



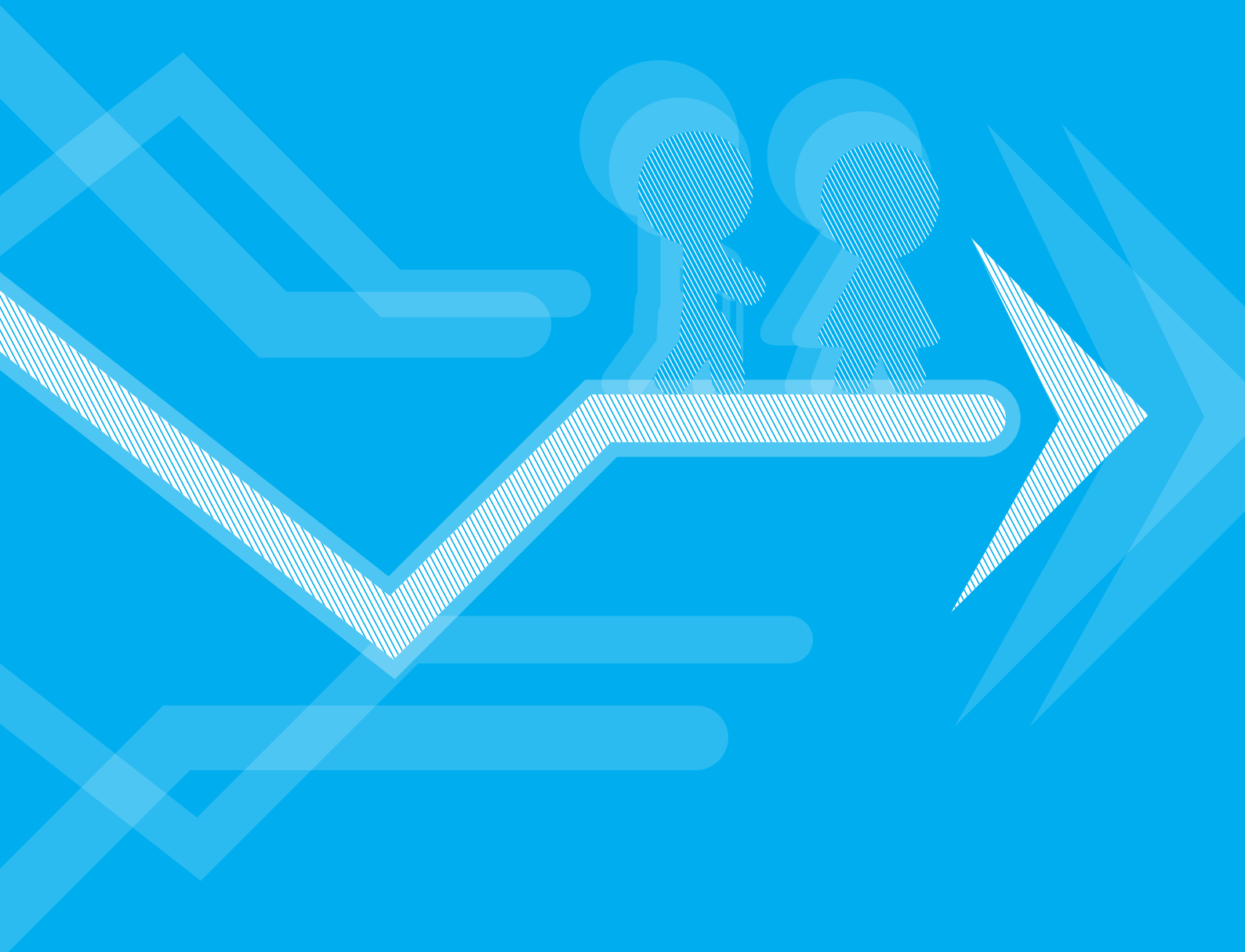
The Pharmacy
Guild of Australia

Guild Digest

2017

**A SURVEY OF INDEPENDENT
PHARMACY OPERATIONS IN AUSTRALIA**

FINANCIAL YEAR 2015-16





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A survey of independent pharmacy operations in Australia
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FOREWORD

This year marks the 45th edition of the *Guild Digest* – the pre-eminent publication examining the operation of Australian community pharmacies. The *2017 Digest* presents a snapshot of pharmacy operations in Australia for the financial year 2015-16.

Community pharmacies continue to play a pivotal role in providing primary healthcare and deliver a wide range of services including dispensing prescriptions; distributing pharmacy-only and pharmacist-only medicines and over-the-counter products; medication management; advice on minor ailments; and preventive care services. Ultimately, community pharmacies operate to improve the timely access and quality use of medicines in Australia.

Given the attention to patient care and the role community pharmacists play in local communities, not surprisingly, pharmacists remain one of the highest-ranking custodians of community trust and confidence.

At the same time, community pharmacy is practised in a commercial environment – and like other small businesses, the success and viability of the community pharmacy sector depends on the financial performance of these small businesses in the context of the broader pharmaceutical supply chain. Community pharmacists own and operate their businesses – forming an integral part of local communities and contributing to local employment and economic activity.

The 2015-16 year saw the introduction of the Sixth Community Pharmacy Agreement (6CPA) between the Federal Government and the Pharmacy Guild of Australia as stewards of the Pharmaceutical Benefits Scheme (PBS). The 6CPA saw the introduction of beneficial measures to assist in the sustainability and accessibility of the community pharmacy network, such as a new Administration, Handling and Infrastructure (AHI) fee, which replaced the previous pharmacy mark-up; dispensing remuneration indexed to the Consumer Price Index; increased investment in community pharmacy programs and services; and a Government commitment to extend the location rules until mid-2020.

In 2015-16 the Government also commenced the implementation of a wider PBS Access and Sustainability Package, which amongst other items included application of price disclosure to generic combination medicines; one-off 5% price reduction to F1 medicines after five years; removal of originator brands from price disclosure calculations and optional discounting of co-payments by pharmacies to a maximum of \$1.

The PBS Access and Sustainability Package reforms are having two impacts: increased net savings to the Government's budget bottom line, some of which is being reinvested in new PBS listings; and secondly, as a consequence, reduced profitability of community pharmacies in the supply chain, particularly through reduced trading terms (discounts/settlement terms on the cost of goods). In fact, the Government is estimated to save over \$20 billion over the life of the 6CPA from price disclosure alone while we estimate the average community pharmacy saw a drop of just under 20 per cent in trading terms per script in 2015-16.

So 2015-16 has been a transition year in the financial performance of community pharmacies – structural changes such as the introduction of the AHI have helped stabilise official remuneration, but pressure from savings measures have resulted in actual remuneration after taking account of trading terms being negatively impacted. This is reflected in some of the key results we see in the *Digest*, including reductions to net profit of 8% in 2015-16 when compared to the previous year.

Another often overlooked challenge for community pharmacies within the new environment of more frequent and larger price reductions for items on the PBS has been stock revaluation losses - when a pharmacy purchases stock of a PBS item at a higher price to ensure it is readily available for patients, if that item is not dispensed before an official price reduction, it means the item is dispensed at a lower price, the difference borne by the pharmacy.

Another development during 2015-16 that has impacted the financial performance of community pharmacies has been the accelerated introduction of high-cost drugs to the PBS, including a range of medicines for the treatment of hepatitis C. Community pharmacies have been at the forefront of ensuring these drugs are delivered to patients in an accessible manner, putting patient health first. Yet the cost of these drugs for pharmacies (price to pharmacy) is significant, and the subsequent margin for pharmacies a tiny fraction, causing cash flow challenges for community pharmacies and skewing revenue and profit measures.

The 2015-16 year also saw dampened growth in prescriptions dispensed when compared to the forecasts contained in the 6CPA. There were 13.2 million fewer subsidised PBS scripts in 2015-16 than anticipated in the 6CPA, only marginally offset by 6.7 million higher-than-anticipated under co-pay scripts. The net result has been a 2.14% total script volume shortfall and consequently a loss of \$82 million for 2015-16 in remuneration across the community pharmacy network (or approximately \$15,100 per pharmacy).

The response of community pharmacies to pressures on dispensing remuneration has not been to stand still but to continue their journey to transform. Community pharmacies continue to evolve towards a more holistic health service model with a growing number of pharmacies incorporating dedicated consultation rooms for the provision of professional health programs and services.

The expansion of these pharmacy services delivered during 2015-16 saw the inclusion of pharmacist-delivered vaccination programs and absence from work certificates which are seen as a significant turning point in the hearts and minds of consumers and their perception of what a community pharmacy is and can provide.

The focus for pharmacy has now shifted to how best to provide these health programs and services in a way that enables long-term sustainability for the pharmacy along with the enormous community health benefits for the customers by providing these services in the safety and convenience of a pharmacy.

Understanding local area health needs from population health and dispense data, restructured operational work flow models that support both the dispensary and forward pharmacy practice along with 'fee for service' modelling are the new frontiers for pharmacy moving towards a promising but challenging future health service landscape.

During 2015-16 community pharmacies continued to be at the forefront of digital health initiatives. The Electronic Transfer of Prescriptions (ETP) continued to be the cornerstone of efficient access to medicines data with an increase of 133% in the proportion of original ePrescriptions being dispensed. Community pharmacy's continued strong adoption of digital health solutions continues to improve patient safety; building a significant level of data available for shared health records and supporting improved health outcomes.

The *Digest* provides valuable management information to pharmacy owners and managers as well as providing insight into this integral component of the broader health sector. The analyses contained in the *2017 Digest* are based largely on the sample of 321 community pharmacies, marginally higher than the previous year (313). The Guild will endeavour to raise the survey response rate for the *Digest* in future years, given the importance of the *Digest* to understanding the state of this key component of the health sector.

The Guild records its appreciation to all community pharmacy participants in this crucially important annual survey during a period of transition to the 6CPA. Without their contribution and support this edition of the *Digest* would not have been possible.

The Guild also recognises the strong support of the pharmacy accounting firms that have lent their tangible support by contributing de-identified information to the *Digest* on behalf of their pharmacy clients. In particular we formally record our appreciation to RSM Bird Cameron, PPS Professional Pharmacy Services, jph Group, Rose Health Accountants & Advisers and Pitcher Pharmacy Accountants. Thanks are extended to National Secretariat staff, in particular Lisa Todd and the Health Economics Team for their dedication in the preparation of this edition.

GEORGE TAMBASSIS

PRESIDENT

THE PHARMACY GUILD OF AUSTRALIA

METHODOLOGY FOR THE 2017 GUILD DIGEST

With the exception of Table 3, the analysis contained in this edition of the *Digest* is based largely on operating information supplied by 321 respondents weighted according to their stratification by prescription volume.

Table 3 is based on responses from participating pharmacists who submitted operating data for both consecutive years – i.e. 2014-15 and 2015-16.

Based on official, de-identified annual prescription volumes, the total population of Australian pharmacies was stratified into national and State strata. The resultant weighting factors were applied to the corresponding strata in the sample. It should be noted that there are significant variations among the States in respect of the distribution of pharmacies within the strata. The four national strata boundaries were defined as follows:

Distribution of prescription volume for weighting

	Prescription Volumes	Number of Pharmacies	Distribution National
Stratum 1	Less than 39,399	1,947	34.8%
Stratum 2	39,999 – 67,541	1,719	30.8%
Stratum 3	67,541 –106,940	1,408	25.2%
Stratum 4	More than 106,940	514	9.2%
TOTAL		5,587	

The above weighting factors were used to correct expected biases in the responding sample. Similarly, State weighting factors were used to estimate the respective State averages.

Users of the *Digest* who are comparing older years should note that the 2008-09 weightings (*2010 Guild Digest*) were significantly different to those for 2007-08 (*2009 Guild Digest*). This resulted in some large movements in results between those two years. The changes in weightings were only minor in subsequent years. Table 3, which uses a matched sample approach and is not impacted by weightings or changes in the make-up of the responding pharmacies, remains the more appropriate table to use when reviewing percentage movements in figures from one year to the next.

SURVEY RESPONSE

After excluding responses with incomplete information, the final number of responses analysed for the purposes of the main sample for 2015-16 was 321.

Response rates are reasonably consistent with the distribution of pharmacies by State, with the exception of Western Australia which had higher-than-average responses. New South Wales, the Northern Territory and South Australia received slightly lower-than-anticipated response rates.

Care should be taken in interpreting results for smaller States due to the lower sample size.

Over the past decade, responses have gradually favoured larger pharmacies. The responding sample for this year's *Digest* continues this trend. The weighting methodology used for overall national and State averages removes the effect of this bias.

NOTE: Wherever you see the word 'weighted' in the *Digest*, the weighting methodology has been applied. Wherever that word is not used, the results are a raw (unweighted) average and may be being impacted by a bias in the sample. In these cases, the percentages (for example, salaries as a percentage of revenue) are often more appropriate to use for benchmarking purposes than the raw dollar figures.

STATISTICAL APPRAISAL OF RESULTS

The annual *Guild Digest* survey allows Guild member pharmacies to assess their current performance compared with others. The results can assist management by focusing attention on items for which there are significant differences from the industry norm or benchmark, although even significant differences on their own do not necessarily mean a problem exists.

Standard information has been provided for different categories and locations of pharmacies. This allows more sophisticated comparisons controlling for these factors. For example, in general terms pharmacies with larger sales volumes tend to have higher profits compared with lower profits or losses for those with smaller volumes, so a large sales volume pharmacy should expect to do somewhat better than the average pharmacy in the same region.

How seriously can pharmacies take the survey findings? One issue is whether the survey results are representative of all pharmacies. Another is the amount of difference between well-run pharmacies that might be expected anyway. Lastly, are there enough respondents that the estimates are of adequate precision? These questions are explored in greater detail in the following paragraphs.

Representativeness of the surveyed pharmacies

A sample of 321 pharmacies responded to this year's survey. The current analyses are based on weightings derived from the distribution of Australian pharmacies in accordance with their annual prescription volumes.

This is a voluntary survey requesting detailed financial questions, so non-response is inevitable and the response rate varied by State.

As the characteristics of the responding pharmacies change from one survey to the next, primarily because of the restructuring that has taken place over the past decade, comparability of the main sample data over time may be a problem. Therefore, comparisons over time may be more meaningful using the data provided by the consecutive year respondents summarised in Table 3. In total 105 respondents formed part of this category for 2015-16.

Expected differences

Although an average can be calculated for any numerical data, this does not mean that all values are close to that mean. For example, although an average rent can be calculated for a group of respondents, this does not mean that everyone is paying a rent close to the average.

One approach is to show the spread of values for the responding pharmacies using quartiles. This type of analysis is shown in Table 4. One quarter have lower values than the low quartile and one quarter have values greater than the high quartile. The 'normal' value in the tables is the median value. Half the pharmacies have a higher value than the normal value, and half have lower values.

Another approach is to present separate estimates for pharmacies with different characteristics, such as sales volume, geographical location, hours of operation, etc. These are presented throughout the *Digest* commencing with Table 6.

Inter-quartile range relative to sample size

Number of Respondents	Division for inter-quartile range
321	24
400	27
350	25
317	24
300	23
200	19
100	14
50	10
20	6
10	4

Precision of the estimates

The precision of the estimated averages in the tables depends on the spread of the distribution of values and the number of responding pharmacies. It is common sense that an average based on 400 pharmacies will be much more precise than an average based on only two pharmacies.

One measure of the precision of an estimate is its standard error. The standard error of a mean can be approximately calculated from the difference between the high and low quartiles. This difference, or *inter-quartile range (IQR)*, is divided by a number which depends on the number of respondents used to estimate the mean. This number is approximately 1.35 multiplied by the square root of the sample size:

For example, the mean total expenses (based on 321 respondents) is \$ 913,511 (see Table 2). The inter-quartile range (from Table 4) is 12.55% (= 36.89% – 24.37%), so the approximate standard error of this estimate is 0.5% (= % 12.55/24).

Standard statistical theory shows that there is a 95% certainty that the true mean is within twice the standard error of the estimate. In this case, the 95% confidence interval for the true mean total expenses, based on 321 respondents, is between 28.47% and 30.47%.

Standard errors and confidence intervals calculated in this way will be slight over-estimates. This is because the standard errors will be lower when the data are stratified for characteristics that explain some of the spread in values.

The estimates here make particular statistical assumptions. These assumptions imply, for example, that the mean and median will be similar. However, they should give adequate estimates even if there are small departures from these assumptions.

Using this survey

The statistical characteristics required of a survey depend on what the survey is to be used for. This survey is intended mainly as an aid to management, and its results will be extremely useful for this purpose.

Even large differences for particular items from the norm shown in the tables may not necessarily indicate a problem. Every business is different. For example, paying relatively high rent may reflect an unnecessarily high expense or a conscious decision to pay for a premium location. Conversely, an average rent could reflect paying the right price for the location - or hide paying too much for a poor location.

DEFINITION OF KEY INCOME AND EXPENSE ITEMS IN TABLES

Sales: Relate to the sale of all products (both prescription and retail) for which goods were purchased at wholesale for the purpose of re-sale at a profit. It excludes services income, government payments such as rural allowances, commissions, agency fees, dividends and disposal of assets.

Cost of Goods Sold: Refers to purchases of goods for re-sale at a profit: a fuller definition of cost of goods sold is provided in the User's Guide to the *2017 Digest* section. Percentage shown is of sales.

Gross Margin: This is derived by deducting cost of goods sold from sales. Percentage shown is of sales.

Other Income: Income from items which do not involve cost of goods sold. They may, for example, be related to Community Pharmacy Agreement programs or professional services. Dividend and rent income, and other such income not connected with the pharmacy's operation, are also included here.

Gross Margin Plus Other Income: The arithmetic total of the gross margin and other income and it represents the total gross margin from trading.

Total Revenue: The arithmetic total of sales and other income; all expenses are expressed as a percentage of total revenue (not sales) since a portion of all expenses is also incurred in earning other income.

Salaries and Wages: Include wages paid to all staff and locums but exclude proprietors' earnings (since the latter are represented by proprietors' notional salary). Percentage shown is of total revenue.

Expenses: All expense items are expressed as a percentage of total revenue.

Total Income: Arrived at by subtracting total expenses and cost of goods sold from total revenue; it refers to the trading profit of the pharmacy which may involve several partners. Percentage shown is of total revenue.

EBITDA: Earnings Before Interest, Taxes, Depreciation and Amortisation reflects net income before interest, taxes, depreciation and amortisation expenses are deducted.

Proprietors' Notional: A notional estimate of a reasonable professional salary for hours worked in the pharmacy.

Salary: Pharmacy-by-pharmacy proprietors. It is adjusted for over-award payments but includes only work performed within the pharmacy. This is consistent with the rationale that a proprietor should expect remuneration at least equivalent to the salary which he/she would otherwise receive for a similar effort as a manager.

Accordingly the calculation of proprietors' notional salary not only reflects normal working hours but also other factors such as leave loading, superannuation, provision for annual leave, provision for long-service leave and sick leave (collectively termed on-costs) and overtime worked.

In 2015-16, the normal hourly rate was estimated at \$54.21 for the first 38 hours - equivalent to an annual salary of \$107,119. Additional hours were calculated at time-and-a-half rate to reflect overtime. A rate of 1.2547 was applied to reflect on-cost provisions. (Refer also to detailed explanation under Section titled 'Analysis of Survey Results').

For the purposes of the *Digest*, no allowance has been made for 'proprietary lead' which is essentially the incentive to invest in a business rather than in an interest-bearing investment account.

It is worth noting that where a pharmacy was manager-operated, the proprietors' notional salary was based on the actual number of hours worked by the proprietors in that pharmacy, if any.

The corresponding percentage is expressed as per cent of total revenue.

Full-Time-Equivalent: A notional rate which should be interpreted in the particular circumstances of individual pharmacies. It is derived simply by dividing the total hours worked by 38 (the normal award hours) irrespective of the number of hours worked by each partner.

Net Profit/Loss: Calculated by subtracting proprietors' notional salary from total income.

Please note that taxation is not considered in the Guild's survey or the published results. All figures are before tax. The corresponding percentage is expressed as percent of total revenue.

Sales Analysis

Prescriptions: Refers to all prescription sales including the income derived from dispensing private prescriptions, prescriptions valued less than the maximum patient contribution, all PBS and RPBS prescriptions and all patient contributions. It excludes OTC items.

The corresponding percentage is expressed as percent of sales.

Other Sales: Include all retail and OTC sales but exclude other income.

The corresponding percentage is expressed as percent of sales.

Stock Turn: The cost of goods sold in a given year divided by the mathematical average of the opening and closing stock in the same year. It is a measure of the frequency with which stocks are turned over in the financial year.

Funds Retained in Business: These are necessary to refinance inflation-affected inventories and to replace fixtures and other capital equipment. This figure is calculated as the difference between total income and the reported drawings by proprietors. Where drawings have not been reported by respondents, they have been excluded from the calculated average.

The corresponding percentage is expressed as percent of total revenue.

(All financial values are exclusive of GST)

AUSTRALIAN PHARMACIES HISTORICAL FINANCIAL PERFORMANCE 2002 - 2016

(Average, based on all participating pharmacies)

Table 1	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
	(408)	(528)	(427)	(418)	(385)	(353)	(326)	(302)	(289)	(281)	(308)	(313)	(436)	(313)	(321)
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
SALES	1,930,960	2,116,736	2,195,552	2,334,145	2,394,030	2,464,443	2,568,388	2,901,620	2,972,997	2,984,920	2,922,245	2,875,574	2,789,716	2,763,240	3,085,229
GROSS MARGIN	616,179	660,229	684,059	722,192	756,166	797,473	838,984	980,871	987,422	999,199	1,055,389	1,046,132	1,066,420	1,090,599	1,097,108
SALARIES & WAGES	210,770	227,379	227,712	254,689	263,115	280,355	295,931	341,052	345,136	350,638	347,313	336,399	343,244	369,417	385,656
RENT	60,566	65,566	65,427	73,183	77,862	85,460	90,049	115,547	121,236	119,091	136,499	140,454	141,145	148,352	157,350
OTHER EXPENSES	162,343	181,101	179,567	191,412	205,955	225,749	250,126	298,739	321,248	320,098	370,322	373,013	371,209	381,343	370,504
TOTAL EXPENSES	320,679	474,046	472,706	519,284	546,932	591,564	636,107	755,339	787,619	789,826	854,134	849,866	855,598	899,111	913,511
TRADING PROFIT	182,500	186,183	211,353	202,908	209,234	205,909	202,877	225,532	199,803	209,373	201,255	196,267	210,822	191,488	183,597
OTHER INCOME	17,966	15,276	15,112	14,445	23,721	30,681	24,597	34,024	38,758	28,936	34,485	41,012	46,098	43,319	44,785
TOTAL INCOME	200,466	201,459	226,465	217,353	232,955	236,590	227,474	259,556	238,562	238,309	235,740	237,279	256,920	234,807	228,382
PROPRIETORS' SALARIES	97,400	104,809	136,619	142,167	160,349	156,316	145,055	148,106	134,992	141,127	147,555	143,788	149,654	124,892	127,333
NET PROFIT/LOSS	103,066	96,650	89,846	75,186	72,606	80,274	82,419	111,370	103,570	97,182	88,185	93,490	107,266	109,914	101,049
STOCK CARRIED	183,802	186,903	186,409	197,893	204,134	219,388	231,567	246,943	280,867	276,898	271,361	288,039	265,790	247,847	281,479

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AVERAGE AUSTRALIAN PHARMACY - COMPARISON BETWEEN 2015 AND 2016
(Based on 12 Months of Trading to 30/06/2016, All Digest 2017 Respondents)

Table 2

	2015 AVERAGES		2016 AVERAGES		AMOUNT AND PERCENT OF CHANGE	
	\$	%	\$	%	\$	%
SALES, EXPENSES & PROFITABILITY						
SALES	2,763,240		3,085,229		321,989	11.65
COST OF GOODS SOLD (3)	1,672,641	60.53	1,988,122	64.44	315,480	18.86
GROSS MARGIN (3)	1,090,599	39.47	1,097,108	35.56	6,509	0.60
Other Income	43,319		44,785		1,466	3.38
GROSS MARGIN PLUS OTHER INCOME	1,133,918		1,141,893		7,975	0.70
TOTAL REVENUE	2,806,559		3,097,139		290,580	10.35
EXPENSES						
Salaries and Wages	369,417	13.16	385,656	12.45	16,240	4.40
Rent Paid	148,352	5.29	157,350	5.08	8,998	6.07
Outgoings - Rental & Rates	21,793	0.78	21,079	0.68	-713	-3.27
Accounting	8,450	0.30	7,905	0.26	-545	-6.45
Advertising	26,533	0.95	37,183	1.20	10,650	40.14
Bank Charges	7,050	0.25	9,253	0.30	2,203	31.24
Computer Expenses	13,076	0.47	11,795	0.38	-1,281	-9.79
Depreciation	30,328	1.08	34,289	1.11	3,962	13.06
Electricity, Water, Heating	13,094	0.47	11,915	0.38	-1,180	-9.01
Insurance	8,472	0.30	10,107	0.33	1,635	19.30
Interest Paid	59,292	2.11	54,231	1.75	-5,061	-8.54
Leasing Expenses	7,991	0.28	5,340	0.17	-2,651	-33.18
Motor Vehicle Expenses	6,869	0.24	4,942	0.16	-1,927	-28.06
Postage, Freight, Printing	9,472	0.34	12,255	0.40	2,782	29.37
Repairs, Maintenance, Service	4,553	0.16	4,812	0.16	258	5.68
Subs and Registrations	8,692	0.31	8,910	0.29	217	2.50
Superannuation	35,018	1.25	39,940	1.29	4,922	14.06
Telephone	4,893	0.17	5,640	0.18	747	15.26
Training	2,464	0.09	2,450	0.08	-14	-0.58
Abnormal Expenses*	8,821	0.10	14,350	0.46	5,529	62.68
Payroll Tax	5,332	0.19	5,885	0.19	552	10.35
Workers' Compensation	3,159	0.11	3,615	0.12	456	14.43
Other Expenses	95,990	3.64	64,610	2.09	-31,379	-32.69
TOTAL EXPENSES	899,111	32.04	913,511	29.50	14,399	1.60
TOTAL INCOME	234,807	8.37	228,382	7.37	-6,424	-2.74
Less Proprietors' Salary (1,4) [Full-Time-Equivalents]	124,892 0.93	4.45	127,333 0.95	4.11	2,441 0.02	1.95
NET PROFIT/LOSS	109,914	3.92	101,049	3.26	-8,865	-8.07
EBITDA	199,534	7.11	189,570	6.12	-9,964	-4.99
SALES ANALYSIS						
Prescriptions (3)	1,811,358	65.55	1,865,221	60.46	53,863	2.97
Other Sales (3)	951,882	34.45	1,220,008	39.54	268,126	28.17
INVENTORY ANALYSIS						
Prescription	78,518	2.80	78,655	2.54	138	0.18
Other	169,329	6.03	202,824	6.55	33,495	19.78
STOCK CARRIED (Total)	247,847	8.83	281,479	9.09	33,633	13.57
STOCK TURN (On Total Inventory)	6.75		7.06		0.31	4.66
SALES PER INVENTORY DOLLAR						
Prescription	23.07		23.71		0.64	2.79
Other	5.62		6.02		0.39	7.00
STATISTICS						
PHARMACY SIZE (square metres)	210		239		29	13.70
PRESCRIPTIONS DISPENSED (Total)	57,694		57,442		-252	-0.44
PRESCRIPTIONS DISPENSED WEEKLY	1,109		1,105		-5	-0.44
TOTAL HOURS OPEN per WEEK	60.7		62.0		1.3	2.11
AV HRS WORKED BY PROPRIETORS/WEEK	35.3		36.0		0.7	1.95
FUNDS RETAINED IN BUSINESS (2)	94,273	3.36	113,031	3.65	18,758	19.90

(1) Notional Proprietor's Salary is based on actual manager's wages and includes on-costs such as a provision for annual leave, long service leave etc.

