79.2%
<b>Western Australia</b>	80.1%	93.5%	95.0%	94.3%

Source: Westpac Group data, 2023



# 5 Healthcare reforms make medicine more accessible and affordable

## More change on the way

New Year's day 2023 saw a welcome drop in the co-payment for general prescriptions under the PBS, the first time it has fallen in the Scheme's 75-year history.

PBS co-payments have reduced from \$42.50 to \$30, making medicines more affordable, especially for the 900,000 Australian patients who did not get a script filled in 2019-20 because they could not afford it. However, the Guild is advocating for a further reduction in the co-payment from \$30 to \$19.

The full impact of the reduction in co-payments is not yet known, but will be analysed in a new insights document to be released later in 2023.

**“Patients are not only comfortable in receiving a greater level of service from their local community pharmacy, they're now demanding it.”**

TRENT TWOMEY, NATIONAL PRESIDENT OF THE PHARMACY GUILD OF AUSTRALIA

Along with changes to the PBS, the Federal Government's Strengthening Medicare Taskforce Report recommends significant changes to how primary care is funded and delivered to enable high quality, integrated care for all Australians.

Pharmacy reform in NSW will make medicines more accessible. As part of a state-wide trial appropriately trained pharmacists will be able to prescribe medication for urinary tract infections from April 2023. The trial is also supporting a pilot for pharmacists to prescribe medication for conditions, such as skin ailments, ear infections, and to renew prescriptions for the contraceptive pill.

“Patients are not only comfortable in receiving a greater level of service from their local community pharmacy, they're now demanding it,” says Twomey. “This is reflected in reforms like the Strengthening Medicare Taskforce. The Pharmacy Guild is no longer having to kick down doors of policy makers to try and sell the benefits of fully utilising community pharmacies.”

## New medicines, new demands

The top 10 dispensed medicines remained largely consistent between 2021 to 2022. But as patents expire for molecules used in biological medicines, Twomey says community pharmacies may also expect an increase in dispensing demand.

**“We'll need to meet the dispensing demand and have the skillset to help patients administer them.”**

TRENT TWOMEY, NATIONAL PRESIDENT OF THE PHARMACY GUILD OF AUSTRALIA

“Biologics are currently the high-cost, low-volume medicines, but as their active molecules come off patent, the health economics of the PBS listing for the medications to treat and manage chronic disease completely changes,” he says.

“We will need to have physical storage environments for these medicines, and we'll also need to meet the dispensing demand and have the skillset to help patients administer them, because they are often administered by injection rather than as oral medications.”



**PBS CO-PAYMENT, DECEMBER 2022:**

**\$42.50**



**PBS CO-PAYMENT, JANUARY 2023:**

**\$30.00**



# Leading the way in the healthcare revolution

Community pharmacies are stepping up in a new era of opportunities and expectations.

The role of community pharmacies is rapidly evolving, with new services and new expectations of pharmacists and industry workers.

Increased funding via the 7CPA, reforms to the PBS and pharmacy scope of practice, as well as recommendations from the [Federal Government's Strengthening Medicare Taskforce Report](#) are fuelling greater demand for services and bringing new opportunities for growth and business model transformation.

## Supporting the industry

Increasing demand also presents challenges as community pharmacies vie for much-needed talent within the broader healthcare system.

"The expansion of primary healthcare provision at community pharmacies is going to continue," says Twomey. "We need every healthcare professional acting in the full scope of their practice, and community pharmacies are the first among those, because we are the most accessible piece of primary healthcare infrastructure."

Westpac Group is committed to helping community pharmacies as their vital role continues to evolve and expand.

**"We see community pharmacies as a strong pillar of the healthcare sector and their role has continued to expand since the pandemic."**

KAIZAAD MEHTA, NATIONAL HEAD OF HEALTH AT WESTPAC

"We see community pharmacies as a strong pillar of the healthcare sector and their role has continued to expand since the pandemic," says Mehta. "We have strong appetite to support operators who are looking to grow and play an ever-increasing and important role in delivery of healthcare services across Australia."

**Look out for further insights later in 2023 that will explore the full impact of the PBS changes.**



## Need to know more?

This information is general in nature and has been prepared without taking your objectives, needs and overall financial situation into account. For this reason, you should consider the appropriateness of the information to your own circumstances and, if necessary, seek appropriate professional advice.

If you have any questions or would like to know more about the information contained in this document, please contact the author:

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## About the data and method

- The insights in this document were drawn from the activity of 11,322,068 Westpac Group cardholders and 632 community pharmacies from February 2019 to January 2023
- The data is a representative sample and draws from suburb-based data Australia-wide
- Datasets from Westpac Group and The Pharmacy Guild of Australia were not consolidated. They were analysed separately and used to complement each other
- Guild data from the 2022 document compared to this one was taken from different sample sizes, to ensure that only pharmacies that have contributed to all years of interest are included in the sample. The impact of this is that historical figures reported in the 2022 document will differ to numbers herein; however, trends remain the same.



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