



GUILD DIGEST 2023

A SURVEY OF INDEPENDENT PHARMACY OPERATIONS IN AUSTRALIA
FINANCIAL YEAR 2021-2022



The Pharmacy
Guild of Australia

SUPPORTED BY



Acknowledgement of Country The Pharmacy Guild of Australia acknowledges the traditional custodians of country throughout Australia and recognises the continuing connection to lands, waters, and communities. We pay our respect to Aboriginal and Torres Strait Islander cultures; and to Elders past and present.

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...community pharmacy continued to play a pivotal and increasing role in delivering primary health care services to patients on behalf of Government.

FOREWORD

The *Guild Digest 2023* presents a snapshot of Australian pharmacy business conditions for the 2021–22 financial year.

During 2021–22, community pharmacy continued to play a pivotal and increasing role in delivering primary health care services to patients on behalf of Government. While continuing to deliver high-quality care in their core function of dispensing Pharmaceutical Benefits Scheme (PBS) and non-PBS medicines, including the distribution of pharmacy-only, pharmacist-only and over-the-counter products, as well as delivering medication management, vaccination, and other preventative care services, community pharmacy also improved accessibility to other health services for patients through participation in pilot programs for increased scope of pharmacy practice, most notably the North Queensland Urinary Tract Infection pharmacy prescribing trial, which saw over 6,500 women receive safe, high-quality treatment through community pharmacy.

In recent years, community pharmacy has played an important role in making vaccination more accessible for patients, including for COVID-19 and influenza, with resulting population health and economic benefits. Community pharmacies operate to help Government deliver its National Medicines Policy – including ensuring patients have timely and equitable access to medicines – and are one of the most highly trusted and respected professions in Australia.

The *Digest* provides valuable management information for pharmacy owners and managers as well as providing insight into this integral component of the broader health sector. The analyses contained in the *Guild Digest 2023* are based largely on a sample of 330 community pharmacies, significantly smaller than the previous year's sample (514).

The Guild recognises the strong support of the pharmacy accounting firms that have provided tangible assistance by contributing de-identified information to the *Digest* on behalf of their pharmacy clients. We formally record our appreciation to Eagle Shared Services, Holman Hodge, Peak Strategies, Pitcher Partners, Rose Partners, and Medici Capital. We also extend thanks to National Secretariat staff for their dedication in the preparation of this edition.



TRENT TWOMEY
PRESIDENT
THE PHARMACY GUILD OF AUSTRALIA



ANTHONY TASSONE
CHAIR, HEALTH ECONOMICS AND POLICY
THE PHARMACY GUILD OF AUSTRALIA

EXECUTIVE SUMMARY

The 2023 *Digest* is based largely on a sample of 330 community pharmacies, representative of the community pharmacy population in Australia.

INDUSTRY SNAPSHOT FOR 2021–22



The Australian community pharmacy industry is a \$23.3 billion health sector comprising approximately 5,901 community pharmacies as of June 2022.

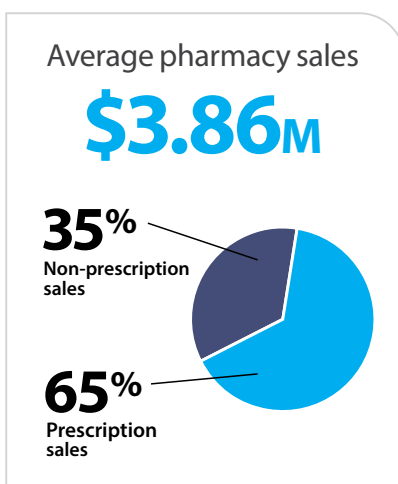
It directly employs around 74,000 highly skilled staff (including proprietors). The average turnover per pharmacy was \$3.94 million and roughly 65% of pharmacy revenue was derived from the sale of prescription medicines. The other 35% includes pharmacy professional services, pharmacy medicines, pharmacist-only medicines and over-the-counter products.

The gross profit (sales less cost of goods sold) in 2021–22 was \$1.39 million for the average pharmacy and average annual net profit equated to around \$254,000.

Rural and remote pharmacies represented 23% of the total of 5,901 community pharmacies and there was one pharmacy for every 4,408 Australians.

The accessibility of community pharmacy is a strong factor underpinning the high regard in which community pharmacy is held. On average, each community pharmacy was open a cumulative 61 hours per week, and an average of nine hours per day.

FINANCIAL PERFORMANCE IN 2021–22



During 2021–22

- Average pharmacy sales were \$3.86 million, 65% of which was from prescriptions and the remaining 35% from non-prescription sales.
- Average gross profit as a percentage of pharmacy turnover increased to 35.3%, slightly up from 34.0% in 2020–21.
- Average revenue from other income decreased to \$85,000 from the previous year's figure of \$100,000.
- Expenses ended the year at 27.8% of turnover, remaining relatively flat from 27.4% in 2020–21. Expenses have grown significantly at a rate of 2.3% Compounded Annual Growth Rate (CAGR) a year for the past decade.