(2) Funds Retained in Business is calculated as the difference between Total Income and Drawings by Proprietors.

(3) Percentages against Pharmacy Sales

(4) A methodological change has occurred for Notional Proprietor's Salary and Average Hours worked by Proprietors per Week from 2014-15.

Adjusted figures have been supplied for 2013-14 for the purposes of comparison but these figures are incomparable to previous years.

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SUMMARY OF PHARMACY PERFORMANCE 2015-16

This section examines the 2015-16 survey results, after applying weightings to remove any distortion caused by the responding sample being skewed towards larger pharmacies. Table 2 also presents the 2015-16 averages for comparison purposes. However, for more accurate analysis of the movements from one period to the next, it is useful to compare the performance of pharmacies which participated in both years. Those results are summarised in the next section by reference to Table 3.

The following are a few key characteristics of community pharmacy in Australia:

- + Community pharmacy is a \$17.3 billion health sector, including \$10.4 billion in prescription sales per year.
- + Community pharmacies dispense 321 million prescriptions annually, including 295 million PBS/RPBS subsidised prescriptions.
- + Community pharmacy employs around 80,000 highly skilled staff (including proprietors), the majority of whom are women.
- + Total dispensary sales represent around 60.46% of all sales through pharmacies.
- + The average community pharmacy dispenses 57,442 prescriptions per year.
- + As of 30 June 2016 there were 5,587 community pharmacies, each serving on average a community of 4,318 people across Australia.

The key results of the 2015-16 financial year based on the national weighted averages in Table 2:

- + Average total sales are \$3,085,229 of which 60.46% is from prescriptions and the remaining 39.54% is from non-prescription sales.
- + Average gross margin as a percentage of sales is 35.56%, down from 39.47% in 2014-15.
- + Average revenue from other income increased from the previous year's figure of \$43,319 to \$44,785 in 2015-16.
- + Expenses ended the year at 29.5% of sales, marginally down from 32.04% in 2014-15. Expenses have significantly grown at the rate of 4.77% (CAGR) a year for the past decade.
- + Salaries and wages as a percentage of sales marginally decreased from 13.16% to 12.45%.
- + Rent as a percentage of sales decreased from 5.29% of sales to 5.08%.
- + Wages and rent combined make up 59.44% of total expenses.
- + Proprietors' notional salary represented 4.11% of turnover, down from 4.45% in 2014-15.

The average prescription volume per pharmacy decreased slightly (0.44%) but has remained greater than one thousand per week (1,105), after reaching this milestone in 2008-09.

Chart 1

Revenue in real terms, 1992 to 2016

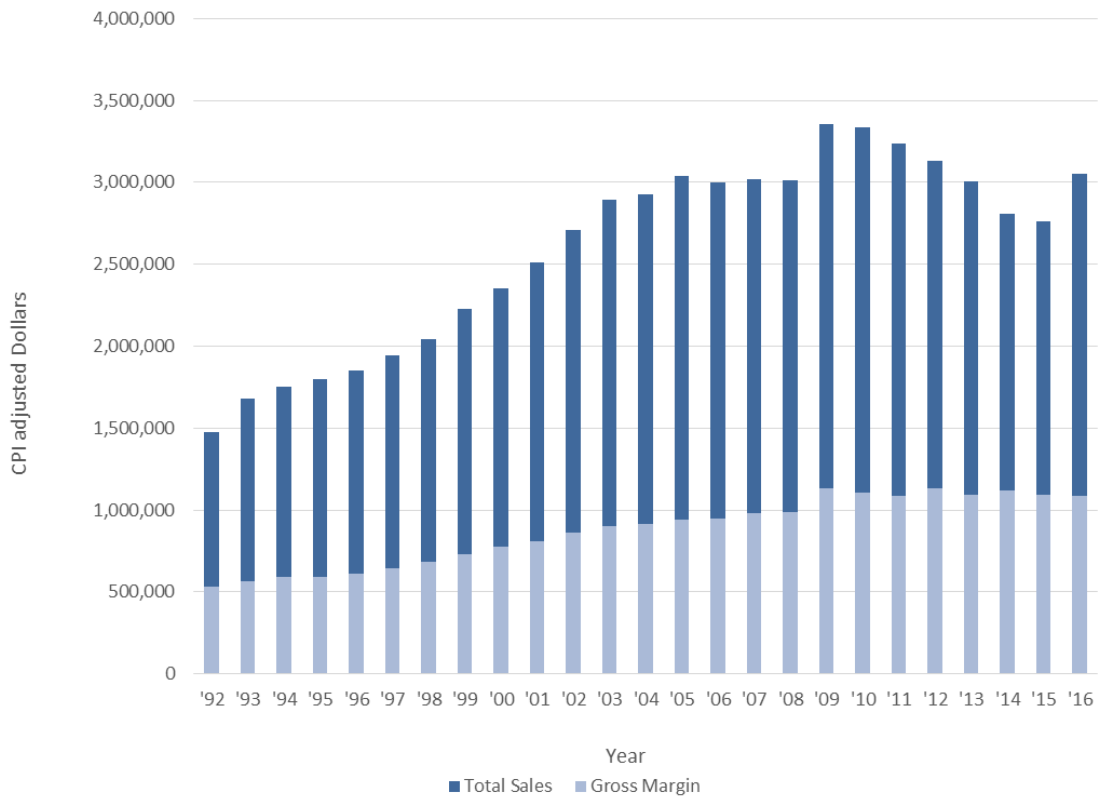
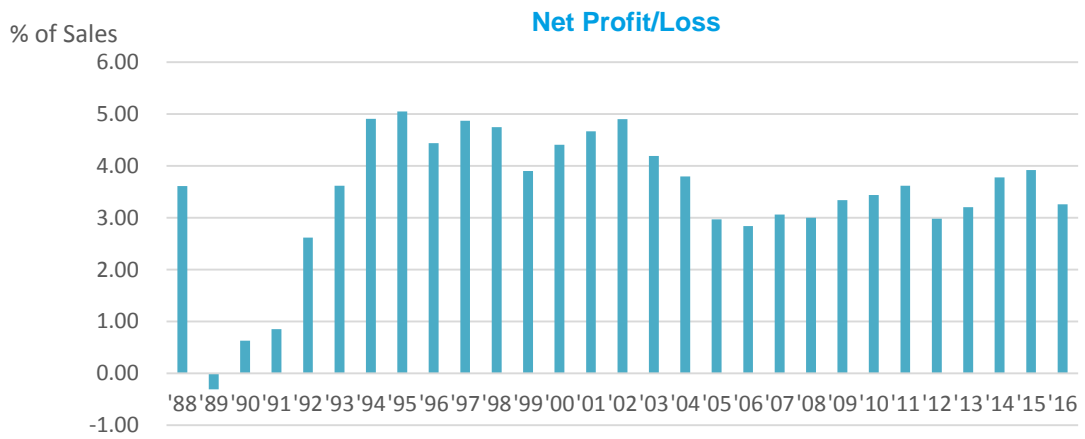
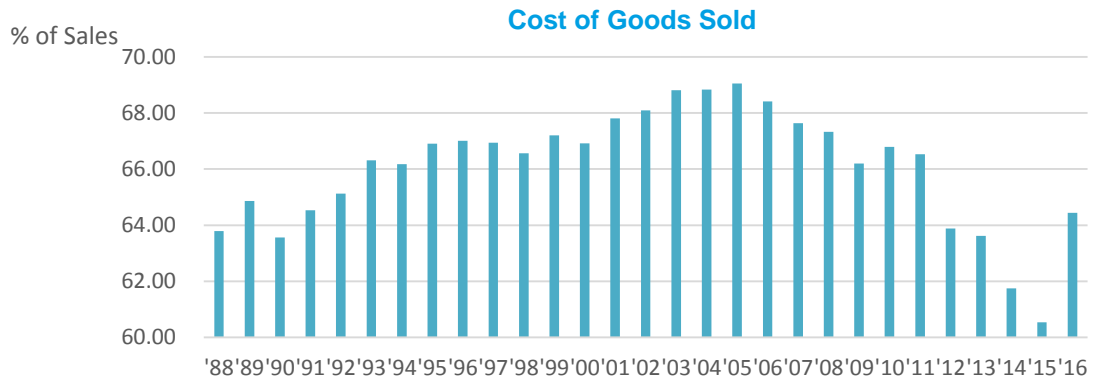


Chart 2

Trends in pharmacy operations, 1988 – 2016



AUSTRALIAN PHARMACIES - COMPARISON BETWEEN 2015 AND 2016
(Based on 12 Months of Trading to 30/06/2016)

Table 3

	2015 AVERAGES		2016 AVERAGES		AMOUNT AND PERCENT OF CHANGE	
	\$	%	\$	%	\$	%
SALES, EXPENSES & PROFITABILITY						
SALES	3,138,313		3,043,794		-94,519	-3.01
COST OF GOODS SOLD (3)	1,865,511	59.44	1,788,789	58.77	-76,722	-4.11
GROSS MARGIN (3)	1,229,301	39.17	1,202,591	39.51	-26,710	-2.17
Other Income	43,501		52,414		8,913	20.49
GROSS MARGIN PLUS OTHER INCOME	1,272,802		1,255,005		-17,797	-1.40
TOTAL REVENUE	3,181,814		3,096,208		-85,606	-2.69
EXPENSES						
Salaries and Wages	445,295	13.99	460,955	14.89	15,660	3.52
Rent Paid	177,762	5.59	183,450	5.92	5,687	3.20
Outgoings - Rental & Rates	26,980	0.85	25,111	0.81	-1,869	-6.93
Accounting	9,296	0.29	4,499	0.15	-4,797	-51.60
Advertising	30,268	0.95	23,299	0.75	-6,969	-23.02
Bank Charges	10,459	0.33	6,536	0.21	-3,922	-37.50
Computer Expenses	13,439	0.42	13,364	0.43	-75	-0.56
Depreciation	36,568	1.15	36,154	1.17	-413	-1.13
Electricity, Water, Heating	16,163	0.51	14,007	0.45	-2,156	-13.34
Insurance	9,640	0.30	9,205	0.30	-434	-4.51
Interest Paid	57,921	1.82	51,238	1.65	-6,683	-11.54
Leasing Expenses	n.a.	n.a.	6,902	0.22	n.a.	n.a.
Motor Vehicle Expenses	2,057	0.06	3,376	0.11	1,319	64.12
Postage, Freight, Printing	16,280	0.51	13,294	0.43	-2,986	-18.34
Repairs, Maintenance, Service	6,719	0.21	5,363	0.17	-1,356	-20.18
Subs and Registrations	22,038	0.69	22,589	0.73	551	2.50
Superannuation	38,302	1.20	38,927	1.26	624	1.63
Telephone	5,361	0.17	5,392	0.17	30	0.57
Training	1,944	0.06	2,387	0.08	444	22.82
Abnormal Expenses	71,419	2.24	73,205	2.36	1,785	2.50
Payroll Tax	13,460	0.19	14,966	0.19	1,507	11.19
Workers' Compensation	2,907	0.09	2,838	0.09	-68	-2.35
Other Expenses	79,636	2.50	47,780	1.54	-31,856	-40.00
TOTAL EXPENSES	1,093,913	34.38	1,064,838	34.39	-29,075	-2.66
TOTAL INCOME	178,889	5.62	190,167	6.14	11,278	6.30
Less Proprietors' Salary (1) [Full-Time-Equivalents]	192,905 1.44	6.06	175,083 1.30	5.65		
NET PROFIT/LOSS	-14,016	-0.44	15,084	0.49	29,100	207.62
EBITDA	80,473	2.53	102,477	3.31	22,004	27.34
SALES ANALYSIS						
Prescriptions (3)	1,983,955	63.22	1,934,663	63.56	-49,292	-2.48
Other Sales (3)	1,131,297	36.05	1,127,835	37.05	-3,461	-0.31
INVENTORY ANALYSIS						
Prescription	75,583	2.38	87,743	2.83	12,160	16.09
Other	225,953	7.10	255,721	8.26	29,768	13.17
STOCK CARRIED (Total)	305,156	9.59	343,464	11.09		
STOCK TURN (On Total Inventory)	6.11		5.21			
SALES PER INVENTORY DOLLAR						
Prescription	26		22		-4	-16.00
Other	5		4		-1	-17.66
STATISTICS						
PHARMACY SIZE (square metres)	287		261		-26	-9.07
PRESCRIPTIONS DISPENSED (Total)	59,105		61,344		2,239	3.79
PRESCRIPTIONS DISPENSED WEEKLY	1,137		1,180		43	3.79
TOTAL HOURS OPEN per WEEK	n.a.		77.7		n.a.	n.a.
AV HRS WORKED BY PROPRIETORS/WEEK	54.5		49.5		-5	-9.24
FUNDS RETAINED IN BUSINESS (2)	-141,622	-4.45	-7,681	-0.25		

(1) Notional Proprietor's Salary is based on actual manager's wages and includes on-costs such as a provision for annual leave, long service leave etc.

(2) Funds Retained in Business is calculated as the difference between Total Income and Drawings by Proprietor's.

(3) Percentages against Pharmacy Sales

COMPARISON OF PHARMACIES REPORTING IN CONSECUTIVE YEARS

The *Digest* includes a comparison of performance for pharmacies which have responded in two consecutive years (Table 3). This is particularly important in highlighting movements in key indicators from one year to the next. It is usually more relevant in assessing movements than the estimates provided in Table 2 (i.e. the entire sample).

It is for this purpose that voluntary participation is encouraged to supplement the annual samples being compared. Since these responses are not restricted to the main sample, the larger their number the more representative the comparisons would be.

A sample of 105 pharmacies provided responses for both 2014-15 and 2015-16. The following section offers an overview of the results summarised in Table 3.

- + Total sales decreased by 3.0%.
- + Cost of goods sold decreased by 4.1%. This offset the impact of reduced sales on gross margin, at 39.51% compared with 39.17% in 2014-15.
- + Total expenses decreased by 3% in dollar terms but marginally increased as a percentage of sales, from 34.38% to 34.39% in 2014-15.
- + Total Income increased by 6% in 2015-16.
- + Salaries and wages for the comparative sample increased by 3.5% while rents increased by 3.2%.
- + Prescription revenue as a percentage of sales dropped by 2.5% with a decrease of 3.8% in per pharmacy script volume.
- + Non-prescription sales posted a marginal decrease of 0.3%.

ANALYSIS OF SURVEY RESULTS

Successful businesses are essentially characterised by their ability to:

- + Secure a reasonable salary for the proprietor(s) commensurate with the hours invested in the job, whether it be serving a customer, planning for the future growth of the business or after-hour's record-keeping.
- + Ensure a reasonable return on the funds invested in the business at a rate appropriate to the level of risk involved.
- + Generate sufficient additional funds to cover the necessary inflationary costs of replacing stock and non-depreciable items as well as the depreciation deficiency on capital items whose replacement costs need to be based on current (and not historical) values.

Community pharmacy is no exception.

Despite its primary healthcare role, community pharmacy is also a business. As well as being health professionals, pharmacists need to survive in the business environment with all its associated risks and rewards. Profitability is an essential part of that landscape.

The overall sales performance of community pharmacy in 2015-16 recorded a slight reduction (Table 3). Prescription revenue was reduced by the pressures of price disclosure while retail sales exhibited pressures consistent with the broader market. Profitability dropped slightly due to these factors.

Quartile analysis (Table 4)

Statistical reports should never be considered in isolation as bare facts. They must be interpreted in context and compared by reference to other factors which may be unique to the operation. With this caveat in mind, the following analyses provide a useful guide for decision-making.

Quartiles provide a means of assessing the performance of a particular business relative to a scale of results actually achieved by other respondents. For every revenue, expense, stock and prescription category item listed, each respondent's results are ranked in order of magnitude. The best and the worst results are not shown, but the results are tabulated according to three discrete points in the total sample: low or 1st quartile; normal or 2nd quartile (or median); and high or 3rd quartile. The first quartile simply means that 25% of respondents achieved results less than the value shown for the item. On the other hand, the 3rd or high quartile means that 75% achieved less and 25% achieved greater than the value indicated.

Similarly, the median or normal quartile marks the value which one half of the respondents achieved and the other half did not. It is worth noting that the figures in the low, normal and high columns represent results from a wide range of pharmacies and the data should be viewed only in terms of their corresponding expense or income items. Strictly speaking, the salaries and wages percentage in the normal quartile (14.02%) bears no relationship to the sales figure in the same quartile (\$2,938,610). The correct interpretation is that the normal quartile for salaries and wages is 14.02% of the sales figure reported by that median respondent. The sales figure of \$2,938,610 is independent of the 14.02%. Conversely, the median respondent who reported the sales figure of \$2,938,610 may have a totally different salaries and wages percentage.

When putting these results into benchmarking practice, the general rule of thumb is to aim for:

Expense results below the low quartile

Revenue results above the high quartile

An expense result above the high quartile value means that the business needs to examine very closely the causes of the high expense level and to undertake remedial action. Revenue results below the low quartile value require similar urgent attention since they indicate scope for improvement.

Quartile Analysis of Gross Margin and Salaries

Gross Margin	<30%	less than desirable
	>40%	excellent
Salaries and Wages	<9%	excellent
	>14%	room for improvement

Examples

However, each result must be viewed in its proper context. With respect to salaries and wages, a pharmacy with one part-time staff member may be below the 9% rate and still not be achieving efficiencies. At the other end of the spectrum, a manager-operated pharmacy is likely to have a higher salary cost component (approaching 14%) but in some cases may be operating at a highly efficient level. Similarly, higher-than-average rents do not necessarily suggest an unproductive location.

It is worth noting that a 1% fall in expenses (expressed in terms of revenue) directly translates to an increase of 1% in profits (expressed in terms of revenue).

PROPRIETORS' NOTIONAL SALARY

As in previous years, the purpose of this calculation is to provide an indication of a reasonable level of professional remuneration for a pharmacy proprietor (or proprietors) for working in the pharmacy (often for extended hours), taking shorter holidays than employees, bearing the after-hours burden of record-keeping and assuming all the risks associated with investing in and running a business.

The starting base is an employee manager's actual salary for a 38-hour week, adjusted for overtime for any additional hours. To this figure are added on-costs which necessarily form part of labour costs of employing a manager - such things as annual leave, long-service leave, superannuation.

In 2015-16, the normal hourly rate was estimated at \$54.21 for the first 38 hours - equivalent to an annual salary of \$107,119. Additional hours were calculated at time-and-a-half rate to reflect overtime. A rate of 1.2547 was applied to reflect on-cost provisions.

Calculation of salary loading

%	Annual Salary (38 hour week)
7.69	Holiday (4 weeks)
1.35	Leave loading (17.5% of 4 weeks)
1.92	Sick leave (1 week)
1.67	Long-service leave (3 mths/15 yr)
3.85	Public holidays (2 weeks)
9.00	Superannuation
25.47	Total On-Cost

AUSTRALIAN PHARMACIES: QUARTILE ANALYSIS 2015-16
(Based on 12 Months of Trading to 30/06/2016)

Table 4

	2016 AVERAGES		LOW	NORMAL	HIGH
SALES, EXPENSES & PROFITABILITY	\$	%			
SALES	3,085,229		1,776,487	2,938,610	4,301,212
COST OF GOODS SOLD (3)	1,988,122	64.44	61.26	64.62	68.93
GROSS MARGIN (3)	1,097,108	35.56	30.31	34.09	37.78
Other Income	44,785		0.59	1.00	2.25
GROSS MARGIN PLUS OTHER INCOME	1,141,893		29.35	35.04	37.80
TOTAL REVENUE	3,097,139		100.00	100.00	100.00
EXPENSES					
Salaries and Wages	385,656	12.45	11.73	14.02	16.53
Rent Paid	157,350	5.08	2.71	4.04	5.66
Outgoings - Rental & Rates	21,079	0.68	0.12	0.46	0.89
Accounting	7,905	0.26	0.10	0.19	0.42
Advertising	37,183	1.20	0.20	0.58	1.31
Bank Charges	9,253	0.30	0.09	0.23	0.41
Computer Expenses	11,795	0.38	0.17	0.46	0.73
Depreciation	34,289	1.11	0.49	0.84	1.37
Electricity, Water, Heating	11,915	0.38	0.25	0.35	0.51
Insurance	10,107	0.33	0.22	0.29	0.44
Interest Paid	54,231	1.75	0.59	2.07	3.38
Leasing Expenses	5,340	0.17	0.00	0.06	0.18
Motor Vehicle Expenses	4,942	0.16	0.00	0.06	0.24
Postage, Freight, Printing	12,255	0.40	0.24	0.35	0.50
Repairs, Maintenance, Service	4,812	0.16	0.05	0.12	0.23
Subs and Registrations	8,910	0.29	0.20	0.37	0.81
Superannuation	39,940	1.29	1.03	1.24	1.53
Telephone	5,640	0.18	0.11	0.18	0.26
Training	2,450	0.08	0.02	0.06	0.14
Abnormal Expenses	14,350	0.46	0.00	0.26	1.32
Payroll Tax	5,885	0.19	0.01	0.33	0.61
Workers' Compensation	3,615	0.12	0.08	0.10	0.13
Other Expenses	64,610	2.09	1.04	1.67	1.98
TOTAL EXPENSES	913,511	29.50	24.37	29.47	36.89
TOTAL INCOME	228,382	7.37	1.82	8.40	14.39
Less Proprietors' Salary (1)	127,333	4.11	106,111	127,333	152,092
[Full-Time-Equivalents]	0.95		0.79	0.95	1.13
NET PROFIT/LOSS	101,049	3.26	0.14	6.99	13.33
EBITDA	189,570	6.12	-8.32	3.93	10.63
SALES ANALYSIS					
Prescriptions (3)	1,865,221	60.46	1,124,451	1,815,100	2,843,155
Other Sales (3)	1,220,008	39.54	505,810	935,502	1,698,949
INVENTORY ANALYSIS					
Prescription	78,655	2.54	53,309	70,760	95,252
Other	202,824	6.55	70,960	135,006	315,612
STOCK CARRIED (Total)	281,479	9.09	124,269	205,766	410,864
STOCK TURN (On Total Inventory)	7.06		5.23	7.36	9.22
SALES PER INVENTORY DOLLAR					
Prescription	23.71		19.17	25.06	34.69
Other	6.02		4.16	5.24	6.84
STATISTICS					
PHARMACY SIZE (square metres)	239		120.0	200.0	318.5
PRESCRIPTIONS DISPENSED (Total)	57,442		34,400	56,183	82,140
PRESCRIPTIONS DISPENSED WEEKLY	1,105		662	1,082	1,581
TOTAL HOURS OPEN per WEEK	62.0		49.9	57.8	73.9
AV HRS WORKED BY PROPRIETORS/WEEK	36.0		30.0	36.0	43.0
FUNDS RETAINED IN BUSINESS (2)	113,031	3.65	366	185,562	391,852

(1) Notional Proprietor's Salary is based on actual manager's wages and includes on-costs such as a provision for annual leave, long service leave etc.

(2) Funds Retained in Business is calculated as the difference between Total Income and Drawings by Proprietor's.

