

## OFT PHARMACY REPORT

Dear Sir,

I am writing in response to the recent OFT Pharmacy Report which contains the recommendation that existing Pharmacy Contracts be abolished. You are undoubtedly aware of the impact this measure (if it were approved) would have on local communities.

The main beneficiaries of such a move would be national/international supermarket chains which, if given their way would strip the High Street and local communities of ALL shops. Apart from token gestures (e.g. pretending to offer 'free' computers to schools) these faceless monoliths contribute very little in return to any community and in fact are possibly detrimental to the health of the populace in many ways e.g. their demands on farmers to produce low cost (nutritionally questionable) food. Their contribution towards the increasing obesity and failing health of the nation is also a matter of serious political concern.

In a poll run by The Evening Times of Glasgow published on the 26<sup>th</sup> Jan '03 it was found that 95% of the general public believe that the 'Local chemists should be protected from unfair competition'. This survey is surely a more true representation than that undertaken by the '**Supermarket's Customer Listening groups**' which were quoted in Annexe K part 3 of the OFT's report, stating that supermarket customers were in favour of supermarkets having a pharmacy.

The establishment of Pharmacy Contracts was brought about for good reason (i.e. the rational distribution of pharmacies) and the system has worked very well since its introduction some sixteen years ago. There is no need for change. Essentially, what the OFT and supermarket giants are arguing is that the current distribution of pharmacies is IRRATIONAL and that in their view better access to pharmaceutical services could be provided by deregulation. Surely, LOCAL Family Practitioner Committees, who allocate Pharmacy Contracts, are not irrational and are more suited to judge the appropriateness of LOCAL needs than dilettantes or Chain Stores.

It was stated in February '02 in 'Community Pharmacy' that 'Abolition would probably result in an acceleration of the attempts by many pharmacies to position themselves as close as possible to new health centres, where medical practices are coming together. In turn, this will lead to GPs increasingly becoming landlords of pharmacies, generally demanding high premiums and high rents. Perhaps only the larger multiples will be able to meet the financial demands made by GP landlords. This would lead to less competition, not more. Abolition would inevitably lead to the opening of pharmacies at many supermarkets and retail parks. In the short term, consumers may benefit from increased competition, but the survival of community pharmacy as we know it would be jeopardised'.

Recently, it has been reported (1) that both Asda and Superdrug have expressed their **delight** at the OFT's recommendations for deregulation of the pharmacy 'market'. (Yes 'market'). Asda's pretence at being the consumers' champion has always been nauseatingly transparent. This company could employ its time more productively by trying to become a better grocer - have you ever tasted an Asda Pizza? . Superdrug - what's in a name?! What does that name say about that organisation? Responsible?!

The public interest would be better served by removing all such organisations from the Pharmaceutical Register, even if they already have contracts and awarding it to appropriately qualified professionals. The appeasement of profit maximisers and parasites is **not** in the public interest.

If the proposed changes are accepted by the Government, the **only** winners will be the Supermarkets and 'Big Business' as the local chemist will be forced to close as unfeasibly large loan repayments, associated with the purchase of a pharmacy business and contract, will mean that competition can never be on a level playing field. The real losers will be the consumer, as no independent pharmacy will invest significant amounts of capital in these uncertain times when pharmacies could theoretically spring up next door.

The OFT report has simply looked at Pharmacy as a TRADE. Legally, retail pharmacy was paradoxically pronounced a 'trading profession' by The Courts a number of years ago. It would appear that Sir John Vickers (Director General of OFT) has a remit which is too wide ranging and his investigative team (MPI) too inexperienced to properly comprehend the professional aspects of retail pharmacy. Clearly the function of The Royal Pharmaceutical Society, which is opposed to the DTI findings, as are all other associated professional organisations, has not been appreciated. The professional aspects of this trading profession would not be well served and would conflict with the purely commercial interests of profit maximisers or commercial huxterers looking for a cheap back door entry system to boost their status and power. Ideally these 'for profit only' retailers should be excluded from the Register and certainly not appeased in any way.

It was reported in the Daily Mail on the 28<sup>th</sup> January that John Vickers will not get involved in the enquiry into the sell off of Safeway, as he had previously done work for supermarket groups, and therefore had a major conflict of interest. Why then was he allowed to take charge of an investigation instigated by the same supermarkets?

I would, therefore, request that you take urgent notice of these views and write to the Secretaries at The Departments of Health, and Trade and Industry expressing the public interest need of retaining the status quo with regard to Pharmacy Contracts.

Yours sincerely

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