INDUSTRY SNAPSHOT 2021-2022



74,400
INDUSTRY

12.6
NATIONAL
AVERAGE



373.74M
INDUSTRY

63,335
NATIONAL
AVERAGE

NATIONAL AVERAGE

\$3.94_M



INDUSTRY TOTAL

\$23.3_B

\$1.39_M



\$8.20_B

\$1.10_M



\$6.50_B

\$254,000



\$1.50_B



THE YEAR IN REVIEW

In 2021–22, there was an 8% increase in gross profit and other income for the average community pharmacy. Total expenses increased by 8.3% in a high-cost inflationary environment post COVID-19 and, after allowing for proprietors' salary, the net profit for the average pharmacy of \$254,096 was 7.3% higher compared to 2020–21.

The 2021–22 year was the second year of the [Seventh Community Pharmacy Agreement \(7CPA\)](#) between the Federal Government and the Pharmacy Guild of Australia, as stewards of the Pharmaceutical Benefits Scheme (PBS).

The number of PBS-subsidised prescriptions dispensed grew at a moderate rate of 2.6% between 2020–21 and 2021–22.

There was an estimated 2.9% increase in total prescription volume per pharmacy in 2021–22, compared with the previous financial year. There was also an increase in the share of prescription sales as a proportion of the total sales, from 59% in 2020–21 to 65% in 2021–22, reflecting a return to trend after two years impacted by community pharmacy delivery of COVID-19 related Government services such as vaccination and the Rapid Antigen Tests program for concessional patients. Further reflective of this, the share of over-the-counter (OTC) and program services in total pharmacy sales dropped from 9.2% to 7.9%.

FINANCIAL PERFORMANCE

2021-2022



This section examines the 2021–22 financial performance survey results, after applying weightings to remove any distortion caused by the responding sample being skewed towards larger pharmacies.

The key results of the 2021–22 financial year (based on the national weighted averages) include:

- Average total pharmacy sales were \$3,855,809, with 65% of this from prescriptions and the remaining 35% from non-prescription sales.
- Average gross profit as a percentage of pharmacy turnover was 35.3%, up from 34.0% in 2020–21.
- Average revenue from other income decreased from the previous year's figure of \$100,164 to \$84,564 in 2021–22.
- Expenses ended the year at 27.8% of turnover, slightly up from 27.4% in 2020–21.
- Salaries and wages as a percentage of pharmacy turnover were flat at around 12% in 2021–22.
- Rent as a percentage of pharmacy sales was flat, moving from 4.6% of turnover in 2020–21 to 4.8% in 2021–22.
- Wages and rent combined made up 61% of total expenses (excluding cost of goods).
- Proprietors' notional salary represented 3.15% of turnover, unchanged compared to 2020–21.
- The average prescription volume per pharmacy increased by 2.9% and remained above one thousand per week (1,218) after reaching this milestone in 2008–09.

NATIONAL RESULTS

TABLE 1. Turnover and profit - Australia*

MEASURES	2020-21	2021-22	DIFFERENCE %
TOTAL TURNOVER	3,700,640	3,940,373	6.5%
TOTAL GROSS PROFIT	1,266,261	1,390,754	9.8%
TOTAL GROSS PROFIT %	34.0%	35.3%	1.3%
OTHER INCOME	100,164	84,564	-15.6%
OTHER INCOME %	2.7%	2.1%	-0.6%
GROSS PROFIT & OTHER INCOME	1,366,425	1,475,318	8.0%
GROSS PROFIT & OTHER INCOME %	37%	37%	0.5%
TOTAL PHARMACY SALES	3,600,476	3,855,809	7.1%
TOTAL PHARMACY SALES %	97.3%	97.9%	0.6%
COST OF GOODS SOLD	2,334,214	2,465,056	5.6%
COST OF GOODS SOLD %	63.1%	62.6%	-0.5%
SALARIES AND WAGES	460,853	478,976	3.9%
SALARIES AND WAGES %	12.5%	12.2%	-0.3%
RENT	179,481	189,532	5.6%
RENT %	4.6%	4.8%	0.2%
DEPRECIATION	37,162	45,157	21.5%
DEPRECIATION %	1.0%	1.1%	0.1%
INTEREST PAID	47,463	36,252	-23.6%
INTEREST PAID %	1.3%	0.9%	-0.4%
TOTAL EXPENSES	1,012,910	1,096,801	8.3%
TOTAL EXPENSES %	27.4%	27.8%	0.5%
TOTAL INCOME	353,515	378,517	7.1%
LESS PROPRIETORS SALARY	116,689	124,421	6.6%
NET PROFIT/LOSS	236,826	254,096	7.3%
EBITDA	321,451	335,506	4.4%
TOTAL ASSETS	2,528,173	2,250,207	-11.0%
TOTAL LIABILITIES	1,416,098	1,374,403	-2.9%
NET ASSETS	1,112,074	875,804	-21.2%

* All percentages are expressed as a percentage of total pharmacy sales.

Data from 2020-21 differ slightly from the numbers published in the *Guild's Digest 2022* due to an adjustment to the methodology in this year's publication.