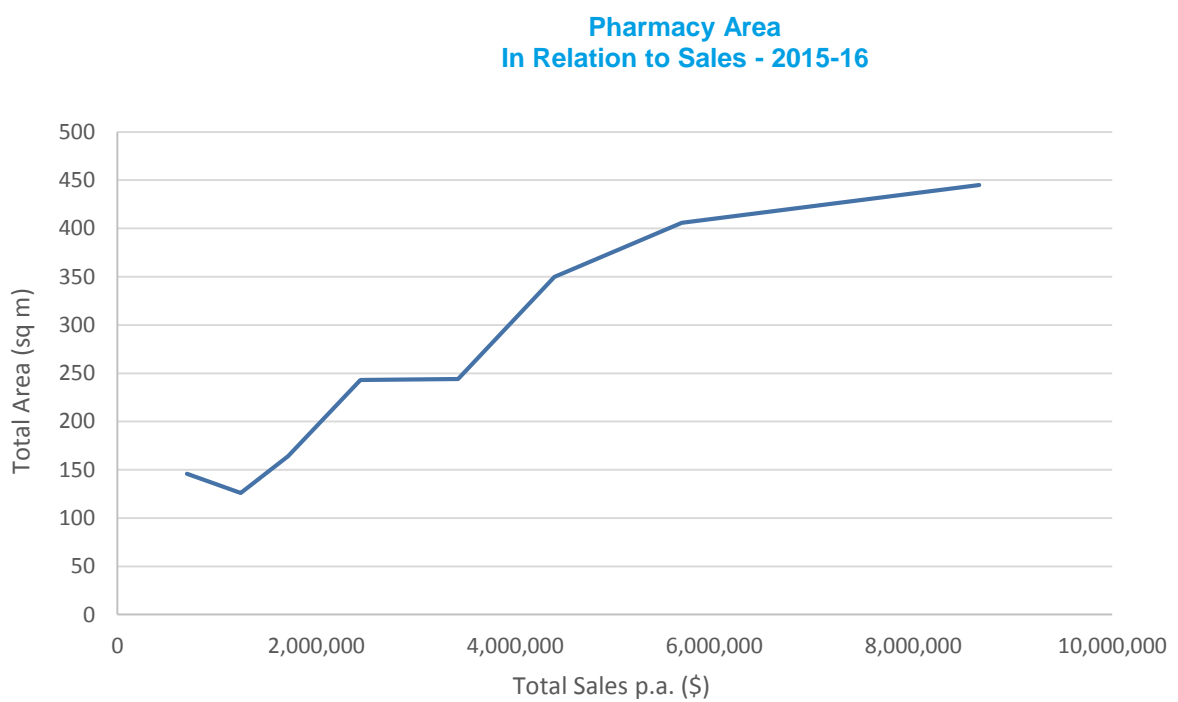
(3) Percentages against Pharmacy Sales

PLANNING TOOLS AND PRODUCTIVITY MEASURES

Sales per square metre is a useful benchmarking tool to guide merchandising and display. As a general rule, sales productivity by area of selling space tends to increase with turnover and this year turnover per square metre ranged from \$7,652 to \$27,619.

The relationship between shop area and sales is illustrated in Chart 3. Refer to Table 5 for details according to turnover range.

Chart 3



Total sales vs number of prescriptions

The average prescription generated between \$47.02 and \$79.83 in sales revenue in 2015-16. With an average value per prescription of about \$33.59, each prescription induced between \$13 and \$46 extra revenue in the non-prescription sector.

In practice, customer numbers far exceed the number of prescriptions dispensed. *Digest* data indicates the average number of customers per pharmacy per year is approximately 79,136 (compared with 57,442 dispensed prescriptions). Therefore the average sale per customer may be lower than the sales per script figures. It is nevertheless important to note that prescriptions contribute significantly to other sales and the important nexus between the two should not be underestimated. The close correlation between the number of prescriptions dispensed and total sales is illustrated in Chart 4, and the long-term trend towards an increase in the proportion of dispensary to total sales is shown in Chart 5.

Pharmacy metrics by turnover range

TURNOVER RANGE	Average Script Value (\$)	Non-Prescription	Script Sales/ Total Sales	TURNOVER PER SQ M SHOP	RENT \$ PER SQ M SHOP SPACE
\$	\$	\$	%		
UNDER \$1,000,000	32.13	14.99	72.8%	\$7,652	\$333
\$1,000,000 - \$1,500,000	33.83	22.37	69.8%	\$14,347	\$550
\$1,500,000 - \$2,000,000	31.25	15.78	70.7%	\$12,652	\$467
\$2,000,000 - \$3,000,000	32.99	19.18	65.4%	\$13,922	\$599
\$3,000,000 - \$4,000,000	33.75	21.77	65.0%	\$17,347	\$774
\$4,000,000 - \$5,000,000	34.29	34.96	63.0%	\$16,089	\$826
\$5,000,000 - \$7,000,000	34.42	31.18	61.5%	\$16,512	\$633
OVER \$7,000,000	35.99	43.84	54.7%	\$26,599	\$1,619

Chart 4

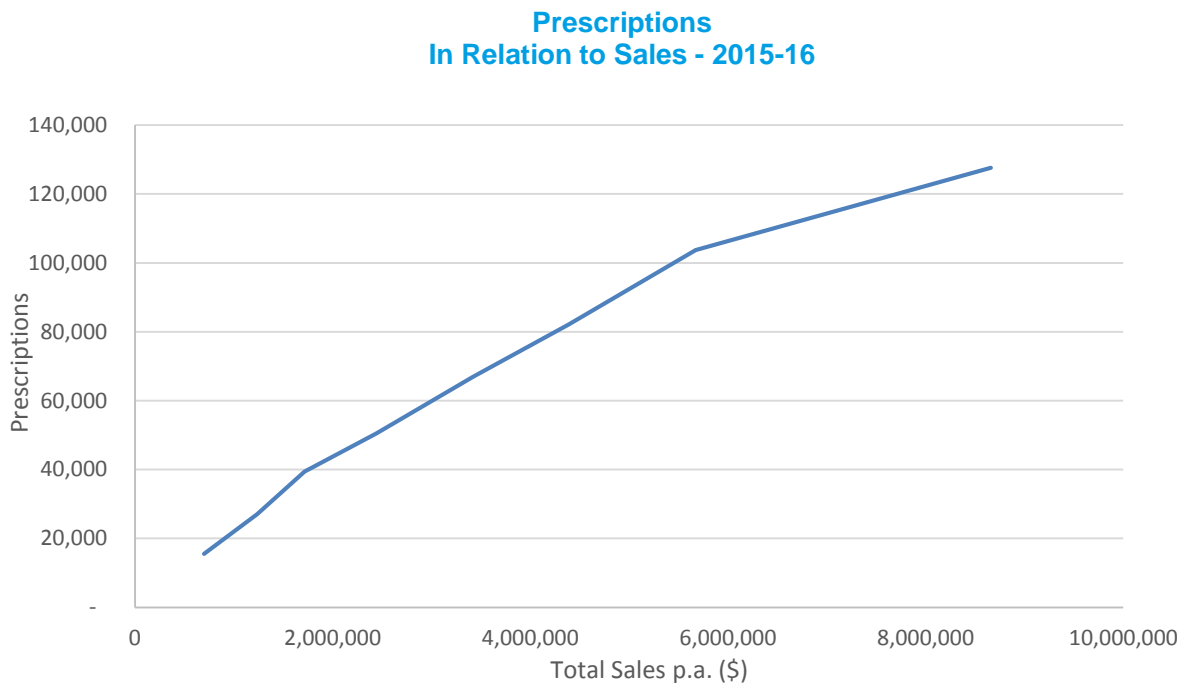


Chart 5

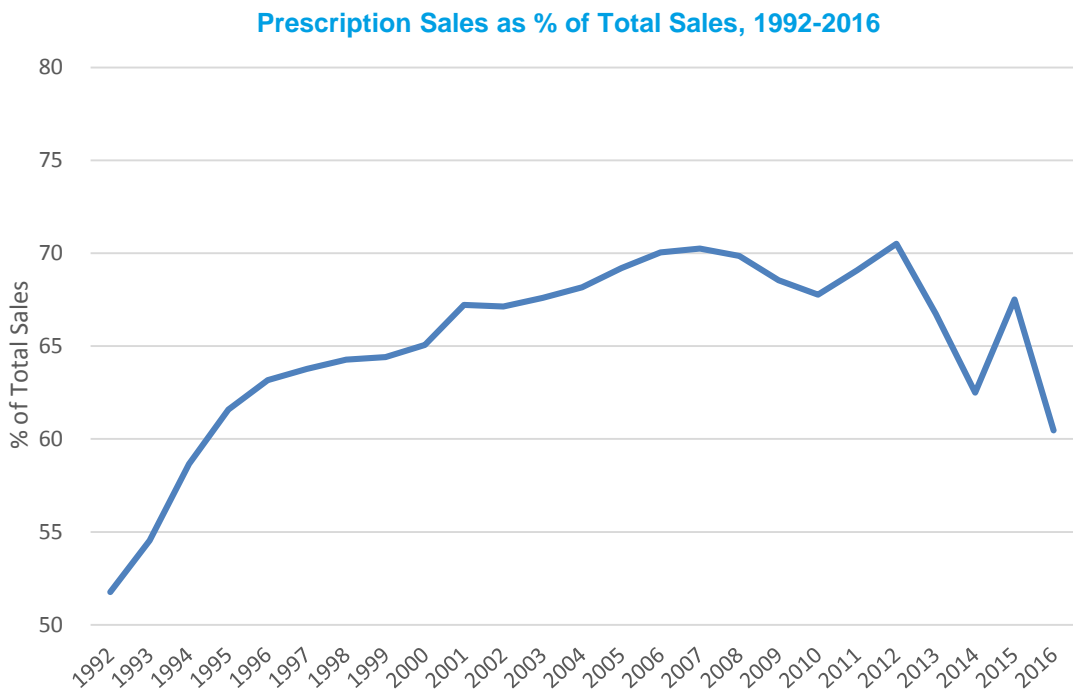


Table 5

SUMMARY OF PRODUCTIVITY MEASURES – 2015-16

TURNOVER RANGE	AVERAGE TURNOVER \$	TURNOVER PER \$ STAFF WAGES	TURNOVER	TURNOVER	RENT \$ PER
			PER FULL TIME EQUIVALENT EMPLOYEE	PER SQ M SHOP SPACE	SQ M SHOP SPACE
UNDER \$1,000,000	707,698	5.65	289,865	7,652	333
\$1,000,000 - \$1,500,000	1,259,445	7.14	275,708	14,367	683
\$1,500,000 - \$2,000,000	1,741,446	6.42	232,544	14,116	495
\$2,000,000 - \$3,000,000	2,488,325	6.97	324,282	13,922	599
\$3,000,000 - \$4,000,000	3,465,065	7.42	331,284	17,347	774
\$4,000,000 - \$5,000,000	4,424,859	6.99	242,322	16,089	826
\$5,000,000 - \$7,00,000	5,721,956	7.89	317,221	16,512	633
OVER \$7,000,000	8,614,561	9.91	448,444	27,619	1,719
AUSTRALIA					
ALL PHARMACIES - WEIGHTED	3,097,139	7.73	300,054	15,233	719
METROPOLITAN	3,382,081	7.85	258,031	15,397	900
COUNTRY	2,964,248	8.37	288,058	11,441	504
OWNER OPERATED	3,228,543	7.95	361,409	16,253	650
MANAGER OPERATED	2,728,288	7.91	380,557	12,500	555

Chart 6

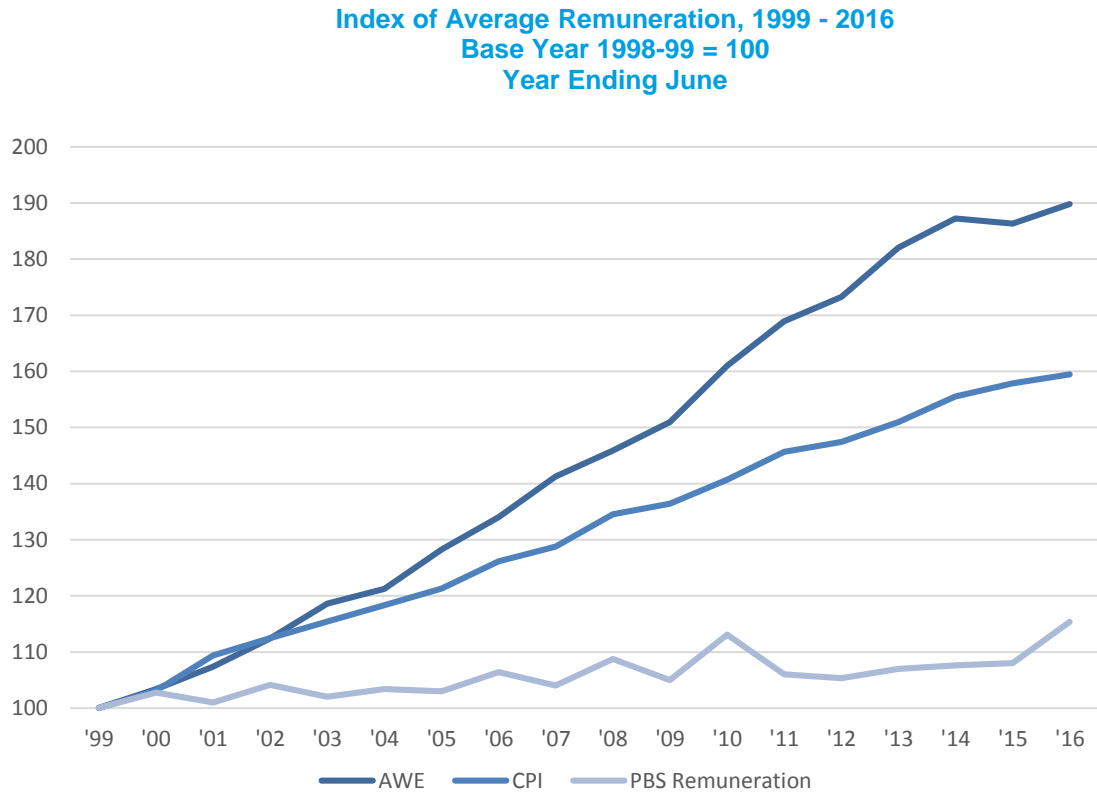


Chart 7

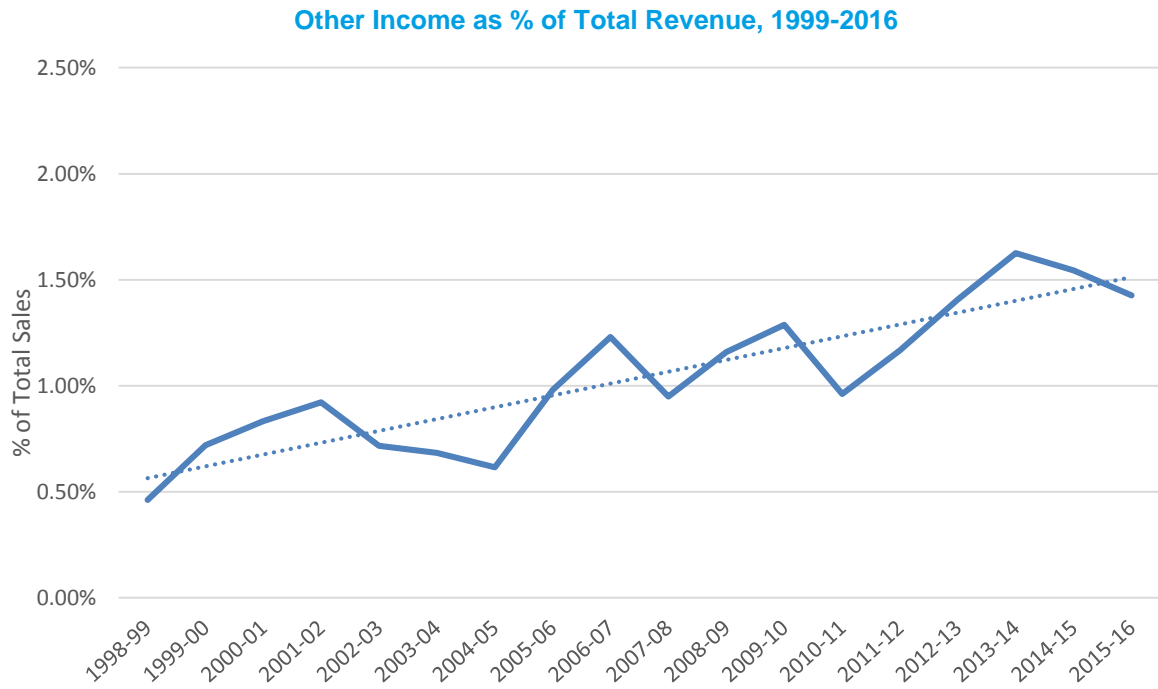
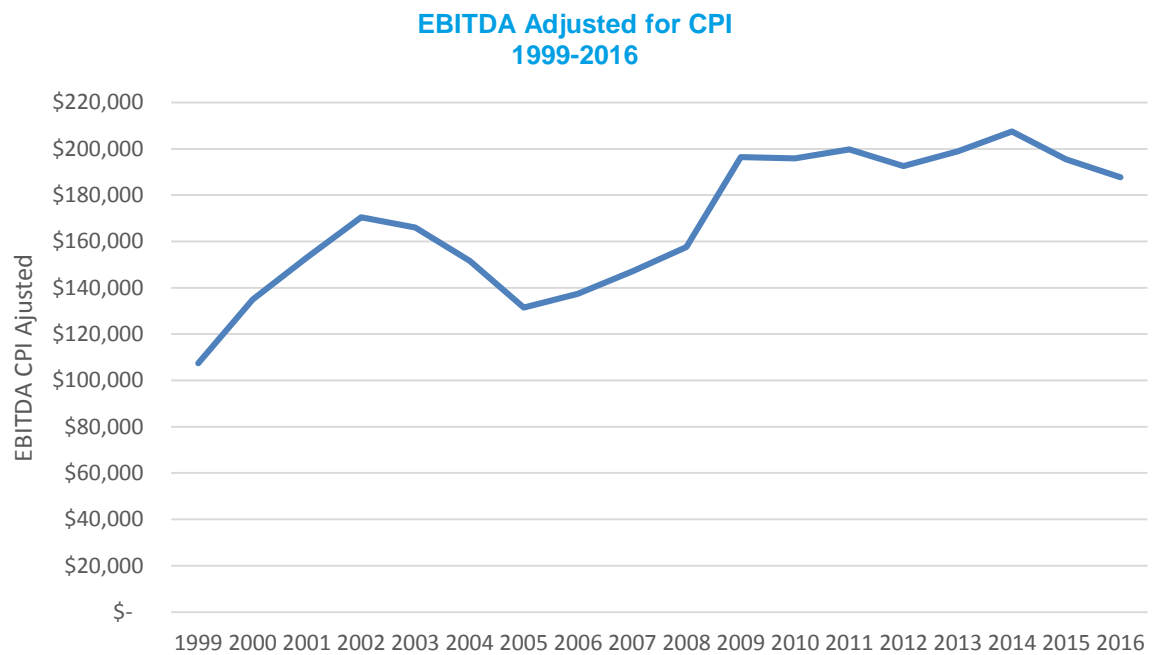


Chart 8



AUSTRALIAN PHARMACIES: BY TURNOVER RANGE 2015-16

(Based on 12 Months of Trading to 30/06/2016)

Table 6

	Up to \$1,000,000		\$1,000,000 to \$1,500,000		\$1,500,000 to \$2,000,000		\$2,000,000 to \$3,000,000	
SALES, EXPENSES & PROFITABILITY	\$	%	\$	%	\$	%	\$	%
SALES	699,725		1,237,888		1,715,379		2,442,744	
COST OF GOODS SOLD (3)	421,725	60.27	780,141	63.02	1,122,272	65.42	1,547,883	63.37
GROSS MARGIN (3)	278,000	39.73	457,747	36.98	593,107	34.58	894,861	36.63
Other Income	7,973		21,557		26,067		45,581	
GROSS MARGIN PLUS OTHER INCOME	285,973		479,304		619,174		940,442	
TOTAL REVENUE	707,698		1,259,445		1,741,446		2,488,325	
EXPENSES								
Salaries and Wages	125,151	17.68	176,440	14.01	271,187	15.57	357,118	14.35
Rent Paid	50,647	7.16	54,162	4.30	78,711	4.52	133,238	5.35
Outgoings - Rental & Rates	8,053	1.14	7,023	0.56	8,181	0.47	27,240	1.09
Accounting	5,923	0.84	4,666	0.37	10,017	0.58	4,728	0.19
Advertising	6,560	0.93	10,492	0.83	11,476	0.66	20,245	0.81
Bank Charges	2,983	0.42	4,162	0.33	5,136	0.29	7,227	0.29
Computer Expenses	10,024	1.42	10,670	0.85	14,961	0.86	12,441	0.50
Depreciation	10,278	1.45	26,086	2.07	20,742	1.19	25,420	1.02
Electricity, Water, Heating	4,095	0.58	5,670	0.45	10,524	0.60	11,648	0.47
Insurance	6,244	0.88	6,034	0.48	9,423	0.54	9,043	0.36
Interest Paid	21,260	3.00	32,089	2.55	34,416	1.98	48,118	1.93
Leasing Expenses	1,061	0.15	181	0.01	618	0.04	5,976	0.24
Motor Vehicle Expenses	6,194	0.88	3,104	0.25	4,107	0.24	3,551	0.14
Postage, Freight, Printing	2,921	0.41	4,682	0.37	6,947	0.40	8,589	0.35
Repairs, Maintenance, Service	2,844	0.40	2,209	0.18	5,018	0.29	4,019	0.16
Subs and Registrations	7,068	1.00	7,564	0.60	18,994	1.09	15,441	0.62
Superannuation	9,658	1.36	15,341	1.22	24,575	1.41	33,694	1.35
Telephone	2,392	0.34	3,715	0.30	3,727	0.21	5,530	0.22
Training	1,283	0.18	1,419	0.11	920	0.05	2,695	0.11
Abnormal Expenses	10,302	1.46	4,967	0.39	29,785	1.71	27,054	1.09
Payroll Tax	10,966	1.55	3,534	0.28	9,025	0.52	11,564	0.46
Workers' Compensation	1,056	0.15	1,111	0.09	1,614	0.09	3,161	0.13
Other Expenses	9,983	1.41	100,645	7.99	29,274	1.68	51,026	2.05
TOTAL EXPENSES	316,945	44.79	485,966	38.59	609,379	34.99	828,768	33.31
TOTAL INCOME	-30,972	-4.38	-6,662	-0.53	9,795	0.56	111,674	4.49
Less Proprietors' Salary (1) [Full-Time-Equivalents]	106,655 0.79	15.07	100,923 0.75	8.01	72,312 0.54	4.15	100,894 0.75	4.05
NET PROFIT/LOSS	-137,627	-19.45	-107,585	-8.54	-62,517	-3.59	10,781	0.43
EBITDA	-106,089	-14.99	-49,410	-3.92	-7,359	-0.42	84,319	3.39
SALES ANALYSIS								
Prescriptions (3)	488,959	70.48	886,845	66.91	1,210,275	71.40	1,624,811	65.36
Other Sales (3)	204,771	29.52	438,647	33.09	484,715	28.60	861,249	34.64
INVENTORY ANALYSIS								
Prescription	38,376	5.42	51,576	4.10	59,509	3.42	76,056	3.06
Other	67,496	9.54	56,653	4.50	101,960	5.85	145,834	5.86
STOCK CARRIED (Total)	105,871	14.96	108,229	8.59	161,470	9.27	221,890	8.92
STOCK TURN (On Total Inventory)	3.98		7.21		6.95		6.98	
SALES PER INVENTORY DOLLAR								
Prescription	12.74		17.19		20.34		21.36	
Other	3.03		7.74		4.75		5.91	
STATISTICS								
PHARMACY SIZE (square metres)	146		126		164		243	
PRESCRIPTIONS DISPENSED (Total)	15,482		27,071		39,431		50,496	
PRESCRIPTIONS DISPENSED WEEKLY	298		521		758		971	
TOTAL HOURS OPEN per WEEK	51		53		70		65	
AV HRS WORKED BY PROPRIETORS/WEEK	30		29		20		29	
FUNDS RETAINED IN BUSINESS (2)	1,318	0.19	88,317	7.01	13,341	0.77	18,430	0.74

(1) Notional Proprietor's Salary is based on actual manager's wages and includes on-costs such as a provision for annual leave, long service leave etc.

(2) Funds Retained in Business is calculated as the difference between Total Income and Drawings by Proprietor's.

