

IN THE FAIR WORK COMMISSION

Review of the *Pharmacy Industry Award 2010* and others

PENALTY RATES

Matter No: AM2014/305

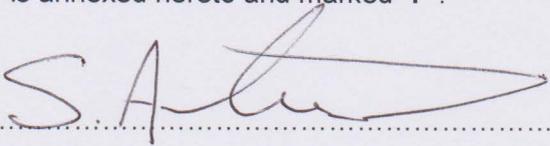
Applicant: Pharmacy Guild of Australia

I, Stephen Armstrong, Economist say:

1. I refer to my affidavit sworn 13 August 2015 ("**Initial Affidavit**") and provide this supplementary statement to assist the Fair Work Commission.
2. The contents of this statement is true and correct to the best of my knowledge and belief.
3. In relation to paragraph 36 of my Initial Affidavit, I refer to page 32 of the Fifth Community Pharmacy Agreement ("**5CPA**"), a copy of which was filed with the Fair Work Commission on 2 November 2015.
4. In relation to paragraph 70 of my Initial Affidavit, annexed hereto and marked "**A**" is a summary table from an analysis I completed on 4 August 2013, following the Labor Government's announcement on 2 August 2013 that there would be significant changes to price disclosure that would take effect from 1 October 2014.
5. In creating the table I analysed the impact of what the expected price reductions would be on a drug by drug basis. My estimates were based only on the top 21 drugs that were impacted by price reductions, however there were actually 93 drugs in total that had price reductions applied on 1 October 2014, as demonstrated by the attached documents from the Department of Health annexed hereto and marked "**B**".
6. In relation to paragraph 81, 82, 83 and 98 of my Initial Affidavit, the *Pharmacy Services Expectations Survey* was sent to all Australian pharmacies, with 548 pharmacies responding to the survey which was a response rate 10%. The survey was delivered via the use of FluidSurveys, an online surveying tool. A copy of the survey is annexed hereto and marked "**C**".
7. In relation to paragraphs 85 and 94 of my Initial Affidavit, a survey was conducted by the Pharmacy Guild at the annual Australian Pharmacy Professionals ("**APP**") conference in April 2015.
8. The APP conference is organised by the Guild and held annually. The conference is attended by pharmacists and others involved in the pharmacy sector. A paper based survey in relation to the state of the pharmacy industry was placed on all tables during a members' breakfast session of the conference.
9. Questions were asked regarding:
 - (a) Business performance and profitability;

- (b) Business expenses;
 - (c) the hours staff work;
 - (d) any reductions in staff over the preceding year, and anticipated reductions over the coming year; and
 - (e) stock levels.
10. Responses were received from 342 pharmacies, which is 6.4% of the pharmacy industry, and a copy of the survey is annexed hereto and marked "D."
 11. In relation to paragraphs 84, 94 and 102 of my Initial affidavit, the *Employment Expectations Report* was based on a survey that was posted to Pharmacy Guild members, with responses returned via fax or mail. 944 pharmacies responded (17.6% of the industry). Approximately 25% of all rural pharmacies and 20% of all single pharmacy towns were captured in the survey.
 12. A copy of the survey is annexed hereto and marked "E".
 13. In relation to paragraph 105 of my Initial Affidavit, the *CFEP Pharmacy Patient Experience Survey* was an "exit survey" conducted at a pharmacy through an independent provider, CFEP surveys.
 14. I was not directly involved in the CFEP survey, and the knowledge I have about the survey was obtained from my discussions with Mr Andrew Matthews. Mr Matthews was the Group Executive of the Pharmacy Transformation Group at the Pharmacy Guild at the time the CFEP survey was conducted. Mr Matthews has since left the employ of the Pharmacy Guild.
 15. An exit survey is where the pharmacy has a bundle of questionnaires available for customers to complete following their attendance at the pharmacy. The customer completes the questionnaire and then places the completed questionnaire in a sealed envelope, which is then placed in a ballot box provided by CFEP Surveys. Once all questionnaires are completed, the ballot box is emptied and the sealed envelopes are posted in reply-paid envelope provided by CFEP Surveys.
 16. The raw data from the survey consisted of 20,606 completed patient responses to 486 pharmacies. That meant responses were received from around 9% of the pharmacy industry.
 17. On average there were 42.4 responses per pharmacy to the CFEP survey.
 18. I have also made reference to the Guild Digest throughout the Initial Affidavit. Data in the Guild Digest is collated from responses from Pharmacy Guild member pharmacists who submit their financial and operating data to the Guild. Profit and loss statements are also received directly from accounting firms that have a pharmacy speciality and from pharmacy management groups.
 19. The request for data is sent to all Pharmacy Guild member pharmacies (4,238 in 2012, 4,116 in 2013 and 3,933 in 2014).

20. The survey that is sent to pharmacists to collect the data for use in the Guild Digest was paper based in 2012 and 2013. In 2014 an electronic request was made for pharmacists to participate in the survey using the Fluid Surveys system and a copy of the survey is annexed hereto and marked "F".

Signed..... 

Date..... 4 November 2015.....