NATIONAL RESULTS

CHART 1. Other income as % of total turnover

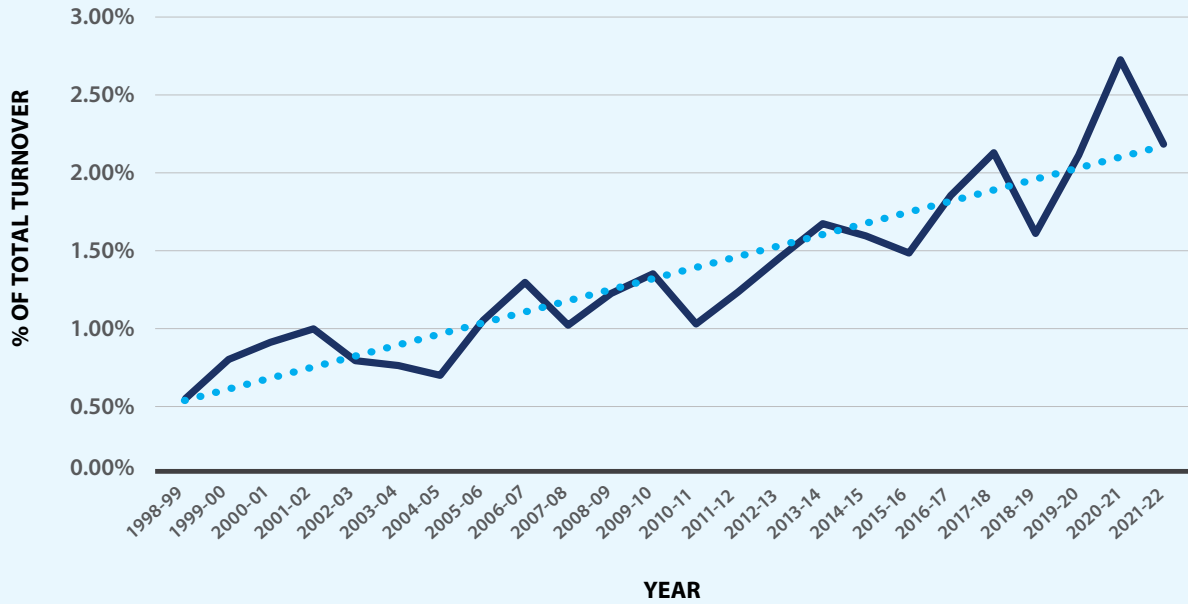
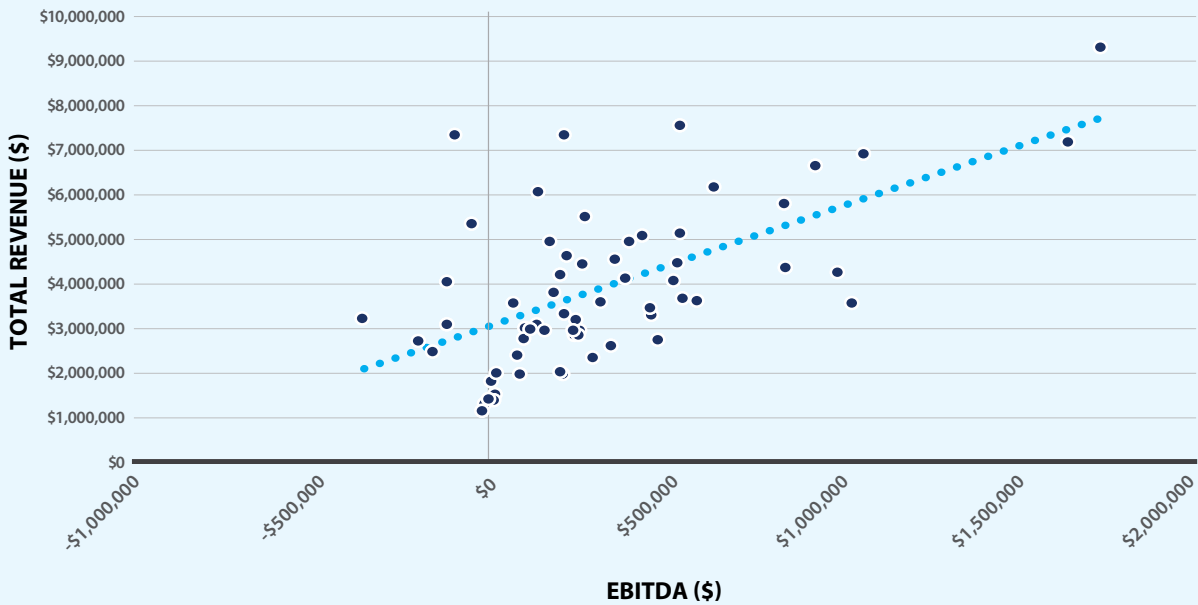


CHART 2. EBITDA vs total revenue



RESULTS BY JURISDICTION

TABLE 2. Turnover and profit by State/Territory*

MEASURES	NEW SOUTH WALES	QUEENSLAND	VICTORIA	WESTERN AUSTRALIA
TOTAL TURNOVER	100%	100%	100%	100%
TOTAL GROSS PROFIT	39%	38%	32%	29%
OTHER INCOME	3%	3%	1%	1%
GROSS PROFIT & OTHER INCOME	42%	41%	32%	31%
DISPENSARY SALES	63%	62%	68%	62%
OTC SALES/S2/S3 SALES	5%	5%	5%	8%
RETAIL SALES	28%	27%	24%	25%
TOTAL PHARMACY SALES	97%	97%	99%	99%
SALARIES AND WAGES	12%	13%	12%	12%
RENT	5%	5%	4%	4%
DEPRECIATION	1%	1%	1%	1%
INTEREST PAID	1%	1%	1%	1%
TOTAL EXPENSES	29%	28%	27%	27%

*Results for ACT, NT, SA and TAS are unavailable due to low sample size.