(3) Percentages against Pharmacy Sales

AUSTRALIAN PHARMACIES: BY TURNOVER RANGE 2015-16
(Based on 12 Months of Trading to 30/06/2016)

Table 6

	\$3,000,000 to \$4,000,000		\$4,000,000 to \$5,000,000		\$5,000,000 to \$7,000,000		Over \$7,000,000	
SALES, EXPENSES & PROFITABILITY	\$	%	\$	%	\$	%	\$	%
SALES	3,425,418		4,392,843		5,673,455		8,661,839	
COST OF GOODS SOLD (3)	2,201,113	64.26	2,840,462	64.66	3,657,873	64.47	5,844,089	67.47
GROSS MARGIN (3)	1,224,305	35.74	1,552,381	35.34	2,015,583	35.53	2,817,750	32.53
Other Income	54,897		62,031		86,791		92,521	
GROSS MARGIN PLUS OTHER INCOME	1,279,201		1,614,412		2,102,373		2,910,271	
TOTAL REVENUE	3,465,065		4,424,859		5,721,956		8,614,561	
EXPENSES								
Salaries and Wages	466,861	13.47	632,594	14.30	725,671	12.68	869,132	10.09
Rent Paid	152,394	4.40	192,937	4.36	220,989	3.86	514,895	5.98
Outgoings - Rental & Rates	26,932	0.78	30,700	0.69	16,111	0.28	46,127	0.54
Accounting	6,472	0.19	15,945	0.36	15,059	0.26	24,890	0.29
Advertising	19,815	0.57	42,152	0.95	61,337	1.07	150,536	1.75
Bank Charges	9,389	0.27	10,342	0.23	14,097	0.25	28,714	0.33
Computer Expenses	9,700	0.28	13,795	0.31	14,274	0.25	11,325	0.13
Depreciation	31,320	0.90	49,058	1.11	47,476	0.83	96,879	1.12
Electricity, Water, Heating	12,759	0.37	16,560	0.37	20,461	0.36	19,252	0.22
Insurance	10,325	0.30	11,642	0.26	18,385	0.32	17,803	0.21
Interest Paid	84,462	2.44	106,619	2.41	82,048	1.43	175,043	2.03
Leasing Expenses	3,966	0.11	4,228	0.10	6,766	0.12	17,842	0.21
Motor Vehicle Expenses	5,339	0.15	3,162	0.07	17,189	0.30	5,000	0.06
Postage, Freight, Printing	16,487	0.48	24,665	0.56	20,580	0.36	23,285	0.27
Repairs, Maintenance, Service	4,723	0.14	5,111	0.12	8,401	0.15	8,559	0.10
Subs and Registrations	14,444	0.42	29,275	0.66	24,112	0.42	18,298	0.21
Superannuation	43,032	1.24	58,427	1.32	82,131	1.44	92,364	1.07
Telephone	5,544	0.16	7,444	0.17	9,518	0.17	11,361	0.13
Training	2,174	0.06	3,475	0.08	5,876	0.10	5,773	0.07
Abnormal Expenses	8,960	0.26	n.a.	n.a.	3,647	0.06	n.a.	n.a.
Payroll Tax	12,306	0.36	15,006	0.34	17,040	0.30	35,270	0.41
Workers' Compensation	3,439	0.10	4,423	0.10	7,273	0.13	10,969	0.13
Other Expenses	62,735	1.81	131,802	2.98	93,195	1.63	157,524	1.83
TOTAL EXPENSES	1,013,578	29.25	1,409,364	31.85	1,531,635	26.77	2,340,840	27.17
TOTAL INCOME	265,623	7.67	205,048	4.63	570,738	9.97	569,431	6.61
Less Proprietors' Salary (1) [Full-Time-Equivalents]	103,630 0.77	2.99	89,712 0.67	2.03	96,786 0.72	1.69	159,166 1.18	1.85
NET PROFIT/LOSS	161,993	4.68	115,336	2.61	473,952	8.28	410,265	4.76
EBITDA	277,775	8.02	271,014	6.12	603,476	10.55	682,187	7.92
SALES ANALYSIS								
Prescriptions	2,228,676	64.20	2,764,798	60.29	3,500,951	60.63	4,609,574	52.91
Other Sales	1,242,614	35.80	1,821,227	39.71	2,273,222	39.37	4,102,438	47.09
INVENTORY ANALYSIS								
Prescription	77,821	2.25	98,052	2.22	147,833	2.58	116,841	1.36
Other	232,928	6.72	299,863	6.78	393,039	6.87	514,623	5.97
STOCK CARRIED (Total)	310,749	8.97	397,915	8.99	540,872	9.45	631,465	7.33
STOCK TURN (On Total Inventory)	7.08		7.14		6.76		9.25	
SALES PER INVENTORY DOLLAR								
Prescription	28.64		28.20		23.68		39.45	
Other	5.33		6.07		5.78		7.97	
STATISTICS								
PHARMACY SIZE (square metres)	244		350		406		445	
PRESCRIPTIONS DISPENSED (Total)	67,019		82,167		103,691		127,598	
PRESCRIPTIONS DISPENSED WEEKLY	1,289		1,580		1,994		2,454	
TOTAL HOURS OPEN per WEEK	67		70		75		69	
AV HRS WORKED BY PROPRIETORS/WEEK	29		25		27		45	
FUNDS RETAINED IN BUSINESS (2)	179,406	5.18	256,841	5.80	359,413	6.28	240,905	2.80

(1) Notional Proprietor's Salary is based on actual manager's wages and includes on-costs such as a provision for annual leave, long service leave etc.

(2) Funds Retained in Business is calculated as the difference between Total Income and Drawings by Proprietors.

(3) Percentages against Pharmacy Sales

COMPARISON OF PERFORMANCE - LOCATION AND TYPE OF PHARMACY
(Based on 12 Months of Trading to 30/06/2016)

Table 7

	Metro		Country		Banner		No Group	
SALES, EXPENSES & PROFITABILITY	\$	%	\$	%	\$	%	\$	%
SALES	3,496,924		3,322,999		3,441,185		2,213,917	
COST OF GOODS SOLD (3)	2,285,274	65.35	2,084,958	62.74	2,227,547	64.73	1,457,201	65.82
GROSS MARGIN (3)	1,211,650	34.65	1,238,041	37.26	1,213,638	35.27	756,716	34.18
Other Income	47,662		56,454		41,817		24,818	
GROSS MARGIN PLUS OTHER INCOME	1,259,313		1,294,495		1,255,455		781,534	
TOTAL REVENUE	3,544,587		3,379,453		3,483,002		2,238,734	
EXPENSES								
Salaries and Wages	409,193	11.54	365,188	10.81	475,008	13.64	232,421	10.38
Rent Paid	199,441	5.63	105,180	3.11	183,988	5.28	125,375	5.60
Outgoings - Rental & Rates	24,979	0.70	12,890	0.38	25,801	0.74	3,373	0.15
Accounting	8,220	0.23	7,783	0.23	7,768	0.22	9,734	0.43
Advertising	39,160	1.10	14,228	0.42	39,074	1.12	14,484	0.65
Bank Charges	11,423	0.32	4,336	0.13	12,322	0.35	9,936	0.44
Computer Expenses	12,581	0.35	10,735	0.32	15,483	0.44	9,693	0.43
Depreciation	36,859	0.00	34,719	0.00	35,694	0.00	18,597	0.00
Electricity, Water, Heating	13,146	0.37	12,439	0.37	14,662	0.42	5,400	0.24
Insurance	10,465	0.30	13,000	0.38	10,290	0.30	10,115	0.45
Interest Paid	68,064	1.92	38,296	1.13	59,626	1.71	62,857	2.81
Leasing Expenses	6,550	0.18	4,036	0.12	6,474	0.19	1,932	0.09
Motor Vehicle Expenses	3,636	0.10	5,631	0.17	6,025	0.17	5,029	0.00
Postage, Freight, Printing	12,226	0.34	16,550	0.49	13,685	0.39	5,799	0.26
Repairs, Maintenance, Service	4,728	0.13	5,685	0.17	4,816	0.14	3,027	0.14
Subs and Registrations	17,640	0.50	13,739	0.41	22,817	0.66	8,349	0.37
Superannuation	43,084	1.22	45,054	1.33	42,981	1.23	24,669	1.10
Telephone	5,455	0.15	8,512	0.25	4,932	0.14	4,482	0.20
Training	2,147	0.06	3,536	0.10	3,195	0.09	1,421	0.06
Abnormal Expenses	15,939	0.45	18,994	0.56	14,830	0.43	5,354	0.24
Payroll Tax	15,091	0.43	12,072	0.36	15,463	0.44	11,234	0.50
Workers' Compensation	4,016	0.11	3,902	0.12	4,199	0.12	2,365	0.11
Other Expenses	69,846	1.97	44,939	1.33	73,820	2.12	33,928	1.52
TOTAL EXPENSES	1,033,888	29.17	801,443	23.72	1,092,953	31.38	609,572	27.23
TOTAL INCOME	225,425	6.36	493,052	14.59	162,502	4.67	171,962	7.68
Less Proprietors' Salary (1) [Full-Time-Equivalents]	66,070 0.49	1.86	101,579 0.76	3.01	99,306 0.74	2.85	138,966 1.03	6.21
NET PROFIT/LOSS	159,355	4.50	391,473	11.58	63,196	1.81	32,995	1.47
EBITDA	227,419	6.42	429,769	12.72	122,822	3.53	95,852	4.28
SALES ANALYSIS								
Prescriptions (3)	2,015,232	57.42	2,252,914	69.35	2,120,069	58.51	1,252,793	57.81
Other Sales (3)	1,494,135	42.58	995,797	30.65	1,503,648	41.49	914,443	42.19
INVENTORY ANALYSIS								
Prescription	78,781	2.22	79,625	2.36	90,606	2.60	58,084	2.59
Other	232,656	6.56	193,536	5.73	201,096	5.77	119,297	5.33
STOCK CARRIED (Total)	311,437	8.79	273,160	8.08	291,702	8.38	177,381	7.92
STOCK TURN (On Total Inventory)	7.34		7.63		7.64		8.22	
SALES PER INVENTORY DOLLAR								
Prescription	25.58		28.29		23.40		21.57	
Other	6.42		5.15		7.48		7.67	
STATISTICS								
PHARMACY SIZE (square metres)	280		219		272		184	
PRESCRIPTIONS DISPENSED (Total)	60,995		64,421		68,753		36,208	
PRESCRIPTIONS DISPENSED WEEKLY	1,173		1,239		1,322		696	
TOTAL HOURS OPEN per WEEK	68		54		63		54	
AV HRS WORKED BY PROPRIETORS/WEEK	18.7		28.7		28.1		39.3	
FUNDS RETAINED IN BUSINESS (2)	18,324	0.52	155,540	4.60	138,904	3.99	124,338	5.55

(1) Notional Proprietor's Salary is based on actual manager's wages and includes on-costs such as a provision for annual leave, long service leave etc.

(2) Funds Retained in Business is calculated as the difference between Total Income and Drawings by Proprietors.

(3) Percentages against Pharmacy Sales

COMPARISON OF PERFORMANCE - LOCATION CHARACTERISTICS
(Based on 12 Months of Trading to 30/06/2016)

Table 8

	Shopping Centre		Strip or Isolated		Medical Centre		Servicing Nursing Homes (50+ beds)	
SALES, EXPENSES & PROFITABILITY	\$	%	\$	%	\$	%	\$	%
SALES	3,732,971		2,620,283		3,015,911		3,148,230	
COST OF GOODS SOLD (3)	2,372,155	63.55	1,686,390	64.36	1,883,352	62.45	1,972,510	62.65
GROSS MARGIN (3)	1,360,816	36.45	933,893	35.64	1,132,559	37.55	1,175,720	37.35
Other Income	39,077		35,685		10,811		46,237	
GROSS MARGIN PLUS OTHER INCOME	1,399,893		969,578		1,143,370		1,221,958	
TOTAL REVENUE	3,772,048		2,655,968		3,026,722		3,194,468	
EXPENSES								
Salaries and Wages	455,730	12.08	334,865	12.61	463,990	15.33	428,221	13.41
Rent Paid	218,823	5.80	89,928	3.39	141,975	4.69	86,688	2.71
Outgoings - Rental & Rates	10,506	0.28	2,022	0.08	80,447	2.66	8,076	0.25
Accounting	11,426	0.30	9,107	0.34	11,970	0.40	13,994	0.44
Advertising	45,514	1.21	7,391	0.28	3,125	0.10	12,611	0.39
Bank Charges	14,720	0.39	6,703	0.25	2,310	0.08	5,049	0.16
Computer Expenses	11,458	0.30	12,398	0.47	6,834	0.23	14,586	0.46
Depreciation	28,735	0.76	18,336	0.69	19,089	0.63	23,788	0.74
Electricity, Water, Heating	8,239	0.22	8,810	0.33	9,328	0.31	9,923	0.31
Insurance	11,565	0.31	11,623	0.44	7,552	0.25	15,704	0.49
Interest Paid	74,760	1.98	51,745	1.95	22,949	0.76	56,915	1.78
Leasing Expenses	5,100	0.14	588	0.02	22,949	0.76	3,858	0.12
Motor Vehicle Expenses	19,914	0.53	3,898	0.15	5,896	0.19	3,228	0.10
Postage, Freight, Printing	8,389	0.22	13,038	0.49	5,160	0.17	14,914	0.47
Repairs, Maintenance, Service	3,315	0.09	3,492	0.13	6,146	0.20	6,515	0.20
Subs and Registrations	11,260	0.30	10,967	0.41	7,071	0.23	16,166	0.51
Superannuation	65,171	1.73	31,653	1.19	16,813	0.56	52,783	1.65
Telephone	5,298	0.14	5,694	0.21	3,589	0.12	6,674	0.21
Training	5,111	0.14	2,430	0.09	1,143	0.04	4,049	0.13
Abnormal Expenses	2,361	0.06	4,577	0.17	n.a.	n.a.	5,198	0.16
Payroll Tax	21,634	0.57	2,998	0.11	n.a.	n.a.	12,927	0.40
Workers' Compensation	4,683	0.12	2,778	0.10	3,719	0.12	4,269	0.13
Other Expenses	38,938	1.03	104,331	3.93	42,025	1.39	84,561	2.65
TOTAL EXPENSES	1,082,651	28.70	739,372	27.84	884,078	29.21	890,697	27.88
TOTAL INCOME	317,242	8.41	230,206	8.67	259,293	8.57	331,260	10.37
Less Proprietors' Salary (1) [Full-Time-Equivalents]	124,768 0.93	3.31	134,161 1.00	5.05	108,587 0.81	3.59	135,402 1.01	4.24
NET PROFIT/LOSS	192,474	5.10	96,045	3.62	150,706	4.98	195,859	6.13
EBITDA	295,970	7.85	166,126	6.25	192,744	6.37	276,562	8.66
SALES ANALYSIS								
Prescriptions (3)	2,450,639	62.11	1,780,083	65.35	2,147,899	86.71	2,346,284	76.10
Other Sales (3)	1,495,001	37.89	943,745	34.65	329,284	13.29	736,841	23.90
INVENTORY ANALYSIS								
Prescription	78,614	2.08	87,311	3.29	160,159	5.29	78,999	2.47
Other	209,327	5.55	116,430	4.38	85,318	2.82	130,696	4.09
STOCK CARRIED (Total)	287,941	7.63	203,741	7.67	245,477	8.11	209,695	6.56
STOCK TURN (On Total Inventory)	8.24		8.28		7.67		9.41	
SALES PER INVENTORY DOLLAR								
Prescription	31.17		20.39		13.41		29.70	
Other	7.14		8.11		3.86		5.64	
STATISTICS								
PHARMACY SIZE (square metres)	299		214		214		243	
PRESCRIPTIONS DISPENSED (Total)	71,783		53,231		63,970		69,565	
PRESCRIPTIONS DISPENSED WEEKLY	1,380		1,024		1,230		1,338	
TOTAL HOURS OPEN per WEEK	58		55		67		54	
AV HRS WORKED BY PROPRIETORS/WEEK	35.3		37.9		30.7		38.3	
FUNDS RETAINED IN BUSINESS (2)	331,457	8.79	292,463	11.01	307,537	10.16	236,997	7.42

(1) Notional Proprietor's Salary is based on actual manager's wages and includes on-costs such as a provision for annual leave, long service leave etc.

(2) Funds Retained in Business is calculated as the difference between Total Income and Drawings by Proprietor's.

(3) Percentages against Pharmacy Sales

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NSW PHARMACIES - SUMMARY BY LOCATION AND TYPE
(Based on 12 Months of Trading to 30/06/2016)

Table 9

	State Averages Weighted		Metro		Country		Banner		No Group	
SALES, EXPENSES & PROFITABILITY	\$	%	\$	%	\$	%	\$	%	\$	%
SALES	3,788,386		4,036,535		3,475,231		4,213,128		3,135,962	
COST OF GOODS SOLD (3)	2,510,978	66.28	2,693,524	66.73	2,243,808	64.57	2,841,342	67.44	2,069,529	65.99
GROSS MARGIN (3)	1,277,407	33.72	1,343,012	33.27	1,231,423	35.43	1,371,786	32.56	1,066,434	34.01
Other Income	53,120		59,085		53,349		33,728		17,343	
GROSS MARGIN PLUS OTHER INCOME	1,330,528		1,402,097		1,284,773		1,405,514		1,083,777	
TOTAL REVENUE	3,841,506		4,095,621		3,528,580		4,246,856		3,153,306	
EXPENSES										
Salaries and Wages	437,667	11.39	451,115	11.01	451,411	12.79	484,540	11.41	339,396	10.76
Rent Paid	222,510	5.79	289,770	7.08	85,276	2.42	228,876	5.39	228,472	7.25
Outgoings - Rental & Rates	13,148	0.34	24,266	0.59	2,154	0.06	5,283	0.12	1,272	0.04
Accounting	11,535	0.30	13,837	0.34	8,296	0.24	8,048	0.19	16,211	0.51
Advertising	53,862	1.40	68,090	1.66	17,011	0.48	71,632	1.69	15,673	0.50
Bank Charges	14,003	0.36	17,153	0.42	4,120	0.12	18,932	0.45	13,576	0.43
Computer Expenses	10,561	0.27	11,268	0.28	9,920	0.28	11,030	0.26	13,915	0.44
Depreciation	41,705	1.09	45,303	1.11	32,034	0.91	49,362	1.16	26,074	0.83
Electricity, Water, Heating	11,834	0.31	13,058	0.32	8,600	0.24	13,717	0.32	9,188	0.29
Insurance	13,280	0.35	13,515	0.33	13,980	0.40	11,382	0.27	17,700	0.56
Interest Paid	77,888	2.03	90,484	2.21	55,314	1.57	76,023	1.79	88,502	2.81
Leasing Expenses	7,997	0.21	8,716	0.21	6,186	0.18	9,341	0.22	5,867	0.19
Motor Vehicle Expenses	8,285	0.22	6,385	0.16	8,356	0.24	7,724	0.18	11,278	0.36
Postage, Freight, Printing	12,363	0.32	10,199	0.25	19,611	0.56	12,510	0.29	10,275	0.33
Repairs, Maintenance, Service	5,011	0.13	5,032	0.12	6,178	0.18	4,211	0.10	6,195	0.20
Subs and Registrations	10,215	0.27	9,271	0.23	10,755	0.30	9,997	0.24	12,235	0.39
Superannuation	47,222	1.23	46,779	1.14	44,101	1.25	49,759	1.17	38,131	1.21
Telephone	6,188	0.16	5,953	0.15	8,021	0.23	5,528	0.13	6,206	0.20
Training	3,509	0.09	2,699	0.07	4,574	0.13	4,058	0.10	2,698	0.09
Abnormal Expenses	2,274	0.06	973	0.02	6,349	0.18	3,018	0.07	973	0.03
Payroll Tax	17,465	0.45	18,939	0.46	18,371	0.52	20,229	0.48	16,500	0.52
Workers' Compensation	6,955	0.18	8,093	0.20	6,102	0.17	7,315	0.17	7,537	0.24
Other Expenses	61,090	1.59	38,896	0.95	126,903	3.60	69,825	1.64	37,798	1.20
TOTAL EXPENSES	1,096,568	28.55	1,199,795	29.29	953,623	27.03	1,182,340	27.84	925,672	29.36
TOTAL INCOME	233,960	6.09	202,302	4.94	331,149	9.38	223,174	5.26	158,105	5.01
Less Proprietors' Salary (1)	133,383	3.47	155,187	3.79	112,743	3.20	121,384	2.86	153,860	4.88
[Full-Time-Equivalents]	0.99		1.15		0.84		0.90		1.14	
NET PROFIT/LOSS	100,577	2.62	47,115	1.15	218,407	6.19	101,790	2.40	4,244	0.13
EBITDA	220,170	5.73	182,902	4.47	305,755	8.67	227,175	5.35	118,821	3.77
SALES ANALYSIS										
Prescriptions (3)	2,141,128	54.73	2,079,973	51.13	2,311,683	69.66	2,241,830	49.44	1,817,531	61.73
Other Sales (3)	1,771,135	45.27	1,988,238	48.87	1,006,751	30.34	2,292,604	50.56	1,126,631	38.27
INVENTORY ANALYSIS										
Prescription	84,060	2.19	75,006	1.83	72,275	2.05	98,299	2.31	84,941	2.69
Other	199,768	5.20	237,708	5.80	118,768	3.37	149,520	3.52	184,353	5.85
STOCK CARRIED (Total)	283,829	7.39	312,714	7.64	191,043	5.41	247,818	5.84	269,294	8.54
STOCK TURN (On Total Inventory)	8.85		8.61		11.75		11.47		7.69	
SALES PER INVENTORY DOLLAR										
Prescription	25.47		27.73		31.98		22.81		21.40	
Other	8.87		8.36		8.48		15.33		6.11	
STATISTICS										
PHARMACY SIZE (square metres)	127		96		194		182		113	
PRESCRIPTIONS DISPENSED (Total)	60,421		58,423		66,818		65,951		51,017	
PRESCRIPTIONS DISPENSED WEEKLY	1,162		1,124		1,285		1,268		981	
TOTAL HOURS OPEN per WEEK	62		64		57		59		67	
AV HRS WORKED BY PROPRIETORS/WEEK	37.7		43.9		31.9		34		44	
FUNDS RETAINED IN BUSINESS (2)	-17,784 -	0.46	-87,123 -	2.13	25,758	0.73	-172,844 -	4.07	7,595	0.24

(1) Notional Proprietor's Salary is based on actual manager's wages and includes on-costs such as a provision for annual leave, long service leave etc.

(2) Funds Retained in Business is calculated as the difference between Total Income and Drawings by Proprietors.

(3) Percentages against Pharmacy Sales

VICTORIAN PHARMACIES - SUMMARY BY LOCATION AND TYPE
(Based on 12 Months of Trading to 30/06/2016)

Table 10

	State Averages Weighted		Metro		Country		Banner		No Group	
SALES, EXPENSES & PROFITABILITY	\$	%	\$	%	\$	%	\$	%	\$	%
SALES	3,063,555		3,264,271		3,673,050		3,679,234		1,415,765	
COST OF GOODS SOLD (3)	1,948,512	63.60	2,143,619	65.67	2,499,365	68.05	2,286,535	62.15	864,391	61.05
GROSS MARGIN (3)	1,115,043	36.40	1,120,652	34.33	1,173,685	31.95	1,392,699	37.85	551,374	38.95
Other Income	40,732		40,669		41,070		64,882		17,619	
GROSS MARGIN PLUS OTHER INCOME	1,155,775		1,161,321		1,214,754		1,457,582		568,993	
TOTAL REVENUE	3,104,287		3,304,940		3,714,119		3,744,116		1,433,384	
EXPENSES										
Salaries and Wages	369,943	11.92	361,864	10.95	96,294	2.59	514,562	13.74	128,744	8.98
Rent Paid	148,618	4.79	144,713	4.38	130,721	3.52	196,876	5.26	52,449	3.66
Outgoings - Rental & Rates	11,406	0.37	11,509	0.35	10,890	0.29	n.a.	n.a.	2,027	0.14
Accounting	5,188	0.17	5,380	0.16	3,085	0.08	7,278	0.19	3,989	0.28
Advertising	10,469	0.34	11,340	0.34	889	0.02	23,470	0.63	1,102	0.08
Bank Charges	7,061	0.23	7,327	0.22	4,662	0.13	10,324	0.28	5,506	0.38
Computer Expenses	12,088	0.39	11,611	0.35	16,223	0.44	16,735	0.45	7,962	0.56
Depreciation	25,189	0.81	24,130	0.73	34,725	0.93	40,233	1.07	7,270	0.51
Electricity, Water, Heating	9,693	0.31	9,973	0.30	7,264	0.20	16,957	0.45	3,411	0.24
Insurance	8,246	0.27	7,938	0.24	11,023	0.30	9,656	0.26	6,032	0.42
Interest Paid	36,158	1.16	32,413	0.98	30,807	0.83	42,148	1.13	18,310	1.28
Leasing Expenses	289	0.01	320	0.01	n.a.	n.a.	760	0.02	n.a.	n.a.
Motor Vehicle Expenses	2,085	0.07	1,516	0.05	6,263	0.17	722	0.02	2,108	0.15
Postage, Freight, Printing	16,685	0.54	16,692	0.51	16,618	0.45	30,988	0.83	3,515	0.25
Repairs, Maintenance, Service	3,730	0.12	3,432	0.10	6,417	0.17	1,738	0.05	1,964	0.14
Subs and Registrations	13,872	0.45	14,368	0.43	9,412	0.25	28,707	0.77	5,120	0.36
Superannuation	34,569	1.11	35,512	1.07	26,079	0.70	57,509	1.54	11,035	0.77
Telephone	5,775	0.19	5,489	0.17	8,353	0.22	7,453	0.20	3,244	0.23
Training	2,158	0.07	2,159	0.07	2,146	0.06	4,143	0.11	1,012	0.07
Abnormal Expenses	5,457	0.18	6,003	0.18	n.a.	n.a.	n.a.	n.a.	7,503	0.52
Payroll Tax	5,565	0.18	5,435	0.16	6,611	0.18	11,339	0.30	n.a.	n.a.
Workers' Compensation	2,903	0.09	2,622	0.08	1,208	0.03	3,970	0.11	884	0.06
Other Expenses	113,646	3.66	122,893	3.72	11,926	0.32	254,339	6.79	30,816	2.15
TOTAL EXPENSES	850,793	27.41	844,636	25.56	441,617	11.89	1,279,907	34.18	304,004	21.21
TOTAL INCOME	304,982	9.82	316,685	9.58	773,138	20.82	177,675	4.75	264,989	18.49
Less Proprietors' Salary (1) [Full-Time-Equivalents]	128,111 0.95	4.13	89,605 0.67	2.71	127,333 0.95	3.43	123,252 0.92	3.29	127,333 0.95	8.88
NET PROFIT/LOSS	176,871	5.70	227,080	6.87	645,805	17.39	54,423	1.45	137,656	9.60
EBITDA	238,218	7.67	283,623	8.58	711,337	19.15	136,804	3.65	163,236	11.39
SALES ANALYSIS										
Prescriptions (3)	2,050,098	60.69	1,832,422	57.28	2,042,532	70.76	2,522,567	53.55	676,237	49.50
Other Sales (3)	1,327,701	39.31	1,366,403	42.72	843,922	29.24	2,188,051	46.45	689,867	50.50
INVENTORY ANALYSIS										
Prescription	96,315	3.10	98,669	2.99	84,544	2.28	107,232	2.86	n.a.	n.a.
Other	189,378	6.10	187,523	5.67	198,650	5.35	132,420	3.54	n.a.	n.a.
STOCK CARRIED (Total)	285,693	9.20	286,193	8.66	283,193	7.62	239,652	6.40	n.a.	n.a.
STOCK TURN (On Total Inventory)	6.82		7.49		8.83		9.54		n.a.	
SALES PER INVENTORY DOLLAR										
Prescription	21.29		18.57		24.16		23.52		n.a.	
Other	7.01		7.29		4.25		16.52		n.a.	
STATISTICS										
PHARMACY SIZE (square metres)	126		25		10		170		n.a.	
PRESCRIPTIONS DISPENSED (Total)	58,370		49,587		54,616		73,426		18,058	
PRESCRIPTIONS DISPENSED WEEKLY	1,123		954		1,050		1,412		347	
TOTAL HOURS OPEN per WEEK	62		66		38		90		47	
AV HRS WORKED BY PROPRIETORS/WEEK	36.2		25.3		36.0		35		36	
FUNDS RETAINED IN BUSINESS (2)	320,166	10.31	223,758	6.77	358,783	9.66	352,873	9.42	199,658	13.93

(1) Notional Proprietor's Salary is based on actual manager's wages and includes on-costs such as a provision for annual leave, long service leave etc.