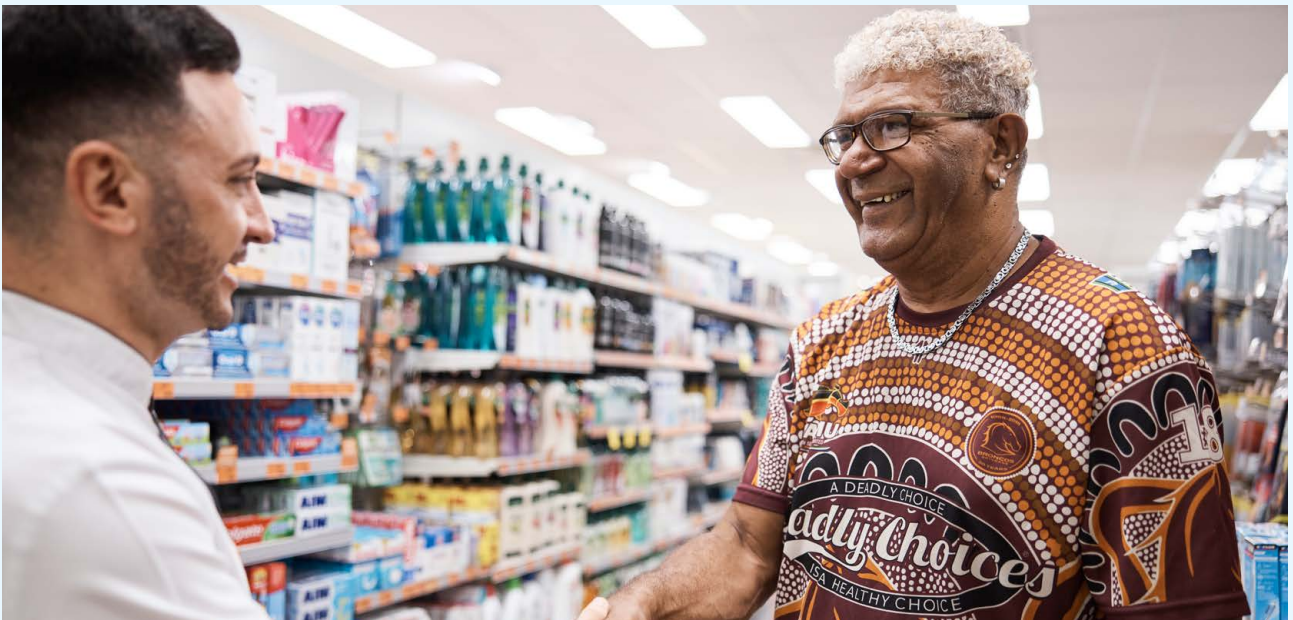
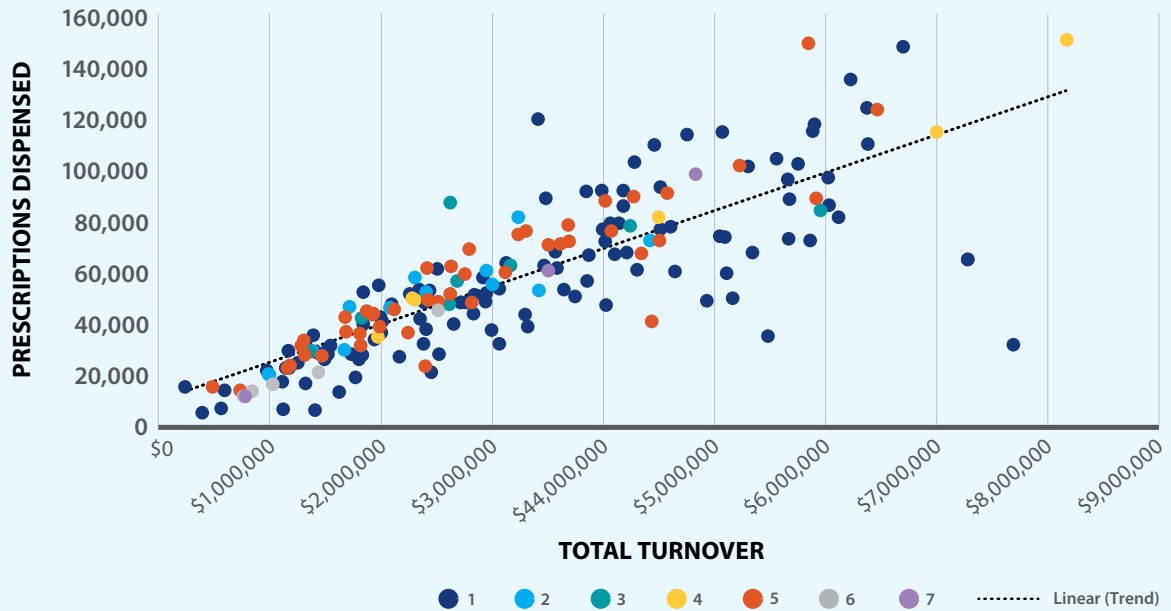
TABLE 3. Prescriptions dispensed per pharmacy by State/Territory* 2021-22

STATE/TERRITORY	LOWER QUARTILE	AVERAGE	UPPER QUARTILE
NEW SOUTH WALES	38,833	62,609	74,833
QUEENSLAND	44,481	65,328	87,876
SOUTH AUSTRALIA	45,815	65,903	82,603
VICTORIA	33,231	64,942	89,962
WESTERN AUSTRALIA	41,184	53,982	68,057
NATIONAL AVERAGE	37,631	63,335	82,730

*Results for other states are not available due to small sample size.

RESULTS BY LOCATION

CHART 3. Total pharmacy sales vs prescriptions dispensed, by Modified Monash Model (MMM) suburb and locality classification (1 = Urban, 7 = Very Remote)



RESULTS BY LOCATION

TABLE 4. Turnover and profit by location

MEASURES	MEDICAL CENTRE	SHOPPING CENTRE	SHOPPING STRIP
TOTAL TURNOVER	2,663,374	4,478,574	3,596,383
TOTAL GROSS PROFIT	988,122	1,458,878	1,138,971
TOTAL GROSS PROFIT %	37.1%	32.6%	31.7%
OTHER INCOME	51,472	50,435	50,303
OTHER INCOME %	1.9%	1.1%	1.4%
GROSS PROFIT & OTHER INCOME	1,039,594	1,509,313	1,189,274
GROSS PROFIT & OTHER INCOME %	0.39	0.34	0.33
DISPENSARY SALES	2,027,331	2,854,136	2,388,290
DISPENSARY SALES %	76.1%	63.7%	66.4%
RETAIL SALES	407,137	1,114,432	847,076
RETAIL SALES %	15.3%	24.9%	23.6%
OTC/S2/S3 SALES, 7CPA PROGRAMS INCOME	177,434	459,571	310,713
OTC/S2/S3 SALES, 7CPA PROGRAMS INCOME %	6.7%	10.3%	8.6%
TOTAL PHARMACY SALES	2,611,902	4,428,139	3,546,080
TOTAL PHARMACY SALES %	98.1%	98.9%	98.6%
COST OF GOODS SOLD	1,623,780	2,969,261	2,407,109
COST OF GOODS SOLD %	61.0%	66.3%	66.9%
SALARIES AND WAGES	366,104	551,128	433,767
SALARIES AND WAGES %	13.7%	12.3%	12.1%
RENT	127,183	213,803	100,418
RENT %	4.8%	4.8%	2.8%
DEPRECIATION	65,932	40,218	41,055
DEPRECIATION %	2.5%	0.9%	1.1%
INTEREST PAID	29,744	34,829	34,440
INTEREST PAID %	1.1%	0.8%	1.0%
TOTAL EXPENSES	769,771	1,170,214	870,660
TOTAL EXPENSES %	28.9%	26.1%	24.2%
TOTAL INCOME	269,823	339,099	318,614
LESS PROPRIETORS SALARY	124,421	124,421	124,421
NET PROFIT/LOSS	145,402	214,678	194,193
EBITDA	241,079	289,725	269,688
TOTAL ASSETS	1,885,093	2,641,112	2,178,104
TOTAL LIABILITIES	1,086,666	1,374,824	1,299,955
NET ASSETS	798,427	1,266,288	878,149

* All percentages expressed as a percentage of Total Pharmacy Turnover.

Results for pharmacies in isolated locations and hospitals are unavailable due to low sample size.

Results for medical centres should be viewed with caution due to low sample size.

Results for OTC/S2/S3 sales, 7CPA programs incomes, other incomes, depreciation, and interest paid should be viewed with caution due to low sample size.

Data from 2020–21 differ slightly from the numbers published in the Guild's *Digest* 2022 due to an adjustment to the methodology in this year's publication.



A CLOSER LOOK AT TOTAL TURNOVER IN 2021-22

In 2021-22, total turnover per pharmacy increased approximately 6.5% to an average of \$3.94 million per pharmacy. Dispensary sales continued to represent the largest percentage of pharmacy turnover (65%), with retail sales forming a further 25% of sales. The remaining 10% was made up of OTC medications and other income, including professional services.