(2) Funds Retained in Business is calculated as the difference between Total Income and Drawings by Proprietor's.

(3) Percentages against Pharmacy Sales

QUEENSLAND PHARMACIES - SUMMARY BY LOCATION AND TYPE
(Based on 12 Months of Trading to 30/06/2016)

Table 11

	State Averages Weighted		Metro		Country		Banner		No Group	
SALES, EXPENSES & PROFITABILITY	\$	%	\$	%	\$	%	\$	%	\$	%
SALES	3,139,012		3,425,411		2,601,768		2,015,535		3,496,702	
COST OF GOODS SOLD (3)	1,958,746	62.40	2,143,971	62.59	1,616,695	62.14	1,286,377	63.82	2,181,159	62.38
GROSS MARGIN (3)	1,180,266	37.60	1,281,440	37.41	985,073	37.86	729,157	36.18	1,315,543	37.62
Other Income	50,700		44,553		49,506		50,042		48,953	
GROSS MARGIN PLUS OTHER INCOME	1,230,966		1,325,993		1,034,578		779,199		1,364,496	
TOTAL REVENUE	3,189,712		3,469,964		2,651,274		2,065,576		3,545,655	
EXPENSES										
Salaries and Wages	375,196	11.76	339,435	9.78	351,250	13.25	384,356	18.61	289,779	8.17
Rent Paid	141,385	4.43	164,571	4.74	95,600	3.61	76,611	3.71	315,339	8.89
Outgoings - Rental & Rates	16,848	0.53	18,204	0.52	16,461	0.62	11,160	0.54	4,193	0.12
Accounting	8,991	0.28	5,852	0.17	9,623	0.36	6,712	0.32	14,309	0.40
Advertising	29,879	0.94	44,051	1.27	15,044	0.57	13,064	0.63	101,342	2.86
Bank Charges	6,464	0.20	8,031	0.23	3,188	0.12	5,940	0.29	28,474	0.80
Computer Expenses	9,092	0.29	9,278	0.27	7,989	0.30	16,427	0.80	11,027	0.31
Depreciation	40,038	1.26	47,405	1.37	26,305	0.99	21,733	1.05	38,357	1.08
Electricity, Water, Heating	12,249	0.38	11,682	0.34	13,402	0.51	11,738	0.57	7,349	0.21
Insurance	9,959	0.31	9,274	0.27	11,472	0.43	10,069	0.49	15,538	0.44
Interest Paid	55,489	1.74	62,508	1.80	50,878	1.92	37,426	1.81	52,037	1.47
Leasing Expenses	7,250	0.23	12,301	0.35	3,224	0.12	2,492	0.12	6,048	0.17
Motor Vehicle Expenses	3,728	0.12	3,135	0.09	3,893	0.15	3,812	0.18	4,764	0.13
Postage, Freight, Printing	12,105	0.38	12,019	0.35	9,409	0.35	11,009	0.53	5,305	0.15
Repairs, Maintenance, Service	4,653	0.15	5,090	0.15	3,481	0.13	3,427	0.17	1,173	0.03
Subs and Registrations	12,771	0.40	13,514	0.39	11,106	0.42	14,465	0.70	14,380	0.41
Superannuation	44,088	1.38	46,525	1.34	37,258	1.41	34,537	1.67	67,071	1.89
Telephone	6,920	0.22	6,400	0.18	7,700	0.29	5,548	0.27	6,858	0.19
Training	2,084	0.07	1,119	0.03	3,423	0.13	2,368	0.11	1,232	0.03
Abnormal Expenses	21,106	0.66	24,060	0.69	15,880	0.60	25,629	1.24	4,523	0.13
Payroll Tax	16,957	0.53	22,894	0.66	8,375	0.32	11,871	0.57	34,255	0.97
Workers' Compensation	2,482	0.08	2,467	0.07	2,275	0.09	1,714	0.08	879	0.02
Other Expenses	58,002	1.82	51,997	1.50	17,440	0.66	54,543	2.64	70,972	2.00
TOTAL EXPENSES	897,738	28.14	921,812	26.57	724,676	27.33	766,653	37.12	1,095,206	30.89
TOTAL INCOME	333,228	10.45	404,181	11.65	309,902	11.69	12,546	0.61	269,290	7.59
Less Proprietors' Salary (1) [Full-Time-Equivalents]	109,095 0.81	3.42	114,448 0.85	3.30	127,333 0.95	4.80	95,636 0.71	4.63	167,419 1.25	4.72
NET PROFIT/LOSS	224,133	7.03	289,733	8.35	182,570	6.89	-83,090	-4.02	101,871	2.87
EBITDA	319,660	10.02	399,647	11.52	259,752	9.80	-23,930	-1.16	192,265	5.42
SALES ANALYSIS										
Prescriptions (3)	2,061,791	65.32	2,235,072	64.29	1,719,195	66.95	1,336,895	65.27	1,650,748	44.15
Other Sales (3)	1,094,591	34.68	1,241,664	35.71	848,692	33.05	711,318	34.73	2,088,443	55.85
INVENTORY ANALYSIS										
Prescription	67,541	2.12	69,799	2.01	62,402	2.35	58,216	2.82	66,813	1.88
Other	215,766	6.76	229,024	6.60	199,378	7.52	150,449	7.28	325,594	9.18
STOCK CARRIED (Total)	283,307	8.88	298,823	8.61	261,780	9.87	208,664	10.10	392,407	11.07
STOCK TURN (On Total Inventory)	6.91		7.17		6.18		6.16		5.56	
SALES PER INVENTORY DOLLAR										
Prescription	30.53		32.02		27.55		22.96		24.71	
Other	5.07		5.42		4.26		4.73		6.41	
STATISTICS										
PHARMACY SIZE (square metres)	112		110		111		202		390	
PRESCRIPTIONS DISPENSED (Total)	58,762		62,704		48,619		49,554		48,963	
PRESCRIPTIONS DISPENSED WEEKLY	1,130		1,206		935		953		942	
TOTAL HOURS OPEN per WEEK	67		73		59		66		70	
AV HRS WORKED BY PROPRIETORS/WEEK	30.8		32.4		36.0		27		47	
FUNDS RETAINED IN BUSINESS (2)	201,870	6.33	215,432	6.21	211,888	7.99	-75,152	3.64	191,769	5.41

(1) Notional Proprietor's Salary is based on actual manager's wages and includes on-costs such as a provision for annual leave, long service leave etc.

(2) Funds Retained in Business is calculated as the difference between Total Income and Drawings by Proprietor's.

(3) Percentages against Pharmacy Sales

SOUTH AUSTRALIA PHARMACIES - SUMMARY BY LOCATION AND TYPE
(Based on 12 Months of Trading to 30/06/2016)

Table 12

	State Averages Weighted		Metro		Country		Banner		No Group
SALES, EXPENSES & PROFITABILITY	\$	%							
SALES	3,095,453		1,366,265				3,748,509		
COST OF GOODS SOLD (3)	2,007,798	64.86	936,966	68.58	Insufficient sample to publish		2,416,346	64.46	Insufficient sample to publish
GROSS MARGIN (3)	1,087,655	35.14	429,298	31.42			1,332,163	35.54	
Other Income	6,818		5,330				7,868		
GROSS MARGIN PLUS OTHER INCOME	1,094,473		434,628				1,340,031		
TOTAL REVENUE	3,102,271		1,371,594				3,756,377		
EXPENSES									
Salaries and Wages	438,761	14.14	214,490	15.64			539,712	14.37	
Rent Paid	125,692	4.05	42,142	3.07			167,467	4.46	
Outgoings - Rental & Rates	13,419	0.43	13,419	0.98			13,419	0.36	
Accounting	5,733	0.18	3,109	0.23			6,673	0.18	
Advertising	52,084	1.68	63,977	4.66			64,884	1.73	
Bank Charges	4,964	0.16	5,988	0.44			6,219	0.17	
Computer Expenses	16,681	0.54	12,421	0.91			21,092	0.56	
Depreciation	32,923	1.06	37,576	2.74			48,788	1.30	
Electricity, Water, Heating	12,240	0.39	12,499	0.91			18,268	0.49	
Insurance	10,207	0.33	6,641	0.48			12,113	0.32	
Interest Paid	47,532	1.53	69,944	5.10			44,742	1.19	
Leasing Expenses	n.a.	n.a.	n.a.	n.a.			n.a.	n.a.	
Motor Vehicle Expenses	3,598	0.12	2,027	0.15			4,456	0.12	
Postage, Freight, Printing	10,515	0.34	8,984	0.65			15,205	0.40	
Repairs, Maintenance, Service	3,214	0.10	1,399	0.10			4,636	0.12	
Subs and Registrations	23,087	0.74	16,049	1.17			32,109	0.85	
Superannuation	24,014	0.77	19,008	1.39			34,670	0.92	
Telephone	4,585	0.15	3,877	0.28			5,552	0.15	
Training	2,375	0.08	2,244	0.16			2,375	0.06	
Abnormal Expenses	n.a.	n.a.	n.a.	n.a.			n.a.	n.a.	
Payroll Tax	9,255	0.30	9,255	0.67			9,255	0.25	
Workers' Compensation	4,203	0.14	2,423	0.18			4,203	0.11	
Other Expenses	29,374	0.95	29,374	2.14			56,223	1.50	
TOTAL EXPENSES	874,456	28.19	576,845	42.06			1,112,061	29.60	
TOTAL INCOME	220,017	7.09	-142,217	-10.37			227,970	6.07	
Less Proprietors' Salary (1) [Full-Time-Equivalents]	146,786	4.73	127,333	9.28			109,294	2.91	
	1.09		0.95				0.81		
NET PROFIT/LOSS	73,231	2.36	-269,550	-19.65			118,676	3.16	
EBITDA	153,686	4.95	-162,030	-11.81			212,206	5.65	
SALES ANALYSIS									
Prescriptions (3)	2,224,763	78.77	838,368	60.52			2,671,695	75.41	
Other Sales (3)	599,664	21.23	546,945	39.48			871,351	24.59	
INVENTORY ANALYSIS									
Prescription	127,143	4.10	91,476	6.67			198,477	5.28	
Other	32,642	1.05	15,966	1.16			65,993	1.76	
STOCK CARRIED (Total)	159,785	5.15	107,442	7.83			264,470	7.04	
STOCK TURN (On Total Inventory)	12.57		8.72				9.14		
SALES PER INVENTORY DOLLAR									
Prescription	17.50		9.16				13.46		
Other	18.37		34.26				13.20		
STATISTICS									
PHARMACY SIZE (square metres)	237		82				258		
PRESCRIPTIONS DISPENSED (Total)	69,233		28,990				83,239		
PRESCRIPTIONS DISPENSED WEEKLY	1,331		557				1,601		
TOTAL HOURS OPEN per WEEK	49		51				53		
AV HRS WORKED BY PROPRIETORS/WEEK	41.5		36.0				31		
FUNDS RETAINED IN BUSINESS (2)	241,089	7.77	-28,867	-2.10			285,192	7.59	

(1) Notional Proprietor's Salary is based on actual manager's wages and includes on-costs such as a provision for annual leave, long service leave etc.

(2) Funds Retained in Business is calculated as the difference between Total Income and Drawings by Proprietor's.

(3) Percentages against Pharmacy Sales

Caution should be taken interpreting results for South Australia for this year due to low sample size.

WESTERN AUSTRALIA PHARMACIES - SUMMARY BY LOCATION AND TYPE
(Based on 12 Months of Trading to 30/06/2016)

Table 13

	State Averages Weighted		Metro		Country		Banner		No Group	
SALES, EXPENSES & PROFITABILITY	\$	%	\$	%	\$	%	\$	%	\$	%
SALES	2,671,065		2,666,868		2,458,024		2,696,804			
COST OF GOODS SOLD (3)	1,783,265	66.76	1,781,981	66.82	1,730,472	n.a.	1,805,666	66.96	Insufficient sample to publish	
GROSS MARGIN (3)	887,799	33.24	884,887	33.18	727,552	n.a.	891,138	33.04		
Other Income	34,712		35,081		30,045		34,036			
GROSS MARGIN PLUS OTHER INCOME	922,511		919,968		757,597		925,174			
TOTAL REVENUE	3,593,576		3,586,836		3,215,621		2,730,840			
EXPENSES										
Salaries and Wages	406,618	11.32	408,768	11.40	395,486	12.30	398,591	14.60		
Rent Paid	157,434	4.38	162,192	4.52	86,579	2.69	161,168	5.90		
Outgoings - Rental & Rates	27,739	0.77	29,657	0.83	6,004	0.19	29,083	1.06		
Accounting	5,333	0.15	5,487	0.15	3,583	0.11	4,820	0.18		
Advertising	22,395	0.62	22,748	0.63	18,278	0.57	22,705	0.83		
Bank Charges	9,748	0.27	10,149	0.28	4,799	0.15	10,098	0.37		
Computer Expenses	17,438	0.49	17,614	0.49	15,266	0.47	17,677	0.65		
Depreciation	25,744	0.72	24,790	0.69	43,387	1.35	25,816	0.95		
Electricity, Water, Heating	15,347	0.43	15,764	0.44	10,340	0.32	15,788	0.58		
Insurance	7,843	0.22	8,033	0.22	5,499	0.17	7,971	0.29		
Interest Paid	51,220	1.43	60,274	1.68	5,272	0.16	52,955	1.94		
Leasing Expenses	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.		
Motor Vehicle Expenses	1,335	0.04	1,278	0.04	1,731	0.05	1,424	0.05		
Postage, Freight, Printing	10,932	0.30	9,991	0.28	22,531	0.70	11,271	0.41		
Repairs, Maintenance, Service	5,095	0.14	5,284	0.15	2,763	0.09	5,169	0.19		
Subs and Registrations	30,055	0.84	30,289	0.84	27,172	0.85	31,161	1.14		
Superannuation	32,512	0.90	32,334	0.90	34,704	1.08	33,079	1.21		
Telephone	3,312	0.09	3,328	0.09	3,119	0.10	3,164	0.12		
Training	2,246	0.06	2,159	0.06	4,431	0.14	2,336	0.09		
Abnormal Expenses	31,021	0.86	25,246	0.70	94,546	2.94	33,776	1.24		
Payroll Tax	11,186	0.31	11,186	0.31	n.a.	n.a.	12,118	0.44		
Workers' Compensation	2,496	0.07	2,420	0.07	2,933	0.09	2,585	0.09		
Other Expenses	48,549	1.35	48,331	1.35	51,159	1.59	49,784	1.82		
TOTAL EXPENSES	925,597	25.76	937,322	26.13	839,581	26.11	932,538	34.15		
TOTAL INCOME	-3,086	0.09	-17,354	0.48	-81,984	2.55	-7,364	0.27		
Less Proprietors' Salary (1)	127,333	3.54	127,333	3.55	127,333	3.96	127,333	4.66		
[Full-Time-Equivalents]	0.95		0.95		0.95		0.95			
NET PROFIT/LOSS	-130,418	-3.63	-144,687	-4.03	-209,317	-6.51	-134,697	-4.93		
EBITDA	-53,455	1.49	-59,623	1.66	-160,657	5.00	-55,926	2.05		
SALES ANALYSIS										
Prescriptions (3)	1,517,827	55.72	1,460,084	54.31	1,925,701	70.77	1,517,953	55.13		
Other Sales (3)	1,206,115	44.28	1,228,321	45.69	795,318	29.23	1,235,614	44.87		
INVENTORY ANALYSIS										
Prescription	78,252	2.18	78,122	2.18	80,535	2.50	78,087	2.86		
Other	242,498	6.75	245,068	6.83	197,516	6.14	251,313	9.20		
STOCK CARRIED (Total)	320,750	8.93	323,190	9.01	278,051	8.65	329,400	12.06		
STOCK TURN (On Total Inventory)	5.56		5.51		6.22		5.48			
SALES PER INVENTORY DOLLAR										
Prescription	19.40		18.69		23.91		19.44			
Other	4.97		5.01		4.03		4.92			
STATISTICS										
PHARMACY SIZE (square metres)	230		242		163		236			
PRESCRIPTIONS DISPENSED (Total)	58,407		57,342		71,734		59,404			
PRESCRIPTIONS DISPENSED WEEKLY	1,123		1,103		1,380		1,142			
TOTAL HOURS OPEN per WEEK	70		71		60		70			
AV HRS WORKED BY PROPRIETORS/WEEK	36		36		36		36			
FUNDS RETAINED IN BUSINESS (2)	-258,960	7.21	-289,120	8.06	-382,604	11.90	-280,684	10.28		

(1) Notional Proprietor's Salary is based on actual manager's wages and includes on-costs such as a provision for annual leave, long service leave etc.

(2) Funds Retained in Business is calculated as the difference between Total Income and Drawings by Proprietors.

(3) Percentages against Pharmacy Sales

TASMANIAN PHARMACIES - SUMMARY BY LOCATION AND TYPE
(Based on 12 Months of Trading to 30/06/2016)

Table 14

	State Averages Weighted		Metro	Country		Banner	No Group	
SALES, EXPENSES & PROFITABILITY	\$	%	\$	%	\$	%	\$	%
SALES	3,086,980				2,742,260		3,383,915	
COST OF GOODS SOLD (3)	1,979,950	64.14	<i>Insufficient sample to publish</i>		1,746,122	63.67	2,172,785	64.21
GROSS MARGIN (3)	1,107,030	35.86			996,138	36.33	1,211,130	35.79
Other Income	47,780				58,741		31,337	
GROSS MARGIN PLUS OTHER INCOME	1,154,810				1,054,880		1,242,467	
TOTAL REVENUE	3,134,760				2,801,002		3,415,252	
EXPENSES								
Salaries and Wages	387,087	12.35			138,343	4.94	413,463	12.11
Rent Paid	87,238	2.78			55,359	1.98	102,962	3.01
Outgoings - Rental & Rates	4,729	0.15			4,274	0.15	5,638	0.17
Accounting	4,318	0.14			4,708	0.17	4,123	0.12
Advertising	5,345	0.17			2,234	0.08	6,901	0.20
Bank Charges	7,980	0.25			10,257	0.37	4,565	0.13
Computer Expenses	7,430	0.24			6,452	0.23	8,898	0.26
Depreciation	11,665	0.37			16,866	0.60	3,862	0.11
Electricity, Water, Heating	7,721	0.25			8,988	0.32	5,821	0.17
Insurance	43,358	1.38			9,760	0.35	7,235	0.21
Interest Paid	8,750	0.28			48,521	1.73	47,981	1.40
Leasing Expenses	2,166	0.07			2,225	0.08	n.a.	n.a.
Motor Vehicle Expenses	2,225	0.07			3,672	0.13	1,413	0.04
Postage, Freight, Printing	9,225	0.29			9,321	0.33	9,082	0.27
Repairs, Maintenance, Service	8,870	0.28			8,998	0.32	8,677	0.25
Subs and Registrations	9,887	0.32			7,515	0.27	13,444	0.39
Superannuation	41,490	1.32			50,727	1.81	27,634	0.81
Telephone	7,150	0.23			8,465	0.30	5,179	0.15
Training	1,185	0.04			n.a.	n.a.	1,777	0.05
Abnormal Expenses	n.a.	n.a.			n.a.	n.a.	n.a.	n.a.
Payroll Tax	10,781	0.34			n.a.	n.a.	3,268	0.10
Workers' Compensation	4,411	0.14			8,707	0.31	10,781	0.32
Other Expenses	16,296	0.52			4,201	0.15	22,343	0.65
TOTAL EXPENSES	689,308	21.99			409,593	14.62	715,046	20.94
TOTAL INCOME	465,502	14.85			645,287	23.04	527,420	15.44
Less Proprietors' Salary (1) [Full-Time-Equivalents]	121,143 0.90	3.86			160,934 1.20	5.75	114,953 0.86	3.37
NET PROFIT/LOSS	344,359	10.99			484,353	17.29	412,467	12.08
EBITDA	364,774	11.64			549,740	19.63	464,310	13.60
SALES ANALYSIS								
Prescriptions (3)	2,073,296	74.30			2,124,785	77.55	2,207,386	81.44
Other Sales (3)	716,984	25.70			615,181	22.45	502,993	18.56
INVENTORY ANALYSIS								
Prescription	83,289	2.66			99,029	3.54	67,549	1.98
Other	113,390	3.62			173,816	6.21	109,658	3.21
STOCK CARRIED (Total)	196,679	6.27			272,846	9.74	177,207	5.19
STOCK TURN (On Total Inventory)	10.07				6.40		12.26	
SALES PER INVENTORY DOLLAR								
Prescription	24.89				21.46		32.68	
Other	6.32				3.54		4.59	
STATISTICS								
PHARMACY SIZE (square metres)	211				13		236	
PRESCRIPTIONS DISPENSED (Total)	58,071				56,066		63,570	
PRESCRIPTIONS DISPENSED WEEKLY	1,117				1,078		1,222	
TOTAL HOURS OPEN per WEEK	50				45		51	
AV HRS WORKED BY PROPRIETORS/WEEK	34.3				45.5		33	
FUNDS RETAINED IN BUSINESS (2)	336,063	10.72			123,333	4.40	438,798	12.85

(1) Notional Proprietor's Salary is based on actual manager's wages and includes on-costs such as a provision for annual leave, long service leave etc.

(2) Funds Retained in Business is calculated as the difference between Total Income and Drawings by Proprietor's.

(3) Percentages against Pharmacy Sales

SUMMARY OF MANAGER OPERATED PHARMACIES BY STATE
(Based on 12 Months of Trading to 30/06/2016)

Table 15

	AUSTRALIA Manager Operated		NEW SOUTH WALES		VICTORIA	
SALES, EXPENSES & PROFITABILITY	\$	%	\$	%	\$	%
SALES	3,595,330		4,490,097		2,933,994	
COST OF GOODS SOLD (3)	2,334,691	64.94	3,012,640	67.10	1,737,742	59.23
GROSS MARGIN (3)	1,260,639	35.06	1,477,457	32.90	1,196,251	40.77
Other Income	33,024		47,471		n.a.	
GROSS MARGIN PLUS OTHER INCOME	1,293,663		1,524,929		1,196,251	
TOTAL REVENUE	3,628,354		4,537,569		2,933,994	
EXPENSES						
Salaries and Wages	473,790	13.06	489,343	10.78	460,695	15.70
Rent Paid	253,895	7.00	389,345	8.58	162,805	5.55
Outgoings - Rental & Rates	78,411	2.16	n.a.	n.a.	n.a.	n.a.
Accounting	6,528	0.18	7,779	0.17	2,760	0.09
Advertising	89,219	2.46	94,161	2.08	44,793	1.53
Bank Charges	19,233	0.53	21,480	0.47	6,198	0.21
Computer Expenses	12,592	0.35	13,515	0.30	5,711	0.19
Depreciation	61,317	1.69	58,714	1.29	77,262	2.63
Electricity, Water, Heating	16,081	0.44	16,036	0.35	8,604	0.29
Insurance	10,024	0.28	10,600	0.23	7,541	0.26
Interest Paid	9,376	0.26	64,137	1.41	n.a.	n.a.
Leasing Expenses	9,376	0.26	10,663	0.24	2,513	0.09
Motor Vehicle Expenses	12,957	0.36	16,208	0.36	822	0.03
Postage, Freight, Printing	10,207	0.28	10,803	0.24	5,724	0.20
Repairs, Maintenance, Service	4,157	0.11	5,002	0.11	185	0.01
Subs and Registrations	7,338	0.20	7,795	0.17	3,856	0.13
Superannuation	45,222	1.25	48,011	1.06	28,425	0.97
Telephone	4,527	0.12	4,549	0.10	3,915	0.13
Training	4,137	0.11	5,290	0.12	441	0.02
Abnormal Expenses	7,443	0.21	7,443	0.16	n.a.	n.a.
Payroll Tax	22,491	0.62	24,960	0.55	13,783	0.47
Workers' Compensation	5,975	0.16	8,554	0.19	3,440	0.12
Other Expenses	32,481	0.90	32,569	0.72	32,392	1.10
TOTAL EXPENSES	1,196,779	32.98	1,346,958	29.68	871,864	29.72
TOTAL INCOME	96,884	2.67	177,971	3.92	324,387	11.06
Less Proprietors' Salary (1) [Full-Time-Equivalents]	91,963 0.68	2.53	94,321 0.70	2.08	127,333 0.95	4.34
NET PROFIT/LOSS	4,922	0.14	83,650	1.84	197,054	6.72
EBITDA	75,615	2.08	206,501	4.55	n.a.	n.a.
SALES ANALYSIS						
Prescriptions (3)	1,951,900	46.07	2,077,992	41.81	1,978,232	55.12
Other Sales (3)	2,284,593	53.93	2,892,580	58.19	1,610,957	44.88
INVENTORY ANALYSIS						
Prescription	144,483	3.98	142,868	3.15	n.a.	n.a.
Other	196,540	5.42	310,950	6.85	n.a.	n.a.
STOCK CARRIED (Total)	341,023	9.40	453,818	10.00	n.a.	n.a.
STOCK TURN (On Total Inventory)	6.85		6.64		n.a.	
SALES PER INVENTORY DOLLAR						
Prescription	13.51		14.54		n.a.	
Other	11.62		9.30		n.a.	
STATISTICS						
PHARMACY SIZE (square metres)	282		330		230	
PRESCRIPTIONS DISPENSED (Total)	60,106		61,479		61,409	
PRESCRIPTIONS DISPENSED WEEKLY	1,150		1,182		1,181	
TOTAL HOURS OPEN per WEEK	61		64		60	
AV HRS WORKED BY PROPRIETORS/WEEK	26.0		27		36	
FUNDS RETAINED IN BUSINESS (2)	82,924	2.29	-220,368 -	4.86	318,401	10.85

(1) Notional Proprietor's Salary is based on actual manager's wages and includes on-costs such as a provision for annual leave, long service leave etc.