CHART 4. Total turnover in real terms 1993-2022

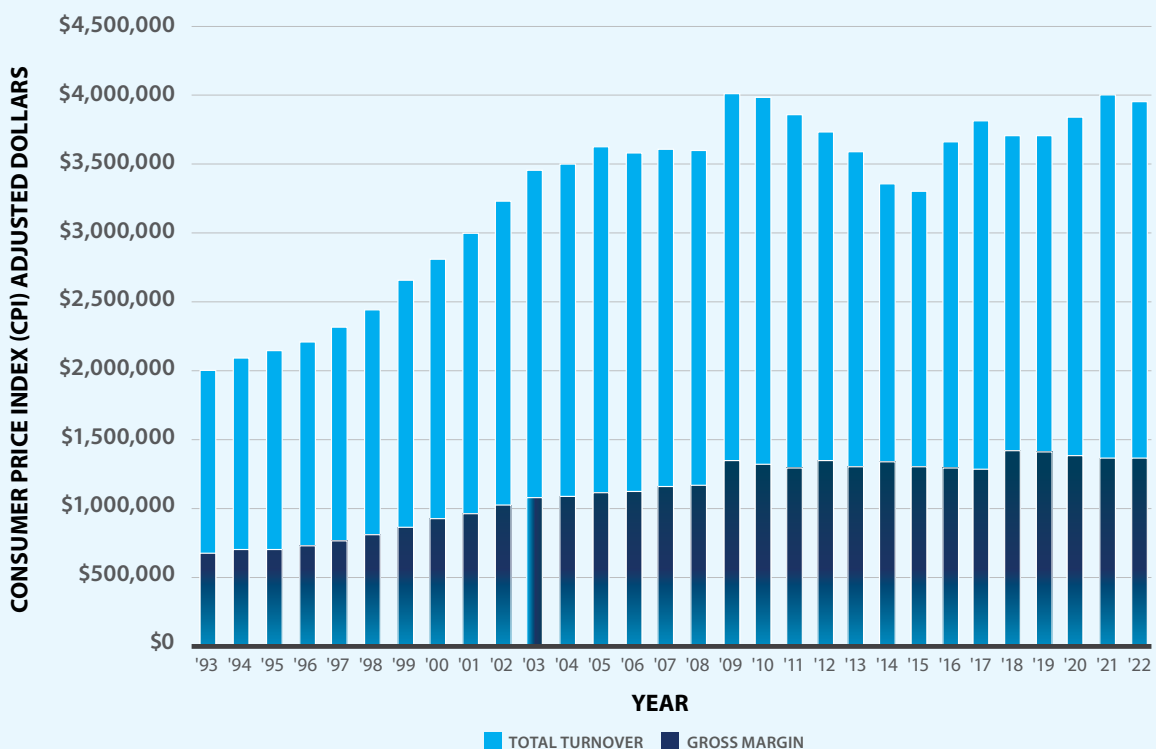


CHART 5. Pharmacy sales by sales category 2021–22

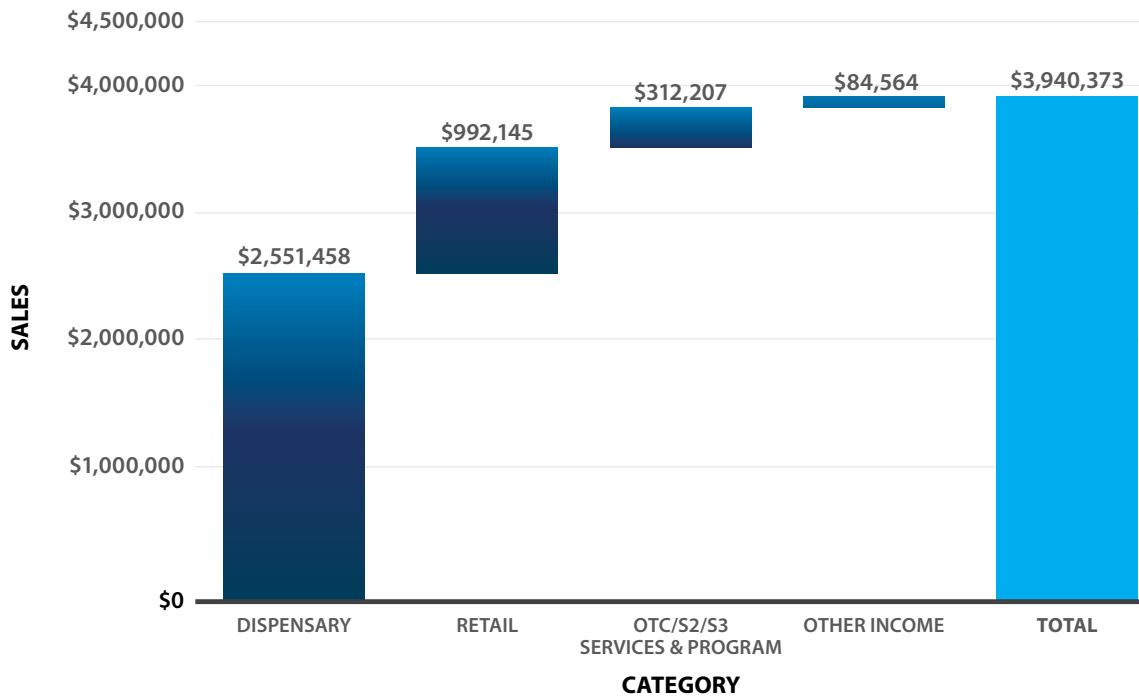
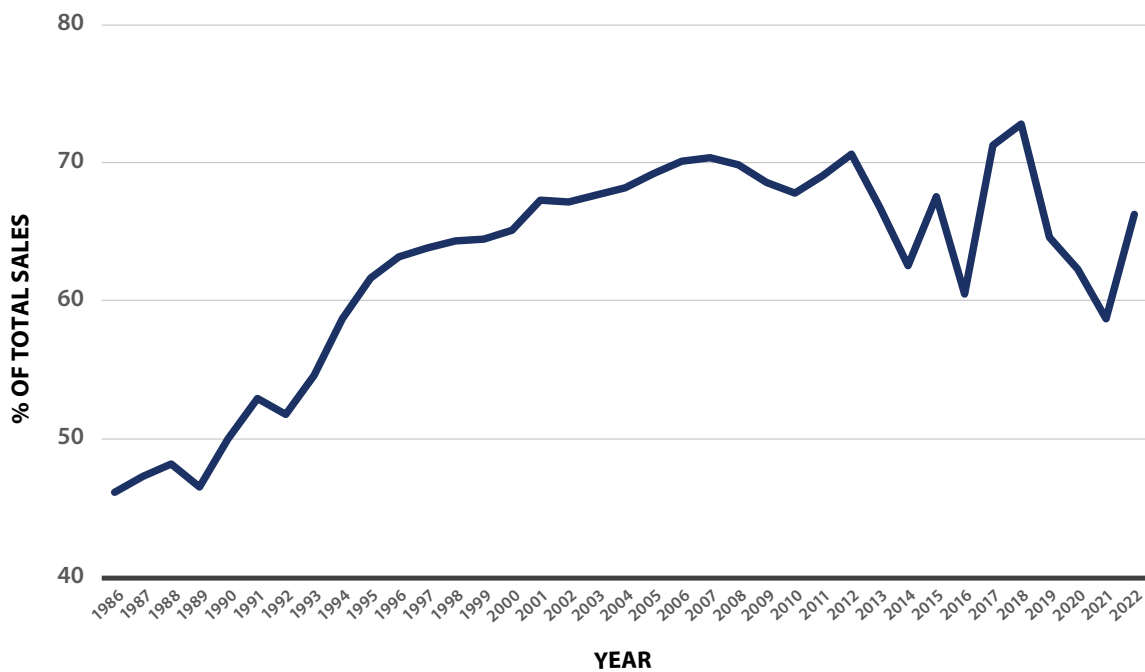