(2) Funds Retained in Business is calculated as the difference between Total Income and Drawings by Proprietors.

(3) Percentages against Pharmacy Sales

SUMMARY OF MANAGER OPERATED PHARMACIES BY STATE
(Based on 12 Months of Trading to 30/06/2016)

Table 15

SALES, EXPENSES & PROFITABILITY	QUEENSLAND		SOUTH AUSTRALIA		WESTERN AUSTRALIA	
	\$	%	\$	%	\$	%
SALES						
COST OF GOODS SOLD (3)	Insufficient sample to publish		Insufficient sample to publish		Insufficient sample to publish	
GROSS MARGIN (3)						
Other Income						
GROSS MARGIN PLUS OTHER INCOME						
TOTAL REVENUE						
EXPENSES						
Salaries and Wages						
Rent Paid						
Outgoings - Rental & Rates						
Accounting						
Advertising						
Bank Charges						
Computer Expenses						
Depreciation						
Electricity, Water, Heating						
Insurance						
Interest Paid						
Leasing Expenses						
Motor Vehicle Expenses						
Postage, Freight, Printing						
Repairs, Maintenance, Service						
Subs and Registrations						
Superannuation						
Telephone						
Training						
Abnormal Expenses						
Payroll Tax						
Workers' Compensation						
Other Expenses						
TOTAL EXPENSES						
TOTAL INCOME						
Less Proprietors' Salary (1)						
[Full-Time-Equivalents]						
NET PROFIT/LOSS						
EBITDA						
SALES ANALYSIS						
Prescriptions (3)						
Other Sales (3)						
INVENTORY ANALYSIS						
Prescription						
Other						
STOCK CARRIED (Total)						
STOCK TURN (On Total Inventory)						
SALES PER INVENTORY DOLLAR						
Prescription						
Other						
STATISTICS						
PHARMACY SIZE (square metres)						
PRESCRIPTIONS DISPENSED (Total)						
PRESCRIPTIONS DISPENSED WEEKLY						
TOTAL HOURS OPEN per WEEK						
AV HRS WORKED BY PROPRIETORS/WEEK						
FUNDS RETAINED IN BUSINESS (2)						

(1) Notional Proprietor's Salary is based on actual manager's wages and includes on-costs such as a provision for annual leave, long service leave etc.

(2) Funds Retained in Business is calculated as the difference between Total Income and Drawings by Proprietor's.

(3) Percentages against Pharmacy Sales

SUMMARY OF OWNER OPERATED PHARMACIES BY STATE
(Based on 12 Months of Trading to 30/06/2016)

Table 16

	AUSTRALIA Owner Operated		NEW SOUTH WALES		VICTORIA	
SALES, EXPENSES & PROFITABILITY	\$	%	\$	%	\$	%
SALES	2,897,451		3,867,273		2,927,913	
COST OF GOODS SOLD (3)	1,877,115	64.79	2,595,555	67.12	1,885,342	64.39
GROSS MARGIN (3)	1,020,335	35.21	1,271,718	32.88	1,042,572	35.61
Other Income	34,584		35,271		29,542	
GROSS MARGIN PLUS OTHER INCOME	1,054,919		1,306,989		1,072,114	
TOTAL REVENUE	2,932,034		3,902,544		2,957,456	
EXPENSES						
Salaries and Wages	361,579	12.33	433,428	11.11	347,928	11.76
Rent Paid	120,550	4.11	152,645	3.91	123,241	4.17
Outgoings - Rental & Rates	5,657	0.19	7,093	0.18	2,482	0.08
Accounting	9,915	0.34	13,800	0.35	5,305	0.18
Advertising	15,175	0.52	21,920	0.56	5,386	0.18
Bank Charges	9,339	0.32	14,615	0.37	7,506	0.25
Computer Expenses	10,691	0.36	9,772	0.25	11,117	0.38
Depreciation	18,923	0.65	22,393	0.57	12,877	0.44
Electricity, Water, Heating	7,549	0.26	9,736	0.25	6,799	0.23
Insurance	10,399	0.35	14,966	0.38	7,121	0.24
Interest Paid	1,730	0.06	60,337	1.55	79,960	2.70
Leasing Expenses	1,730	0.06	3,775	0.10	n.a.	n.a.
Motor Vehicle Expenses	4,400	0.15	5,774	0.15	1,838	0.06
Postage, Freight, Printing	10,039	0.34	12,150	0.31	13,309	0.45
Repairs, Maintenance, Service	3,599	0.12	4,737	0.12	1,986	0.07
Subs and Registrations	11,993	0.41	13,880	0.36	11,351	0.38
Superannuation	35,233	1.20	50,566	1.30	26,563	0.90
Telephone	5,478	0.19	6,234	0.16	4,915	0.17
Training	2,387	0.08	3,346	0.09	2,132	0.07
Abnormal Expenses	4,402	0.15	1,866	0.05	6,821	0.23
Payroll Tax	9,511	0.32	18,220	0.47	1,369	0.05
Workers' Compensation	3,275	0.11	6,986	0.18	2,659	0.09
Other Expenses	4,402	0.15	70,496	1.81	107,898	3.65
TOTAL EXPENSES	667,956	22.78	958,735	24.57	790,563	26.73
TOTAL INCOME	386,963	13.20	348,255	8.92	281,551	9.52
Less Proprietors' Salary (1)	134,359	4.58	145,970	3.74	133,449	4.51
[Full-Time-Equivalents]	1.00		1.09		0.99	
NET PROFIT/LOSS	252,604	8.62	202,284	5.18	148,102	5.01
EBITDA	273,257	9.32	285,014	7.30	240,938	8.15
SALES ANALYSIS						
Prescriptions (3)	1,912,123	66.22	2,547,636	68.27	1,905,956	60.95
Other Sales (3)	975,546	33.78	1,184,294	31.73	1,221,167	39.05
INVENTORY ANALYSIS						
Prescription	69,389	2.37	99,937	2.56	99,937	3.38
Other	120,208	4.10	160,695	4.12	160,695	5.43
STOCK CARRIED (Total)	189,596	6.47	260,632	6.68	260,632	8.81
STOCK TURN (On Total Inventory)	9.90		9.96		7.23	
SALES PER INVENTORY DOLLAR						
Prescription	27.56		25.49		19.07	
Other	8.12		7.37		7.60	
STATISTICS						
PHARMACY SIZE (square metres)	213		251		203	
PRESCRIPTIONS DISPENSED (Total)	55,200		72,967		53,316	
PRESCRIPTIONS DISPENSED WEEKLY	1,150		1,403		1,025	
TOTAL HOURS OPEN per WEEK	57		63		60	
AV HRS WORKED BY PROPRIETORS/WEEK	38		41		38	
FUNDS RETAINED IN BUSINESS (2)	257,074	8.77	99,319	2.54	377,203	12.75

(1) Notional Proprietor's Salary is based on actual manager's wages and includes on-costs such as a provision for annual leave, long service leave etc.

(2) Funds Retained in Business is calculated as the difference between Total Income and Drawings by Proprietor's.

(3) Percentages against Pharmacy Sales

SUMMARY OF OWNER OPERATED PHARMACIES BY STATE
(Based on 12 Months of Trading to 30/06/2016)

Table 16

	QUEENSLAND		SOUTH AUSTRALIA		WESTERN AUSTRALIA	
SALES, EXPENSES & PROFITABILITY	\$	%	\$	%	\$	%
SALES	2,622,593		2,915,431			
COST OF GOODS SOLD (3)	1,632,627	62.25	1,876,173	64.35	Insufficient sample to publish	
GROSS MARGIN (3)	989,965	37.75	1,039,258	35.65		
Other Income	50,560		7,201			
GROSS MARGIN PLUS OTHER INCOME	1,040,525		1,046,459			
TOTAL REVENUE	2,673,152		2,922,632			
EXPENSES						
Salaries and Wages	379,141	14.18	421,331	14.42		
Rent Paid	100,629	3.76	127,750	4.37		
Outgoings - Rental & Rates	5,621	0.21	n.a.	n.a.		
Accounting	11,297	0.42	8,630	0.30		
Advertising	33,120	1.24	15,491	0.53		
Bank Charges	10,382	0.39	2,369	0.08		
Computer Expenses	11,640	0.44	18,106	0.62		
Depreciation	21,528	0.81	10,957	0.37		
Electricity, Water, Heating	9,331	0.35	5,854	0.20		
Insurance	12,181	0.46	13,204	0.45		
Interest Paid	59,206	2.21	43,587	1.49		
Leasing Expenses	3,248	0.12	n.a.	n.a.		
Motor Vehicle Expenses	4,155	0.16	4,626	0.16		
Postage, Freight, Printing	7,318	0.27	7,989	0.27		
Repairs, Maintenance, Service	2,771	0.10	4,229	0.14		
Subs and Registrations	11,511	0.43	23,813	0.81		
Superannuation	45,744	1.71	20,296	0.69		
Telephone	6,998	0.26	4,623	0.16		
Training	2,647	0.10	2,715	0.09		
Abnormal Expenses	6,036	0.23	n.a.	n.a.		
Payroll Tax	10,762	0.40	n.a.	n.a.		
Workers' Compensation	1,572	0.06	4,440	0.15		
Other Expenses	64,808	2.42	2,601	0.09		
TOTAL EXPENSES	821,647	30.74	742,610	25.41		
TOTAL INCOME	218,878	8.19	303,848	10.40		
Less Proprietors' Salary (1) [Full-Time-Equivalents]	139,536 1.04	5.22	136,617 1.02	4.67		
NET PROFIT/LOSS	79,342	2.97	167,231	5.72		
EBITDA	160,076	5.99	221,775	7.59		
SALES ANALYSIS						
Prescriptions (3)	1,664,646	60.83	2,314,464	85.24		
Other Sales (3)	1,071,908	39.17	400,915	14.76		
INVENTORY ANALYSIS						
Prescription	51,371	1.92	125,497	4.29		
Other	168,109	6.29	32,301	1.11		
STOCK CARRIED (Total)	219,480	8.21	157,798	5.40		
STOCK TURN (On Total Inventory)	7.44		11.89			
SALES PER INVENTORY DOLLAR						
Prescription	32.40		18.44			
Other	6.38		12.41			
STATISTICS						
PHARMACY SIZE (square metres)	243		290			
PRESCRIPTIONS DISPENSED (Total)	51,488		67,171			
PRESCRIPTIONS DISPENSED WEEKLY	990		1,292			
TOTAL HOURS OPEN per WEEK	57		46			
AV HRS WORKED BY PROPRIETORS/WEEK	39		39			
FUNDS RETAINED IN BUSINESS (2)	164,957	6.17	269,469	9.22		

(1) Notional Proprietor's Salary is based on actual manager's wages and includes on-costs such as a provision for annual leave, long service leave etc.

(2) Funds Retained in Business is calculated as the difference between Total Income and Drawings by Proprietor's.

(3) Percentages against Pharmacy Sales

Table 17**AVERAGE NUMBER OF EMPLOYEES PER RESPONDENT AND AVERAGE HOURS WORKED****(By State, Based on 12 Months of Trading to 30/06/2016)**

EMPLOYEES	STATE						
	NSW	VIC	QLD	SA	WA*	TAS	AUST
PROPRIETORS :							
Full Time	0.9	0.8	0.9	1.4	0.2	1.0	0.9
Part Time & Casual	1.3	2.3	0.8	0.5	1.1	1.0	1.1
Hours worked per week	45.2	41.4	41.5	56.5	13.1	38.5	39.4
MANAGERS :							
Full Time	0.7	0.4	0.7	0.4	0.4	1.0	0.6
Part Time & Casual	0.7	1.0	0.4	1.0	0.5	1.0	0.8
Hours worked per week	49.5	19.5	28.8	24.4	12.5	23.1	26.3
PHARMACISTS IN CHARGE :							
Full Time	0.5	0.5	0.7	0.5	0.9	0.6	0.6
Part Time & Casual	1.4	0.6	1.6	0.7	1.3	0.5	1.0
Hours worked per week	23.8	13.3	31.1	15.4	54.1	26.5	27.4
OTHER QUALIFIED :							
Full Time	0.8	n.a.	0.6	n.a.	0.5	1.0	0.7
Part Time & Casual	0.6	0.9	1.1	0.8	0.9	1.5	1.0
Hours worked per week	19.1	4.7	20.3	8.0	30.5	33.7	19.4
PHARMACY ASSISTANTS :							
Full Time	1.2	0.5	1.3	1.4	1.9	2.0	1.4
Part Time & Casual	3.4	2.8	4.3	1.0	3.2	1.0	2.6
Hours worked per week	60.2	43.1	93.2	56.5	73.8	63.1	65.0
SALES & OTHER STAFF :							
Full Time	1.6	1.7	1.7	2.5	0.6	1.3	1.6
Part Time & Casual	4.7	2.8	3.0	2.0	0.8	4.8	3.0
Hours worked per week	66.8	131.0	59.3	72.6	35.3	71.8	72.8
TOTAL STAFF :							
Full Time	5.6	3.9	5.8	n.a.	4.4	6.9	5.7
Part Time & Casual	8.5	10.3	11.1	6.0	7.8	9.8	9.5
Hours worked per week	264.7	253.0	274.2	233.4	219.3	256.8	250.2

* values not updated for this year due to data sample.

Table 18

**AVERAGE NUMBER OF EMPLOYEES PER RESPONDENT AND AVERAGE HOURS WORKED
(By Turnover Range, Based on 12 Months of Trading to 30/06/2016)**

EMPLOYEES	BY TURNOVER CATEGORY (\$)							
	Up to \$1,000,000	\$1,000,000 to \$1,500,000	\$1,500,000 to \$2,000,000	\$2,000,000 to \$3,000,000	\$3,000,000 to \$4,000,000	\$4,000,000 to \$5,000,000	\$5,000,000 to \$7,000,000	Over \$7,000,000
PROPRIETORS :								
Full Time	0.8	0.8	1.1	0.7	1.0	1.1	0.4	n.a.
Part Time & Casual	0.5	1.2	1.3	1.0	1.1	0.7	2.4	n.a.
Hours worked per week	50.4	68.7	66.4	57.8	59.6	65.9	77.8	n.a.
MANAGERS :								
Full Time	0.7	0.6	0.6	0.5	0.7	0.6	1.4	1.0
Part Time & Casual	1.0	1.3	0.6	0.5	0.8	n.a.	n.a.	n.a.
Hours worked per week	61.0	47.7	37.6	29.8	92.3	18.1	42.4	53.0
PHARMACISTS IN CHARGE :								
Full Time	0.2	0.5	0.7	0.8	1.1	1.1	1.1	0.5
Part Time & Casual	1.7	1.4	1.4	1.9	1.4	0.6	1.7	1.3
Hours worked per week	32.4	39.1	68.9	49.9	80.4	47.9	34.9	100.8
OTHER QUALIFIED :								
Full Time	n.a.	0.7	0.2	0.8	0.7	1.2	0.8	n.a.
Part Time & Casual	1.1	1.1	2.2	0.7	1.5	0.2	1.8	1.0
Hours worked per week	10.3	28.9	17.1	37.3	40.8	47.2	41.9	n.a.
PHARMACY ASSISTANTS :								
Full Time	2.0	1.5	1.1	1.8	1.5	2.4	2.0	1.3
Part Time & Casual	5.0	2.5	4.2	3.5	4.9	2.4	3.6	6.8
Hours worked per week	123.2	121.3	96.0	110.1	118.8	162.8	118.4	109.1
SALES & OTHER STAFF :								
Full Time	1.6	2.7	1.2	1.1	1.3	2.4	2.5	1.0
Part Time & Casual	2.1	2.4	1.6	1.9	4.6	4.7	4.0	3.0
Hours worked per week	71.8	44.8	33.2	33.7	42.5	58.0	130.7	31.0
TOTAL STAFF :								
Full Time	5.3	6.1	4.7	5.0	5.5	7.6	7.5	3.8
Part Time & Casual	9.9	7.4	9.5	8.0	12.5	7.9	11.2	12.1
Hours worked per week	237.7	234.2	215.2	230.9	282.6	315.9	325.8	283.9

AUSTRALIAN PHARMACIES - WEEKLY PRESCRIPTION VOLUME
(Based on 12 Months of Trading to 30/06/2016)

Table 19

	Up to 400		401-600		601-800		801-1,000	
SALES, EXPENSES & PROFITABILITY	\$	%	\$	%	\$	%	\$	%
SALES	1,171,309		1,767,516		2,276,998		2,619,779	
COST OF GOODS SOLD (3)	728,908	62.23	1,104,870	62.51	1,450,956	63.72	1,706,099	65.12
GROSS MARGIN (3)	442,401	37.77	662,647	37.49	826,042	36.28	913,680	34.88
Other Income	15,713		17,727		20,703		53,000	
GROSS MARGIN PLUS OTHER INCOME	458,114		680,373		826,042		966,681	
TOTAL REVENUE	1,187,022		1,785,243		2,276,998		2,672,780	
EXPENSES								
Salaries and Wages	184,534	15.55	245,761	13.77	263,543	11.57	343,546	12.85
Rent Paid	61,460	5.18	151,555	8.49	96,424	4.23	119,271	4.46
Outgoings - Rental & Rates	8,377	0.71	34,610	1.94	7,949	0.35	21,160	0.79
Accounting	5,042	0.42	7,244	0.41	7,203	0.32	7,327	0.27
Advertising	11,649	0.98	29,245	1.64	36,386	1.60	29,321	1.10
Bank Charges	3,942	0.33	9,209	0.52	12,025	0.53	8,096	0.30
Computer Expenses	10,663	0.90	12,371	0.69	10,041	0.44	11,993	0.45
Depreciation	18,369	1.55	33,004	1.85	23,330	1.02	32,410	1.21
Electricity, Water, Heating	5,770	0.49	6,959	0.39	7,871	0.35	14,083	0.53
Insurance	6,266	0.53	9,281	0.52	8,458	0.37	10,031	0.38
Interest Paid	26,122	2.20	39,356	2.20	61,043	2.68	51,686	1.93
Leasing Expenses	1,167	0.10	5,698	0.32	3,665	0.16	5,286	0.20
Motor Vehicle Expenses	4,951	0.42	3,811	0.21	4,142	0.18	5,353	0.20
Postage, Freight, Printing	3,750	0.32	5,909	0.33	5,828	0.26	11,885	0.44
Repairs, Maintenance, Service	2,458	0.21	3,891	0.22	3,464	0.15	4,079	0.15
Subs and Registrations	6,708	0.57	10,073	0.56	10,131	0.44	10,010	0.37
Superannuation	14,452	1.22	24,307	1.36	33,086	1.45	34,868	1.30
Telephone	3,059	0.26	4,188	0.23	4,501	0.20	5,669	0.21
Training	1,221	0.10	1,842	0.10	1,809	0.08	1,817	0.07
Abnormal Expenses	8,547	0.72	18,944	1.06	13,368	0.59	28,234	1.06
Payroll Tax	11,169	0.94	10,301	0.58	15,493	0.68	7,849	0.29
Workers' Compensation	1,314	0.11	2,314	0.13	2,058	0.09	3,136	0.12
Other Expenses	18,296	1.54	38,493	2.16	41,508	1.82	124,114	4.64
TOTAL EXPENSES	419,285	35.32	708,368	39.68	673,327	29.57	891,224	33.34
TOTAL INCOME	38,828	3.27	-27,995 -	1.57	152,714	6.71	75,457	2.82
Less Proprietors' Salary (1)	97,504	8.21	120,890	6.77	106,593	4.68	89,840	3.36
[Full-Time-Equivalents]	0.73		0.90		0.79		0.67	
NET PROFIT/LOSS	-58,676	-4.94	-148,885	-8.34	46,121	2.03	-14,383	-0.54
EBITDA	-14,184 -	1.19	-76,525 -	4.29	130,494	5.73	69,713	2.61
SALES ANALYSIS								
Prescriptions (3)	492,374	50.07	904,495	44.81	1,244,722	53.81	1,546,912	57.41
Other Sales (3)	490,946	49.93	1,113,870	55.19	1,068,597	46.19	1,147,632	42.59
INVENTORY ANALYSIS								
Prescription	37,535	3.16	50,172	2.81	57,892	2.54	64,801	2.42
Other	80,492	6.78	117,132	6.56	151,306	6.64	208,075	7.78
STOCK CARRIED (Total)	118,027	9.94	167,304	9.37	209,198	9.19	272,876	10.21
STOCK TURN (On Total Inventory)	6.18		6.60		6.94		6.25	
SALES PER INVENTORY DOLLAR								
Prescription	13.12		18.03		21.50		23.87	
Other	6.10		9.51		7.06		5.52	
STATISTICS								
PHARMACY SIZE (square metres)	145		180		219		249	
PRESCRIPTIONS DISPENSED (Total)	14,510		25,965		36,445		46,717	
PRESCRIPTIONS DISPENSED WEEKLY	279		499		701		898	
TOTAL HOURS OPEN per WEEK	53		54		58		61	
AV HRS WORKED BY PROPRIETORS/WEEK	28		34		30		25	
FUNDS RETAINED IN BUSINESS (2)	49,255	4.15	4,904	0.27	82,767	3.63	32,915	1.23

(1) Notional Proprietor's Salary is based on actual manager's wages and includes on-costs such as a provision for annual leave, long service leave etc.

(2) Funds Retained in Business is calculated as the difference between Total Income and Drawings by Proprietor's.

(3) Percentages against Pharmacy Sales

AUSTRALIAN PHARMACIES - WEEKLY PRESCRIPTION VOLUME

(Based on 12 Months of Trading to 30/06/2016)

Table 19

	1,001-1,200		1,201-1,400		1,401-2,000		Over 2,000	
SALES, EXPENSES & PROFITABILITY	\$	%	\$	%	\$	%	\$	%
SALES	2,819,690		3,342,298		4,507,336		6,819,224	
COST OF GOODS SOLD (3)	1,789,666	63.47	2,178,881	65.19	2,968,930	65.87	4,362,399	63.97
GROSS MARGIN (3)	1,030,024	36.53	1,163,417	34.81	1,538,406	34.13	2,456,825	36.03
Other Income	44,321		45,654		62,481		101,522	
GROSS MARGIN PLUS OTHER INCOME	1,074,345		1,209,071		1,600,887		2,558,347	
TOTAL REVENUE	2,864,011		3,387,952		4,569,816		6,920,747	
EXPENSES								
Salaries and Wages	417,825	14.59	478,169	14.11	597,771	13.08	830,857	12.01
Rent Paid	131,512	4.59	152,755	4.51	224,298	4.91	303,737	4.39
Outgoings - Rental & Rates	54,815	1.91	16,363	0.48	24,124	0.53	19,913	0.29
Accounting	4,031	0.14	4,317	0.13	10,883	0.24	29,419	0.43
Advertising	20,172	0.70	14,787	0.44	43,908	0.96	93,280	1.35
Bank Charges	8,064	0.28	7,785	0.23	11,173	0.24	16,210	0.23
Computer Expenses	11,690	0.41	14,421	0.43	11,434	0.25	14,787	0.21
Depreciation	33,756	1.18	20,131	0.59	40,355	0.88	80,368	1.16
Electricity, Water, Heating	12,937	0.45	13,202	0.39	16,382	0.36	18,489	0.27
Insurance	10,384	0.36	9,374	0.28	12,233	0.27	20,054	0.29
Interest Paid	61,260	2.14	70,975	2.09	91,149	1.99	116,203	1.68
Leasing Expenses	7,919	0.28	806	0.02	4,901	0.11	21,934	0.32
Motor Vehicle Expenses	3,424	0.12	3,364	0.10	3,637	0.08	20,146	0.29
Postage, Freight, Printing	12,957	0.45	14,349	0.42	20,355	0.45	26,307	0.38
Repairs, Maintenance, Service	3,134	0.11	4,868	0.14	6,032	0.13	11,675	0.17
Subs and Registrations	19,776	0.69	26,301	0.78	23,460	0.51	24,541	0.35
Superannuation	37,512	1.31	43,632	1.29	55,194	1.21	103,077	1.49
Telephone	6,903	0.24	4,522	0.13	6,692	0.15	13,050	0.19
Training	2,980	0.10	2,323	0.07	4,119	0.09	7,474	0.11
Abnormal Expenses	31,045	1.08	13,181	0.39	2,489	0.05	12,408	0.18
Payroll Tax	13,955	0.49	13,581	0.40	14,542	0.32	27,661	0.40
Workers' Compensation	2,931	0.10	3,438	0.10	5,206	0.11	8,343	0.12
Other Expenses	79,061	2.76	61,075	1.80	64,253	1.41	150,300	2.17
TOTAL EXPENSES	988,039	34.50	993,722	29.33	1,294,590	28.33	1,970,234	28.47
TOTAL INCOME	86,306	3.01	215,349	6.36	306,297	6.70	588,113	8.50
Less Proprietors' Salary (1)	53,055	1.85	93,289	2.75	93,731	2.05	106,490	1.54
[Full-Time-Equivalents]	0.39		0.69		0.70		0.79	
NET PROFIT/LOSS	33,250	1.16	122,060	3.60	212,566	4.65	481,623	6.96
EBITDA	128,266	4.48	213,167	6.29	344,070	7.53	678,195	9.80
SALES ANALYSIS								
Prescriptions (3)	1,888,116	66.13	2,109,183	60.61	2,933,328	64.10	4,663,612	65.61
Other Sales (3)	967,182	33.87	1,370,578	39.39	1,642,875	35.90	2,444,247	34.39
INVENTORY ANALYSIS								
Prescription	89,634	3.13	81,250	2.40	98,462	2.15	139,930	2.02
Other	185,848	6.49	214,380	6.33	243,934	5.34	375,691	5.43
STOCK CARRIED (Total)	275,482	9.62	295,631	8.73	342,396	7.49	515,621	7.45
STOCK TURN (On Total Inventory)	6.50		7.37		8.67		8.46	
SALES PER INVENTORY DOLLAR								
Prescription	21.06		25.96		29.79		33.33	
Other	5.20		6.39		6.73		6.51	
STATISTICS								
PHARMACY SIZE (square metres)	207		318		303		363	
PRESCRIPTIONS DISPENSED (Total)	57,799		67,603		86,391		138,262	
PRESCRIPTIONS DISPENSED WEEKLY	1,112		1,300		1,661		2,659	
TOTAL HOURS OPEN per WEEK	72		74		72		77	
AV HRS WORKED BY PROPRIETORS/WEEK	15		26		27		30	
FUNDS RETAINED IN BUSINESS (2)	134,706	4.70	85,041	2.51	100,062	2.19	594,995	8.60

(1) Notional Proprietor's Salary is based on actual manager's wages and includes on-costs such as a provision for annual leave, long service leave etc.