CHART 6. Prescription sales as % of total pharmacy sales

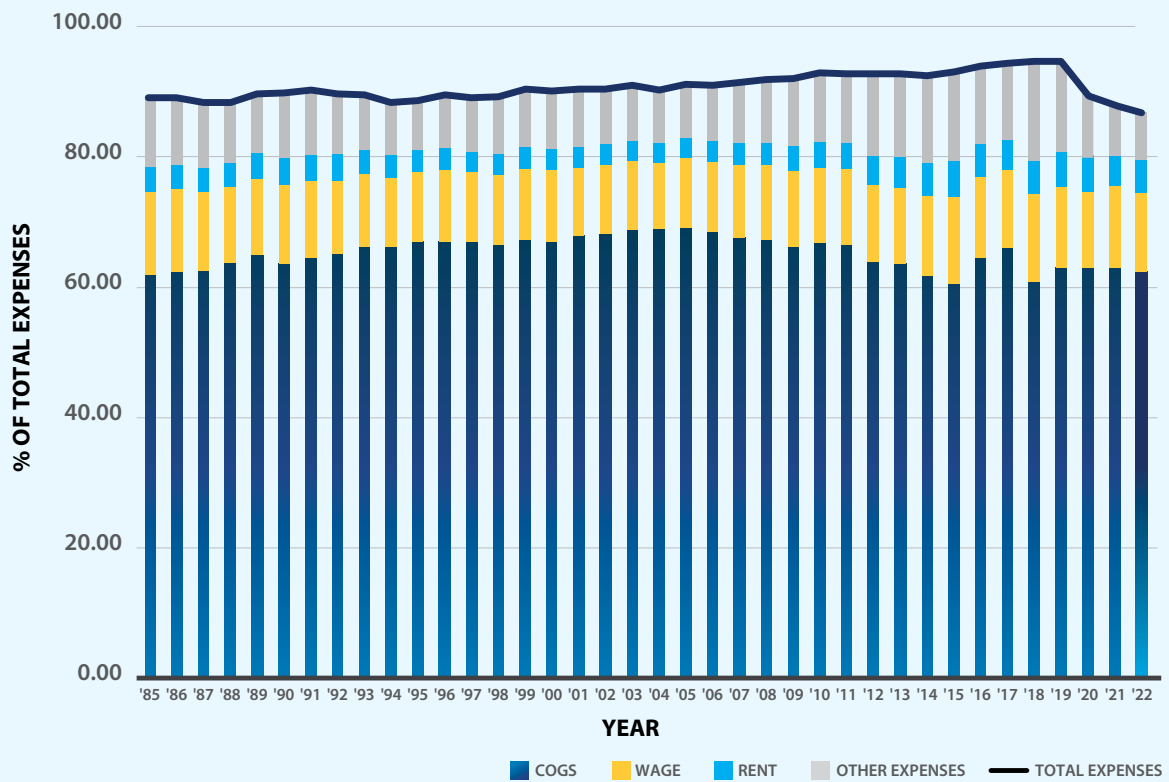


A CLOSER LOOK AT EXPENSES IN 2021–22

Cost of goods sold continued to be the highest component of all expenses incurred by pharmacies in the course of business, remaining similar to the previous year as a percentage of total turnover at 63%. Wages formed the second largest component of expenses, remaining relatively flat at around 12% of total pharmacy

turnover. Rent witnessed a small increase at 4.8% of total pharmacy turnover, up from 4.6% in the previous year. This increase is expected to be a result of returning to trend following the cessation of Government aid that was available during COVID-induced lockdowns.

CHART 7. Expenses



FINANCIAL BENCHMARKS

Profitability indicators continued the historical trend in 2021–22, with net profit (before tax) experiencing an increase to 6.6% of total pharmacy sales. Average remuneration per script showed some growth due to beneficial measures introduced in 7CPA but continued to

be significantly below growth experienced in Average Weekly Earnings (AWE) and Consumer Price Index (CPI), due to indexation being fixed for the first two years of 7CPA and the significant inflation seen in the Australian economy during that period.