(2) Funds Retained in Business is calculated as the difference between Total Income and Drawings by Proprietor's.

(3) Percentages against Pharmacy Sales

AUSTRALIAN PHARMACIES - PERCENTAGE PRESCRIPTION/ TOTAL SALES
(Based on 12 Months of Trading to 30/06/2016)

Table 20

	Less Than 50%		50%-60%		60%-70%		70%-80%		Over 80%	
SALES, EXPENSES & PROFITABILITY	\$	%	\$	%	\$	%	\$	%	\$	%
SALES	3,891,215		3,468,158		4,137,744		3,127,432		2,259,633	
COST OF GOODS SOLD (3)	2,621,120	67.36	2,270,617	65.47	2,666,832	64.45	1,971,934	63.05	1,369,763	60.62
GROSS MARGIN (3)	1,270,095	32.64	1,197,541	34.53	1,470,913	35.55	1,155,497	36.95	889,870	39.38
Other Income	33,052		77,204		41,575		51,523		45,243	
GROSS MARGIN PLUS OTHER INCOME	1,303,147		1,274,745		1,512,487		1,207,020		935,113	
TOTAL REVENUE	3,924,267		3,545,362		4,179,319		3,178,954		2,304,875	
EXPENSES										
Salaries and Wages	465,471	11.86	479,876	13.54	417,892	10.00	382,030	12.02	362,997	15.75
Rent Paid	312,528	7.96	168,045	4.74	189,562	4.54	140,042	4.41	98,124	4.26
Outgoings - Rental & Rates	48,833	1.24	31,505	0.89	16,037	0.38	8,396	0.26	24,221	1.05
Accounting	9,176	0.23	5,751	0.16	14,224	0.34	7,584	0.24	7,075	0.31
Advertising	60,533	1.54	38,311	1.08	22,323	0.53	8,959	0.28	7,616	0.33
Bank Charges	18,617	0.47	11,616	0.33	8,087	0.19	5,606	0.18	3,621	0.16
Computer Expenses	13,489	0.34	15,004	0.42	9,360	0.22	11,658	0.37	10,279	0.45
Depreciation	49,417	1.26	30,098	0.85	38,400	0.92	30,546	0.96	27,265	1.18
Electricity, Water, Heating	15,446	0.39	15,365	0.43	14,077	0.34	10,420	0.33	7,354	0.32
Insurance	11,896	0.30	9,324	0.26	12,645	0.30	10,571	0.33	8,948	0.39
Interest Paid	78,246	1.99	59,194	1.67	72,636	1.74	44,606	1.40	41,435	1.80
Leasing Expenses	8,048	0.21	3,301	0.09	7,240	0.17	3,473	0.11	5,822	0.25
Motor Vehicle Expenses	4,300	0.11	15,419	0.43	3,144	0.08	4,233	0.13	4,191	0.18
Postage, Freight, Printing	14,289	0.36	13,005	0.37	12,059	0.29	15,183	0.48	10,490	0.46
Repairs, Maintenance, Service	4,308	0.11	4,868	0.14	5,125	0.12	5,762	0.18	4,696	0.20
Subs and Registrations	15,752	0.40	23,032	0.65	15,771	0.38	15,862	0.50	14,286	0.62
Superannuation	46,138	1.18	43,214	1.22	48,681	1.16	45,422	1.43	30,261	1.31
Telephone	5,602	0.14	5,311	0.15	7,475	0.18	6,338	0.20	5,065	0.22
Training	2,588	0.07	4,589	0.13	1,169	0.03	2,212	0.07	2,680	0.12
Abnormal Expenses	17,196	0.44	13,616	0.38	31,760	0.76	14,740	0.46	2,540	0.11
Payroll Tax	18,570	0.47	13,916	0.39	12,755	0.31	15,980	0.50	10,078	0.44
Workers' Compensation	4,870	0.12	4,118	0.12	4,048	0.10	3,763	0.12	3,097	0.13
Other Expenses	72,724	1.85	64,443	1.82	37,826	0.91	46,263	1.46	108,196	4.69
TOTAL EXPENSES	1,298,039	33.08	1,072,921	30.26	1,002,297	23.98	839,650	26.41	800,336	34.72
TOTAL INCOME	5,108	0.13	201,824	5.69	510,190	12.21	367,370	11.56	134,776	5.85
Less Proprietors' Salary (1)	69,856	1.78	51,170	1.44	83,120	1.99	110,001	3.46	130,413	5.66
[Full-Time-Equivalents]	0.52		0.38		0.62		0.82		0.97	
NET PROFIT/LOSS	-64,749	-1.65	150,654	4.25	427,070	10.22	257,369	8.10	4,363	0.19
EBITDA	62,915	1.60	239,946	6.77	538,106	12.88	332,520	10.46	73,064	3.17
SALES ANALYSIS										
Prescriptions (3)	1,416,206	36.15	1,933,663	56.11	2,709,653	67.22	2,370,932	76.39	1,911,142	85.25
Other Sales (3)	2,501,870	63.85	1,512,532	43.89	1,321,587	32.78	732,593	23.61	330,778	14.75
INVENTORY ANALYSIS										
Prescription	63,604	1.62	93,331	2.63	86,885	2.08	85,789	2.70	80,845	3.51
Other	345,866	8.81	299,491	8.45	260,686	6.24	149,304	4.70	95,997	4.16
STOCK CARRIED (Total)	409,471	10.43	392,821	11.08	347,571	8.32	235,093	7.40	176,842	7.67
STOCK TURN (On Total Inventory)	6.40		5.78		7.67		8.39		7.75	
SALES PER INVENTORY DOLLAR										
Prescription	22.27		20.72		31.19		27.64		23.64	
Other	7.23		5.05		5.07		4.91		3.45	
STATISTICS										
PHARMACY SIZE (square metres)	362		319		222		216		202	
PRESCRIPTIONS DISPENSED (Total)	44,203		62,759		78,814		68,951		56,745	
PRESCRIPTIONS DISPENSED WEEKLY	850		1,207		1,516		1,326		1,091	
TOTAL HOURS OPEN per WEEK	65		70		69		64		54	
AV HRS WORKED BY PROPRIETORS/WEEK	20		14		24		31		37	
FUNDS RETAINED IN BUSINESS (2)	-139,175	- 3.55	4,186	0.12	273,498	6.54	228,211	7.18	260,595	11.31

(1) Notional Proprietor's Salary is based on actual manager's wages and includes on-costs such as a provision for annual leave, long service leave etc.

(2) Funds Retained in Business is calculated as the difference between Total Income and Drawings by Proprietors.

(3) Percentages against Pharmacy Sales

AUSTRALIAN PHARMACIES - WEEKLY HOURS OPEN
(Based on 12 Months of Trading to 30/06/2016)

Table 21

	Up to 50		51-60		61-70		Over 70	
SALES, EXPENSES & PROFITABILITY	\$	%	\$	%	\$	%	\$	%
SALES	1,387,779		2,395,829		4,216,514		3,833,982	
COST OF GOODS SOLD (3)	858,301	61.85	1,617,932	67.53	2,800,330	66.41	2,504,707	65.33
GROSS MARGIN (3)	529,479	38.15	777,897	32.47	1,416,184	33.59	1,329,276	34.67
Other Income	39,292		22,020		37,098		51,409	
GROSS MARGIN PLUS OTHER INCOME	568,771		799,918		1,453,282		1,380,684	
TOTAL REVENUE	1,427,072		2,417,849		4,253,612		3,885,391	
EXPENSES								
Salaries and Wages	215,497	15.10	299,444	12.38	484,490	11.39	545,859	14.05
Rent Paid	32,311	2.26	94,743	3.92	317,941	7.47	201,809	5.19
Outgoings - Rental & Rates	3,448	0.24	5,581	0.23	31,904	0.75	32,285	0.83
Accounting	6,075	0.43	7,767	0.32	10,901	0.26	10,634	0.27
Advertising	5,889	0.41	15,038	0.62	65,394	1.54	30,979	0.80
Bank Charges	3,341	0.23	7,839	0.32	19,444	0.46	14,972	0.39
Computer Expenses	11,263	0.79	10,479	0.43	15,407	0.36	17,317	0.45
Depreciation	15,654	1.10	15,546	0.64	42,019	0.99	28,769	0.74
Electricity, Water, Heating	4,674	0.33	7,540	0.31	14,548	0.34	18,620	0.48
Insurance	9,436	0.66	10,717	0.44	12,564	0.30	9,779	0.25
Interest Paid	36,031	2.52	43,362	1.79	91,980	2.16	72,854	1.88
Leasing Expenses	941	0.07	1,811	0.07	6,340	0.15	3,195	0.08
Motor Vehicle Expenses	4,905	0.34	6,225	0.26	9,848	0.23	2,975	0.08
Postage, Freight, Printing	5,224	0.37	9,905	0.41	14,541	0.34	15,699	0.40
Repairs, Maintenance, Service	3,100	0.22	3,886	0.16	4,255	0.10	5,844	0.15
Subs and Registrations	9,964	0.70	9,118	0.38	21,590	0.51	30,402	0.78
Superannuation	17,595	1.23	26,536	1.10	59,232	1.39	47,309	1.22
Telephone	4,093	0.29	4,956	0.20	5,891	0.14	5,102	0.13
Training	1,928	0.14	2,100	0.09	4,485	0.11	2,486	0.06
Abnormal Expenses	11,216	0.79	12,870	0.53	22,361	0.53	16,570	0.43
Payroll Tax	10,078	0.71	6,867	0.28	22,433	0.53	14,233	0.37
Workers' Compensation	1,582	0.11	2,325	0.10	6,472	0.15	4,274	0.11
Other Expenses	33,771	2.37	77,660	3.21	52,777	1.24	80,801	2.08
TOTAL EXPENSES	448,015	31.39	682,313	28.22	1,336,816	31.43	1,212,767	31.21
TOTAL INCOME	120,756	8.46	117,605	4.86	116,466	2.74	167,917	4.32
Less Proprietors' Salary (1)	129,621	9.08	121,550	5.03	86,521	2.03	44,124	1.14
[Full-Time-Equivalents]	0.96		0.90		0.64		0.33	
NET PROFIT/LOSS	-8,866	-0.62	-3,946	-0.16	29,945	0.70	123,793	3.19
EBITDA	42,819	3.00	54,962	2.27	163,943	3.85	225,416	5.80
SALES ANALYSIS								
Prescriptions (3)	1,007,421	71.77	1,396,700	59.82	2,120,034	51.09	2,241,175	58.78
Other Sales (3)	396,170	28.23	937,993	40.18	2,029,350	48.91	1,571,486	41.22
INVENTORY ANALYSIS								
Prescription	57,359	4.02	60,712	2.51	95,075	2.24	109,566	2.82
Other	67,815	4.75	116,040	4.80	342,047	8.04	227,331	5.85
STOCK CARRIED (Total)	125,174	8.77	176,752	7.31	437,122	10.28	336,897	8.67
STOCK TURN (On Total Inventory)	6.86		9.15		6.41		7.43	
SALES PER INVENTORY DOLLAR								
Prescription	17.56		23.01		22.30		20.45	
Other	5.84		8.08		5.93		6.91	
STATISTICS								
PHARMACY SIZE (square metres)	145		227		363		291	
PRESCRIPTIONS DISPENSED (Total)	31,864		40,833		67,225		79,298	
PRESCRIPTIONS DISPENSED WEEKLY	613		785		1,293		1,525	
TOTAL HOURS OPEN per WEEK	47		54		65		86	
AV HRS WORKED BY PROPRIETORS/WEEK	37		34		24		12	
FUNDS RETAINED IN BUSINESS (2)	99,478	6.97	62,475	2.58	-259,232	6.09	-178,707	4.60

(1) Notional Proprietor's Salary is based on actual manager's wages and includes on-costs such as a provision for annual leave, long service leave etc.

(2) Funds Retained in Business is calculated as the difference between Total Income and Drawings by Proprietor's.

(3) Percentages against Pharmacy Sales

AUSTRALIAN PHARMACIES - BALANCE SHEET 2015-16

Table 22

	30-Jun-15 (313 Pharmacies)		30-Jun-16 (321 Pharmacies)		Amount and % Change	
	\$	%	\$	%	\$	%
Assets (excluding Goodwill)	819,289	29%	1,071,260	35%	251,970	31%
Liabilities	1,341,010	48%	1,507,986	49%	166,976	12%
Net Worth excluding Goodwill	-563,785	-20%	-693,292	-22%	-129,507	23%
Total Revenue	2,806,559	100%	3,097,139	100%	290,580	10%
Trading Profit	191,488	7%	183,597	6%	-7,891	-4%

AUSTRALIAN PHARMACIES - BALANCE SHEET 2015-16

Table 23

	Owner operated pharmacies		Manager operated pharmacies	
	\$	%	\$	%
Assets (excluding Goodwill)	1,458,704	29%	1,088,530	28%
Liabilities	1,297,491	48%	2,037,943	53%
Net Worth excluding Goodwill	-125,031	-20%	-447,169	-12%
Total Revenue	2,985,128	100%	3,839,864	100%
Trading Profit	253,111	7%	96,975	3%

(1) Weighted averages

**AUSTRALIAN PHARMACIES - BALANCE SHEET 2015-16
BY TURNOVER GROUP**

Table 24

	Under \$1M		\$1.0M-\$1.5M		\$1.5M-\$2.0M		\$2.0M-\$3.0M	
	\$	%	\$	%	\$	%	\$	%
Assets including Goodwill	428,844	60.60	462,084	36.69	1,367,817	78.54	1,643,224	66.04
Liabilities	622,289	87.93	983,485	78.09	1,246,830	71.60	1,464,944	58.87
Net Worth	-193,445	(27.33)	-521,401	(41.40)	120,986	6.95	178,280	7.16
Total Revenue	707,698	100.00	1,259,445	100.00	1,741,446	100.00	2,488,325	100.00
Trading Profit	-145,600	(20.57)	-129,143	(10.25)	-88,584	(5.09)	-34,800	(1.40)

	\$3.0M-\$4.0M		\$4.0M-\$5.0M		\$5.0M-\$7.0M		Over \$7.0M	
	\$	%	\$	%	\$	%	\$	%
Assets including Goodwill	2,120,744	61.20	2,445,523	55.27	3,058,967	53.46	3,197,332	37.12
Liabilities	1,523,634	43.97	1,877,417	42.43	2,300,838	40.21	2,994,677	34.76
Net Worth	597,111	17.23	568,106	12.84	758,129	13.25	202,656	2.35
Total Revenue	3,465,065	100.00	4,424,859	100.00	5,721,956	100.00	8,614,561	100.00
Trading Profit	107,096	3.09	53,305	1.20	387,161	6.77	317,744	3.69

USER'S GUIDE TO THE GUILD DIGEST

Management decisions require more than general and vague impressions of an operation's financial structure. The *Guild Digest* presents a snapshot of pharmacy operations in Australia for the preceding financial year and is designed to be used as a resource when making management decisions. The *Digest's* primary purpose is to serve as a financial benchmarking tool, allowing community pharmacy owners, managers and financial advisers to make valuable comparisons of their financial performance against others in the industry.

The purpose of this section is to provide a better understanding of the financial data presented. It provides background information on the *Digest's* structure as well as an understanding of financial terms and concepts and how they can be applied when analysing your business.

BALANCE SHEET

The balance sheet is a statement of financial position at a given point in time. A snapshot of what a business owns (assets), what a business owes (liabilities), and the amount invested by owners (net worth), it is expressed as:

$$\text{Assets} = \text{Liabilities} + \text{Owners Equity (Net Worth)}$$

The balance sheet allows you to quickly see the financial strengths and capabilities of your business, as well as to compare the increase and decrease in value of your business over time.

Assets

An asset is anything of value that can be converted into cash. It is a resource held by a business from which future economic benefits are expected to flow.

Current assets are assets that can usually be converted into cash at short notice.

Fixed assets, on the other hand, are assets with a long-term life which are needed to carry out the normal activities of the business. They also have a depreciable life and are shown at cost less depreciation written off to date.

Goodwill is the price paid to take over the clientele when purchasing a business, less amounts written off over a designated period.

Liabilities

Current liabilities include all debts which are due within one year from the date of the balance sheet. The main components are normally accounts payable, accrued expenses, overdrafts and provision for tax.

Long-term liabilities are those which are payable over a number of financial years. They include loans, mortgages and long-term provisions such as long-service leave.

Net Worth

Net worth is the amount assets exceed liabilities. Use the following formula to calculate net worth:

$$\text{Net Worth} = \text{Total Assets} - \text{Total Liabilities}$$

Net worth is a key measure of how much an entity is worth. A consistent increase in net worth indicates the entity is in good financial health.

OPERATING PERIOD

Extreme movements may be experienced in individual businesses from period to period but as a general rule, unless there are exceptional economic factors, industry movements are small from period to period.

The *Digest* can therefore be useful to identify short-term trends, such as adverse margins or high inventory levels at any time during the current period. In addition, comparisons of *Digest* results can be made at any time after 30 June 2014 to identify any long-term problems such as inappropriate locations.

DIGEST FORMAT

For the purposes of financial management, two major areas are presented:

- + Operating results for the 12-month period summarised into various charts and tables according to turnover ranges, location and volume of prescription business.
- + Financial position of the business at a specific point in time, ie 30 June 2014, after the year's trading has been taken into account.

OPERATING RESULTS

Often referred to as the profit and loss account, the operating results present, in a single format, revenue derived from the sale of merchandise and expenses incurred to produce those sales.

All income statement data are reported as percentage of total revenue to allow the comparison of each item in its relationship to the total operation.

FINANCIAL RATIOS

From an investor's point of view, the pharmacy proprietor must review the balance sheet in order to relate the income produced from the venture to the funds invested in it. The owner must also be prepared to justify the level of expenditure incurred in earning both the income and the return on funds invested. Thus a sound management policy dictates that the proprietor should review both the income and expense statement for an evaluation of operations and the balance sheet for an assessment of financial position and solvency.

The proprietor can judge how effectively the assets are being utilised by relating the asset and liability position to sales and profit figures.

Balance sheet information can be developed into ratios that measure asset usage (return on asset investment); the liquidity of the business, or its ability to meet current obligations (current ratio); and the general solvency of the firm (debt/equity ratio).

It should be noted that the ratios calculated from the financial information are not inflexible determinants of success or failure, but rather represent indicators of performance at one point in time. It is suggested that these ratios be considered as a group rather than separately.

Liquidity or Short-Term Capitalisation

Liquidity measures the pharmacy's ability to meet its current obligations and reflects the relationship between the business' short-term financial obligations (current liabilities) and the sources of funds available to meet those requirements (current assets).

$$\text{Current Ratio} = \frac{\text{Current Assets}}{\text{Current Liabilities}}$$

Also known as working capital ratio, a ratio of around 2 to 1 for most businesses enables the business to relatively easily meet current obligations. In most cases a ratio higher than this would indicate that the manager is not utilising funds in the most productive way.

Profitability

Profitability is the measuring stick used to evaluate how effective the manager has been in increasing the owner's equity.

$$\text{Net profit on annual sale} = \frac{\text{Net Profit (before tax)}}{\text{Annual Sales}}$$

Year-to-year comparisons can be made to determine the change in net profit in relation to the change in sales. This measure of profitability is most useful in connection with another standard ratio – return on investment.

$$\begin{array}{rcl} \text{Return on Investment} & = & \frac{\text{Net Profit (before tax)}}{\text{Net Worth}} \\ \text{(or return on Equity)} & & \end{array}$$

Net worth is the amount of owner's equity and is the difference between total assets and total liabilities. The resulting figure is then divided into net profit (before taxes).

Often a more accurate indicator of investment return can be found in the return on total investment.

$$\begin{array}{rcl} \text{Return on} & = & \frac{\text{Net Profit (before tax)}}{\text{Owner's Equity + Long-Term Liabilities}} \\ \text{Total Investment} & & \end{array}$$

Net profit on total investment expresses income in relation to the total of the permanent funds invested in the business. It makes no distinction between owner's equity and borrowed capital. The return on total investment ratio is a measure of how well management has used all these permanent funds.

Solvency or Long-Term Capitalisation

Solvency is calculated by lenders in estimating the borrowing potential of a firm. Solvency refers to the ability of a pharmacy to meet the repayment schedule on long-term obligations.

$$\begin{array}{rcl} \text{Debt Equity Ratio} & = & \frac{\text{Total Liabilities}}{\text{Net Worth}} \\ \text{(or gearing)} & & \end{array}$$

A pharmacy in which the total debt exceeds the owner's equity is quite vulnerable if external changes cause a prolonged drop in sales or an unpredictable increase in expenses such as those caused by interest rate rises. When the debt/equity ratio is low in comparison with that in similar operations, the pharmacy may not be leveraged to the best advantage.

Net Sales to Net Worth

This ratio examines the productivity of equity in terms of generating sales. A high ratio may imply inadequate owner's capitalisation. When the ratio is low, the operation is not obtaining full use of its funds.

Funded Debt to Net Working Capital

A business' ability to borrow is obtained by dividing funded debts, mortgages etc by working capital. When the ratio is low there is less reliance on funded debt for working capital and the owner is in a better financial position to borrow funds.

Age of Debtors

$$\text{Average Payable Period} = \frac{\text{Outstanding Accounts Payable} \times 365}{\text{Annual Purchases}}$$

This ratio expresses the number of days outstanding in accounts payable and measures the extent to which a business is operating on suppliers' capital. A higher-than-average value may imply that the pharmacy is not taking suppliers' cash discounts.

STRUCTURE OF PHARMACISTS' REMUNERATION PHARMACEUTICAL BENEFITS SCHEME

Table 24

From	To	RP ITEMS		EP ITEMS	
		Professional Fee (\$)	Markup on Wholesale Price (%)	Professional Fee (\$)	
1 January 1972	30 April 1972	0.39	33 1/3	0.64	
1 May 1972	30 September 1972	0.42	33 1/3	0.64	
1 October 1972	30 November 1972	0.44	33 1/3	0.64	
1 December 1972	31 December 1972	0.45	33 1/3	0.64	
1 January 1973	30 June 1973	0.50	33 1/3	0.72	
1 July 1973	31 December 1973	0.61	33 1/3	0.83	
1 January 1974	30 June 1974	0.68	33 1/3	0.90	
1 July 1974	30 June 1975	0.84	33 1/3	1.06	
1 July 1975	30 June 1976	0.90	33 1/3	1.12	
1 July 1976	31 December 1976	1.02	33 1/3	1.24	
1 January 1977	30 June 1977	1.07	33 1/3	1.29	
1 July 1977	31 July 1978	1.21	33 1/3	1.43	
1 August 1978	30 April 1980	1.35	25	1.95	
1 May 1980	30 June 1980	1.31 *	25	1.91 *	
1 July 1980	30 November 1980	1.31 1.39	25	1.91 1.99	
1 December 1980	31 December 1980	1.26 1.34	25	1.89 1.97	
1 January 1981	30 June 1981	1.26 1.44	25	1.89 2.07	
1 July 1981	31 December 1981	1.51	25	2.14	
1 January 1982	30 June 1982	1.66	25	2.29	
1 July 1982	31 December 1983	1.73	25	2.54	
1 January 1984	30 June 1984	1.98	25	2.89	
1 July 1984	30 June 1985	2.13	25	3.09	
1 July 1985	31 December 1985	2.30	25	3.33	
1 January 1986	30 June 1986	2.35	25	3.40	
1 July 1986	31 August 1986	2.40	25	3.47	
1 September 1986	31 May 1987	2.46	25	3.56	
1 June 1987	30 June 1988	2.50	25	3.62	
1 July 1988	31 July 1988	2.59	25	3.76	
1 August 1988	31 January 1989	2.64	25	3.83	
1 February 1989	31 December 1989	2.59	25	3.76	
1 January 1990	30 June 1990	2.54	25	3.68	
1 July 1990	31 December 1990	2.57	25	3.72	
1 January 1991	31 July 1992	3.43	10 **	4.96	
1 August 1992	31 December 1992	3.57	10 **	5.16	
1 January 1993	30 June 1993	3.69	10 **	5.34	
1 July 1993	31 December 1993	3.75	10 **	5.43	
1 January 1994	30 June 1994	3.83	10 **	5.55	
1 July 1994	31 December 1994	3.98	10 **	5.77	
1 January 1995	30 June 1995	4.06	10 **	5.89	
1 July 1995	30 June 1996	4.27	10 **	6.10	
1 July 1996	30 June 1997	4.29	10 **	6.13	
1 July 1997	30 June 1998	4.34	10 **	6.20	
1 July 1998	30 June 1999	4.34	10 **	6.20	
1 July 1999	30 June 2000	4.39	10 **	6.27	

TABLE 24 (continued)

From	To	RP ITEMS		EP ITEMS
		Professional Fee (\$)	Markup on Wholesale Price (%)	Professional Fee (\$)
1 July 1999	30 June 2000	4.39	10 **	6.27
1 July 2000	30 January 2001	4.40	10 ***	6.28
1 February 2001	30 June 2001	4.50	10 ***	6.38
1 July 2001	30 September 2001	4.53	10 ***	6.44
1 October 2001	30 January 2002	4.68	10 ***	6.59
1 February 2002	30 June 2002	4.58	10 ***	6.49
1 July 2002	30 June 2003	4.62	10 ***	6.56
1 July 2003	30 June 2004	4.66	10 ***	6.63
1 July 2004	30 June 2005	4.70	10 ***	6.70
1 July 2005	30 November 2005	4.75	10 ***	6.78
1 December 2005	30 June 2006	4.94	10 ***	6.97
1 July 2006	30 June 2007	5.15	10 ~	7.19
1 July 2007	31 July 2007	5.32	10 ~	7.36
1 August 2007	30 June 2008	5.44	10 ~	7.48
1 July 2008	31 July 2008	5.81	10 ~	7.85
1 August 2008	30 June 2009	5.99	~~	8.03
1 July 2009	30 June 2012	6.42	~~	8.46
1 July 2012	30 June 2013	6.52	~~	8.56
1 July 2013	30 June 2014	6.63	~~	8.67
1 July 2014	30 June 2015	6.76	~~	8.80
1 July 2015	30 June 2016	6.93	~~~	8.97
1 July 2016		7.02	~~~	9.06

* Revised Fees as determined by the Pharmaceutical Benefits Remuneration Tribunal.

** 10% Mark-up applies to items with approved price to pharmacists of less than \$180.00.

\$18.00 Mark-up applies to items with approved price to pharmacists of between \$180.00 and \$360.00.

5% Mark-up applies to items with approved price to pharmacists of more than \$360.00.

*** 10% Mark-up applies to items with approved price to pharmacists of less than \$180.00.

\$18.00 Mark-up applies to items with approved price to pharmacists of between \$180.00 and \$450.00.

4% Mark-up applies to items with approved price to pharmacists of more than \$450.00.

~ As above, except for items with approved price to pharmacists of more than \$1000, to which a \$40 markup applies.

~~ 15% Mark-up applied to items with approved price to pharmacists of less than \$30.00.

\$4.50 Mark-up applies to items with approved price to pharmacists of between \$30.00 and \$45.00.

10% Mark-up applies to items with approved price to pharmacists of between \$45.00 and \$180.00.

\$18 Mark-up applies to items with approved price to pharmacists of between \$180.00 and \$450.00.

4% Mark-up applies to items with approved price to pharmacists of between \$450.00 and \$1750.00.

\$70 Mark-up applies to items with approved price to pharmacists of more than \$1750.00

~~~ From 1 July 2015, the pharmacy mark-up component of remuneration was replaced by an Administration, Handling & Infrastructure fee.

Approved price to Pharmacist (wholesaler PBS list price) up to \$180.00: \$3.54 per prescription

Approved price to Pharmacist between \$180.00 and \$2,277.21: \$3.49 plus 3.5% of the amount by which the price exceeds \$180.00

Approved price to pharmacist is \$2,277.21 or above: \$70.00.

## CHANGES IN THE LEVEL OF PATIENT CONTRIBUTION

**Table 25**

| Date of Change | Amount general | Percentage of average cost of general | Amount concessional | Percentage of average cost of concessional |
|----------------|----------------|---------------------------------------|---------------------|--------------------------------------------|
| March 1960     | \$0.50         | 22 %                                  |                     |                                            |
| November 1971  | \$1.00         | 40 %                                  |                     |                                            |
| September 1975 | \$1.50         | 51 %                                  |                     |                                            |
| March 1976     | \$2.00         | 59 %                                  |                     |                                            |
| July 1978      | \$2.50         | 60 %                                  |                     |                                            |
| September 1979 | \$2.75         | 60 %                                  |                     |                                            |
| December 1981  | \$3.20         | 62 %                                  |                     |                                            |
| January 1983   | \$4.00         | 69 %                                  | \$2.00              | 34 %                                       |
| July 1985      | \$5.00         | 73 %                                  | \$2.00              | 32 %                                       |
| July 1986      | \$5.00         | 64 %                                  | \$2.00              | 29 %                                       |
| November 1986  | MAX \$10.00    | 54 %                                  | \$2.50              | 27 %                                       |
| July 1988      | MAX \$11.00    | 51 %                                  | \$2.50              | 27 %                                       |
| July 1989      | MAX \$11.00    | 53 %                                  | \$2.50              | 25 %                                       |
| July 1990      | MAX \$11.00    | 49 %                                  | \$2.50              | 23 %                                       |
| November 1990  | MAX \$15.00    | 55 %                                  | \$2.50              | 21 %                                       |
| August 1991    | MAX \$15.70    | 57 %                                  | \$2.50              | 21 %                                       |
| October 1991   | MAX \$15.70    | 57 %                                  | \$2.60              | 22 %                                       |
| August 1992    | MAX \$15.90    | 45 %                                  | \$2.60              | 20 %                                       |
| August 1993    | MAX \$16.00    | 47 %                                  | \$2.60              | 18 %                                       |
| August 1994    | MAX \$16.20    | 45 %                                  | \$2.60              | 16 %                                       |
| August 1995    | MAX \$16.80    | 45 %                                  | \$2.60              | 15 %                                       |
| August 1996    | MAX \$17.40    | 43 %                                  | \$2.70              | 14 %                                       |
| January 1997   | MAX \$20.00    | 44 %                                  | \$3.20              | 16 %                                       |
| January 1999   | MAX \$20.30    | 40 %                                  | \$3.20              | 14 %                                       |
| January 2000   | MAX \$20.60    | 40 %                                  | \$3.30              | 14 %                                       |
| January 2001   | MAX \$21.90    | 42 %                                  | \$3.50              | 14 %                                       |
| January 2002   | MAX \$22.40    | 42 %                                  | \$3.60              | 14 %                                       |
| January 2003   | MAX \$23.10    | 40 %                                  | \$3.70              | 13 %                                       |
| January 2004   | MAX \$23.70    | 39 %                                  | \$3.80              | 12 %                                       |
| January 2005   | MAX \$28.60    | 48 %                                  | \$4.60              | 14 %                                       |
| January 2006   | MAX \$29.50    | 46 %                                  | \$4.70              | 14 %                                       |
| January 2007   | MAX \$30.70    | 45 %                                  | \$4.90              | 14 %                                       |
| January 2008   | MAX \$31.30    | 46 %                                  | \$5.00              | 14 %                                       |
| January 2009   | MAX \$32.90    | 34 %                                  | \$5.30              | 13 %                                       |
| January 2010   | MAX \$33.30    | 37 %                                  | \$5.40              | 14 %                                       |
| January 2011   | MAX \$34.20    | 35 %                                  | \$5.60              | 15 %                                       |
| January 2012   | MAX \$35.40    | 35 %                                  | \$5.80              | 14 %                                       |
| January 2013   | MAX \$36.10    | 35 %                                  | \$5.90              | 15 %                                       |
| January 2014   | MAX \$36.90    | 35 %                                  | \$6.00              | 16 %                                       |
| July 2015      | MAX \$37.70    | 33 %                                  | \$6.10              | 17 %                                       |
| January 2016   | MAX \$38.30    | 33 %                                  | \$6.20              | 19 %                                       |

## PBS REMUNERATION PER PRESCRIPTION

**Table 26**

| Year    | Average Price per Prescription (\$) | Mark-up* \$ | Average Professional Fee (\$) | Average other fees*** \$ | Total remuneration \$ | Remuneration * as % of Ave. Price | Annual Volume of Prescriptions (000) |
|---------|-------------------------------------|-------------|-------------------------------|--------------------------|-----------------------|-----------------------------------|--------------------------------------|
| 1970/71 | 2.21                                | 0.48        | 0.34                          |                          | 0.82                  | 37.10                             | 71,487                               |
| 1971/72 | 2.46                                | 0.51        | 0.38                          |                          | 0.89                  | 36.18                             | 72,442                               |
| 1972/73 | 2.64                                | 0.56        | 0.47                          |                          | 1.01                  | 38.26                             | 74,676                               |
| 1973/74 | 2.78                                | 0.53        | 0.65                          |                          | 1.18                  | 42.45                             | 87,288                               |
| 1974/75 | 2.99                                | 0.54        | 0.83                          |                          | 1.37                  | 45.82                             | 97,674                               |
| 1975/76 | 3.28                                | 0.60        | 0.88                          |                          | 1.48                  | 45.12                             | 101,117                              |
| 1976/77 | 3.71                                | 0.66        | 1.04                          |                          | 1.70                  | 45.82                             | 89,705                               |
| 1977/78 | 3.93                                | 0.66        | 1.22                          |                          | 1.88                  | 47.84                             | 93,167                               |
| 1978/79 | 4.16                                | 0.59 **     | 1.35                          |                          | 1.94                  | 46.63                             | 92,963                               |
| 1979/80 | 4.38                                | 0.62        | 1.36                          |                          | 1.98                  | 45.21                             | 89,075                               |
| 1980/81 | 4.53                                | 4.65@       | 1.30                          | 1.42@                    | 1.96                  | 2.08@                             | 94,397                               |
| 1981/82 | 5.08                                | 0.68        | 1.62                          |                          | 2.30                  | 45.28                             | 103,574                              |
| 1982/83 | 5.61                                | 0.77        | 1.77                          |                          | 2.54                  | 45.28                             | 105,540                              |
| 1983/84 | 5.96                                | 0.79        | 1.90                          |                          | 2.69                  | 45.13                             | 108,385                              |
| 1984/85 | 6.32                                | 0.80        | 2.14                          |                          | 2.94                  | 46.52                             | 120,829                              |
| 1985/86 | 7.01                                | 0.94        | 2.33                          |                          | 3.27                  | 46.65                             | 119,842                              |
| 1986/87 | 8.79                                | @@          | 1.26                          |                          | 3.74                  | 42.55                             | 102,762                              |
| 1987/88 | 10.37                               | @@          | 1.57                          |                          | 4.10                  | 39.54                             | 100,901                              |
| 1988/89 | 11.51                               | @@          | 1.78                          |                          | 4.42                  | 38.40                             | 100,586                              |
| 1989/90 | 12.54                               | @@          | 1.99                          |                          | 4.56                  | 36.40                             | 104,979                              |
| 1990/91 | 13.82                               | @@          | 1.84                          |                          | 4.68                  | 33.86                             | 96,300                               |
| 1991/92 | 15.46                               | @@          | 1.10 **                       |                          | 4.53                  | 29.30                             | 94,121                               |
| 1992/93 | 16.78                               | @@          | 1.20                          |                          | 4.79                  | 28.55                             | 105,953                              |
| 1993/94 | 18.18                               | @@          | 1.31                          |                          | 5.16                  | 28.38                             | 115,041                              |
| 1994/95 | 19.71                               | @@          | 1.43                          |                          | 5.49                  | 27.85                             | 118,046                              |
| 1995/96 | 21.49                               | @@          | 1.57                          |                          | 5.84                  | 27.18                             | 124,205                              |
| 1996/97 | 23.19                               | @@          | 1.72                          |                          | 6.01                  | 25.92                             | 123,434                              |
| 1997/98 | 24.88                               | @@          | 1.87                          |                          | 6.21                  | 24.96                             | 124,483                              |
| 1998/99 | 26.38                               | @@          | 1.95                          |                          | 6.29                  | 23.84                             | 128,348                              |
| 1999/00 | 27.82                               | @@          | 2.07                          |                          | 6.46                  | 23.23                             | 137,585                              |
| 2000/01 | 30.86                               | @@          | 2.34                          |                          | 6.78                  | 21.96                             | 147,571                              |
| 2001/02 | 32.32                               | @@          | 2.46                          |                          | 6.99                  | 21.62                             | 154,530                              |
| 2002/03 | 34.28                               | @@          | 2.62                          |                          | 7.24                  | 21.13                             | 158,548                              |
| 2003/04 | 35.84                               | @@          | 2.68                          |                          | 7.34                  | 20.48                             | 165,435                              |
| 2004/05 | 37.30                               | @@          | 2.79                          |                          | 7.49                  | 20.08                             | 169,877                              |
| 2005/06 | 38.75                               | @@          | 2.88                          |                          | 7.74                  | 19.97                             | 167,927                              |
| 2006/07 | 39.35                               | @@          | 2.86                          |                          | 8.08                  | 20.53                             | 168,536                              |
| 2007/08 | 41.54                               | @@          | 2.95                          |                          | 8.45                  | 20.34                             | 171,296                              |
| 2008/09 | 43.37                               | @@          | 3.42 **                       | 0.85                     | 10.24                 | 23.61                             | 181,836                              |
| 2009/10 | 45.47                               | @@          | 3.57                          | 1.04                     | 11.03                 | 24.26                             | 183,911                              |
| 2010/11 | 46.18                               | @@          | 3.57                          | 0.68                     | 10.67                 | 23.10                             | 188,144                              |
| 2011/12 | 45.59                               | @@          | 3.47                          | 0.71                     | 10.60                 | 23.25                             | 194,898                              |
| 2012/13 | 42.90                               | @@          | 3.22                          | 0.85                     | 10.59                 | 24.69                             | 211,407                              |
| 2013/14 | 41.68                               | @@          | 3.07                          | 0.95                     | 10.65                 | 25.55                             | 214,526                              |
| 2014/15 | 40.05                               | @@          | 2.75                          | 1.03                     | 10.54                 | 26.32                             | 215,406                              |
| 2015/16 | 37.75                               | @@          | 3.82                          | 0.51                     | 11.26                 | 29.83                             | 295,354                              |

\* Excludes wholesalers' surcharges, discounts and rebates.

\*\* Percentage mark-up changed.

\*\*\* PBS Online incentive (August 2008 to June 2010) and Premium-free Dispensing Incentive (August 2008 onwards)

@ Adjusted for retrospective payments.

@@ Not adjusted for General category items under the maximum patient contribution.

Excludes Doctor's Bag items

## POPULATION TO PHARMACY RATIOS IN AUSTRALIA

**Table 27**

| YEAR (30 JUNE) | POPULATION * | NUMBER OF PHARMACIES | POPULATION : PHARMACY RATIO |
|----------------|--------------|----------------------|-----------------------------|
| 1970           | 12,663,469   | 5,876                | 2,155                       |
| 1975           | 13,893,000   | 5,566                | 2,496                       |
| 1980           | 14,695,400   | 5,417                | 2,713                       |
| 1985           | 15,788,300   | 5,484                | 2,879                       |
| 1986           | 16,018,400   | 5,549                | 2,887                       |
| 1987           | 16,263,300   | 5,559                | 2,926                       |
| 1988           | 16,532,200   | 5,609                | 2,947                       |
| 1989           | 16,814,400   | 5,612                | 2,996                       |
| 1990           | 17,065,100   | 5,625                | 3,034                       |
| 1991           | 17,284,000   | 5,351                | 3,230                       |
| 1992           | 17,489,100   | 5,091                | 3,435                       |
| 1993           | 17,656,400   | 5,018                | 3,519                       |
| 1994           | 17,847,400   | 4,980                | 3,584                       |
| 1995           | 18,063,300   | 4,949                | 3,650                       |
| 1996           | 18,310,714   | 4,953                | 3,697                       |
| 1997           | 18,532,247   | 4,954                | 3,741                       |
| 1998           | 18,730,359   | 4,952                | 3,782                       |
| 1999           | 18,871,800   | 4,942                | 3,819                       |
| 2000           | 19,080,200   | 4,925                | 3,874                       |
| 2001           | 19,334,200   | 4,925                | 3,926                       |
| 2002           | 19,657,400   | 4,926                | 3,991                       |
| 2003           | 19,757,900   | 4,907                | 4,026                       |
| 2004           | 20,009,000   | 4,910                | 4,075                       |
| 2005           | 20,281,400   | 4,921                | 4,121                       |
| 2006           | 20,551,500   | 4,951                | 4,151                       |
| 2007           | 20,948,900   | 4,992                | 4,196                       |
| 2008           | 21,282,600   | 5,005                | 4,252                       |
| 2009           | 21,779,100   | 5,046                | 4,316                       |
| 2010           | 22,271,900   | 5,088                | 4,377                       |
| 2011           | 22,475,100   | 5,167                | 4,350                       |
| 2012           | 22,485,340   | 5,240                | 4,291                       |
| 2013           | 23,032,700   | 5,350                | 4,305                       |
| 2014           | 23,319,400   | 5,456                | 4,274                       |
| 2015           | 23,714,300   | 5,511                | 4,303                       |
| 2016           | 24,123,900   | 5,587                | 4,318                       |

\* Based on the most recent ABS estimates - Catalogue No. 3101.0

## TRENDS IN POPULATION TO PHARMACY RATIOS

**Table 28**

| STATE OR TERRITORY | 30 JUNE 2015      |                      |                      | 30 JUNE 2016      |                      |                      | % Change in Population to Pharmacy Ratios |
|--------------------|-------------------|----------------------|----------------------|-------------------|----------------------|----------------------|-------------------------------------------|
|                    | POPULATION ('000) | NUMBER OF PHARMACIES | POPULATION/ PHARMACY | POPULATION ('000) | NUMBER OF PHARMACIES | POPULATION/ PHARMACY |                                           |
| <b>NSW</b>         | 7,618.2           | 1831                 | 4,161                | 7,725.9           | 1853                 | 4,169                | 0.2                                       |
| <b>VIC</b>         | 5,938.1           | 1299                 | 4,571                | 6,068.0           | 1317                 | 4,607                | 0.8                                       |
| <b>QLD</b>         | 4,779.4           | 1100                 | 4,345                | 4,844.5           | 1118                 | 4,333                | -0.3                                      |
| <b>SA</b>          | 2,591.6           | 584                  | 4,438                | 2,617.2           | 591                  | 4,428                | -0.2                                      |
| <b>WA</b>          | 1,698.6           | 439                  | 3,869                | 1,708.2           | 448                  | 3,813                | -1.5                                      |
| <b>TAS</b>         | 516.6             | 149                  | 3,467                | 519.1             | 150                  | 3,461                | -0.2                                      |
| <b>NT</b>          | 244.6             | 34                   | 7,194                | 244.9             | 35                   | 6,997                | -2.7                                      |
| <b>ACT</b>         | 390.8             | 74                   | 5,281                | 396.1             | 75                   | 5,281                | 0.0                                       |
| <b>AUS</b>         | 23,781.2          | 5,510                | 4,316                | 24,123.9          | 5,587                | 4,318                | 0.0                                       |

Source: Medicare Australia and Australian Bureau of Statistics

## PHARMACIES DISPENSING PHARMACEUTICAL BENEFITS STATES AND TERRITORIES 2002 TO 2016

(Number at 30 June)

**Table 29**

| STATE OR<br>TERRITORY | 2002  | 2003  | 2004  | 2005  | 2006  | 2007  | 2008  | 2009  | 2010  | 2011  | 2012  | 2013  | 2014  | 2015  | 2016  |
|-----------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| <b>NSW</b>            | 1,727 | 1,709 | 1,699 | 1,702 | 1,705 | 1,708 | 1,722 | 1,731 | 1,731 | 1,738 | 1762  | 1,794 | 1,820 | 1,831 | 1,853 |
| <b>VIC</b>            | 1,159 | 1,160 | 1,160 | 1,165 | 1,166 | 1,170 | 1,161 | 1,170 | 1,184 | 1,204 | 1226  | 1,247 | 1,282 | 1,299 | 1,317 |
| <b>QLD</b>            | 948   | 944   | 953   | 952   | 963   | 987   | 987   | 1,011 | 1,017 | 1,052 | 1048  | 1,070 | 1,088 | 1,100 | 1,118 |
| <b>SA</b>             | 385   | 386   | 389   | 391   | 399   | 400   | 407   | 404   | 414   | 418   | 423   | 432   | 439   | 439   | 448   |
| <b>WA</b>             | 480   | 484   | 489   | 492   | 502   | 509   | 508   | 508   | 516   | 521   | 540   | 556   | 574   | 584   | 591   |
| <b>TAS</b>            | 140   | 139   | 135   | 134   | 131   | 133   | 132   | 131   | 133   | 139   | 141   | 146   | 148   | 149   | 150   |
| <b>NT</b>             | 30    | 28    | 28    | 27    | 27    | 26    | 27    | 29    | 30    | 31    | 32    | 33    | 33    | 34    | 35    |
| <b>ACT</b>            | 57    | 57    | 57    | 58    | 58    | 59    | 61    | 62    | 63    | 64    | 68    | 72    | 72    | 74    | 75    |
| <b>AUS</b>            | 4,926 | 4,907 | 4,910 | 4,921 | 4,951 | 4,992 | 5,005 | 5,046 | 5,088 | 5,167 | 5,240 | 5,350 | 5,456 | 5,510 | 5,587 |

Source: Medicare Australia

## PRICING AND EARNING INDICES

**Table 30**

| YEAR    | CONSUMER PRICE INDEX (a) |          |                 |          | AVERAGE (b)     |          |
|---------|--------------------------|----------|-----------------|----------|-----------------|----------|
|         | ALL GROUPS               |          | PHARMACEUTICALS |          | WEEKLY EARNINGS |          |
|         | INDEX                    | % CHANGE | INDEX           | % CHANGE | \$ AMOUNT       | % CHANGE |
| 1980-81 | 28.4                     |          | 26.1            |          | 281.40          |          |
| JUNE 82 | 31.5                     | 10.9     | 29.5            | 13.0     | 316.00          | 12.3     |
| JUNE 83 | 35.0                     | 11.1     | 34.7            | 17.6     | 347.30          | 9.9      |
| JUNE 84 | 36.4                     | 4.0      | 37.1            | 6.9      | 383.80          | 10.5     |
| JUNE 85 | 38.8                     | 6.6      | 39.0            | 5.1      | 397.20          | 3.5      |
| JUNE 86 | 42.1                     | 8.5      | 44.8            | 14.9     | 425.50          | 7.1      |
| JUNE 87 | 46.0                     | 9.3      | 51.2            | 14.3     | 450.90          | 6.0      |
| JUNE 88 | 49.3                     | 7.2      | 56.0            | 9.4      | 481.70          | 6.8      |
| JUNE 89 | 53.0                     | 7.5      | 59.1            | 5.5      | 519.10          | 7.8      |
| JUNE 90 | 57.1                     | 7.7      | 62.3            | 5.4      | 555.80          | 7.1      |
| JUNE 91 | 59.0                     | 3.3      | 66.0            | 5.9      | 569.90          | 2.5      |
| JUNE 92 | 59.7                     | 1.2      | 67.7            | 2.6      | 597.40          | 4.8      |
| JUNE 93 | 60.8                     | 1.8      | 69.4            | 2.5      | 612.50          | 2.5      |
| JUNE 94 | 61.9                     | 1.8      | 70.8            | 2.0      | 625.10          | 2.1      |
| JUNE 95 | 64.7                     | 4.5      | 72.8            | 2.8      | 652.70          | 4.4      |
| JUNE 96 | 66.7                     | 3.1      | 75.2            | 3.3      | 671.50          | 2.9      |
| JUNE 97 | 66.9                     | 0.3      | 78.8            | 4.8      | 687.10          | 2.3      |
| JUNE 98 | 67.4                     | 0.7      | 79.4            | 0.8      | 714.50          | 4.0      |
| JUNE 99 | 68.1                     | 1.1      | 78.9            | -0.6     | 735.10          | 2.6      |
| JUNE 00 | 70.2                     | 3.1      | 79.6            | 0.9      | 760.00          | 3.4      |
| JUNE 01 | 74.5                     | 6.1      | 82.9            | 4.1      | 789.40          | 3.9      |
| JUNE 02 | 76.6                     | 2.8      | 83.8            | 1.1      | 826.10          | 4.6      |
| JUNE 03 | 78.6                     | 2.6      | 86.3            | 3.0      | 872.10          | 5.6      |
| JUNE 04 | 80.6                     | 2.5      | 88.4            | 2.4      | 891.20          | 2.2      |
| JUNE 05 | 82.6                     | 2.5      | 92.9            | 5.1      | 942.70          | 5.8      |
| JUNE 06 | 85.9                     | 4.0      | 95.9            | 3.2      | 985.10          | 4.5      |
| JUNE 07 | 87.7                     | 2.1      | 97.2            | 1.4      | 1038.40         | 5.4      |
| JUNE 08 | 91.6                     | 4.4      | 98.6            | 1.4      | 1072.30         | 3.3      |
| JUNE 09 | 92.9                     | 1.4      | 101.4           | 2.8      | 1109.80         | 3.5      |
| JUNE 10 | 95.8                     | 3.1      | 102.6           | 1.2      | 1183.40         | 6.6      |
| JUNE 11 | 99.2                     | 3.5      | 103.2           | 0.6      | 1241.80         | 4.9      |
| JUNE 12 | 100.4                    | 1.2      | 103.8           | 0.6      | 1273.80         | 2.6      |
| JUNE 13 | 102.8                    | 2.4      | 103.2           | -0.6     | 1338.13         | 5.1      |
| JUNE 14 | 105.9                    | 3.0      | 104.6           | 1.4      | 1376.45         | 2.9      |
| JUNE 15 | 107.5                    | 1.5      | 103.1           | -1.4     | 1369.50         | -0.5     |
| JUNE 16 | 108.6                    | 1.0      | 104.4           | 1.3      | 1395.10         | 1.9      |

(a) Weighted average of eight capital cities. (2011/12 = 100.0)

(b) All Males.



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