CHART 8. Net profit/loss as a percentage of pharmacy sales

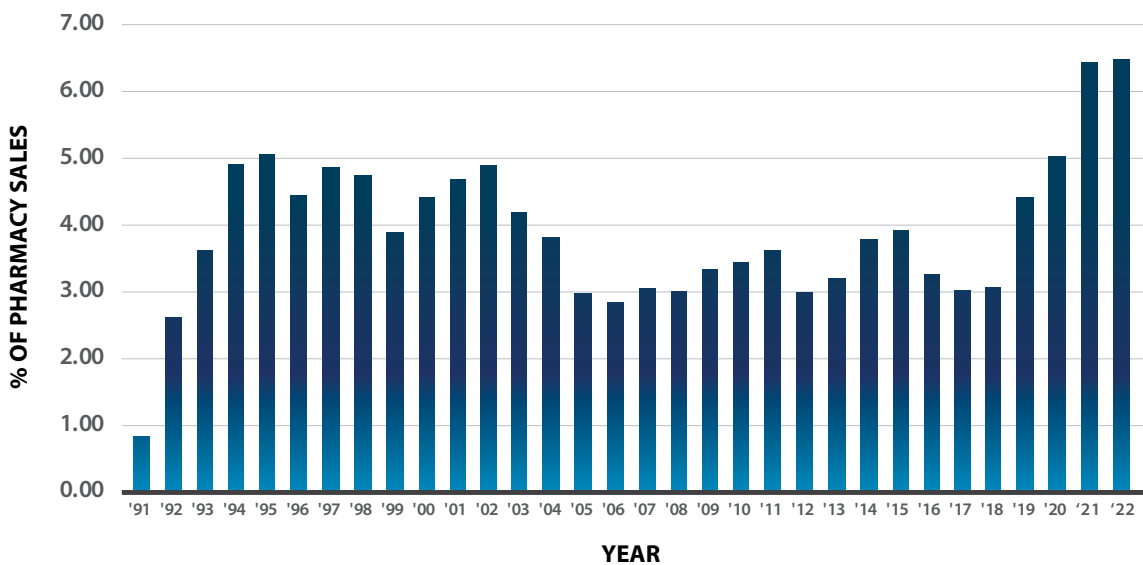
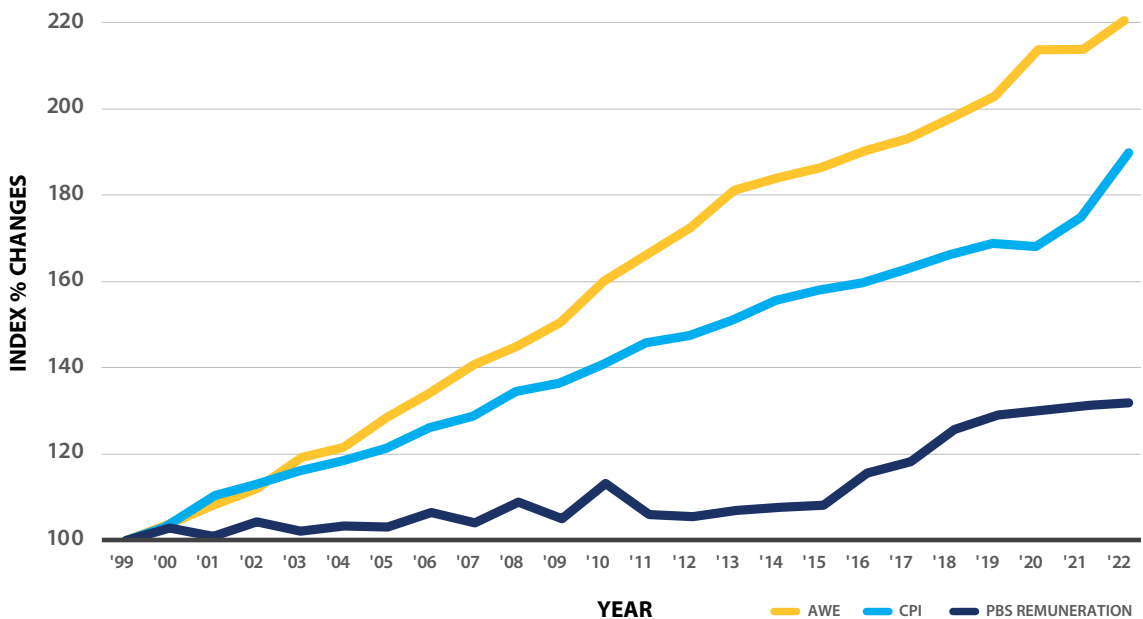


CHART 9. Index of average remuneration (base year 1998–99 = 100, year ending June)



STAFFING AND OPERATING HOURS

TABLE 5. Pharmacy staff numbers and hours worked*

STAFF TYPE	MEASURE	LOWER QUARTILE	AVERAGE	UPPER QUARTILE
PROPRIETORS	Number of staff	1.0	1.7	2.0
PROPRIETORS	Hours worked	32.5	41.7	48.5
MANAGERS	Number of staff	0.4	1.1	1.0
MANAGERS	Hours worked	4.0	25.8	43.0
PHARMACISTS	Number of staff	1.0	2.2	3.0
PHARMACISTS	Hours worked	17.3	32.7	38.0
OTHER STAFF	Number of staff	3.5	7.6	10.5
OTHER STAFF	Hours worked	15.0	20.6	23.6
TOTAL	Number of staff	5.9	12.6	16.5
TOTAL	Hours worked	103.9	326.9	501.3

* Includes Full-Time, Part-Time and Casual workers.
Due to rounding, some totals may not correspond with the sum of the figures in each column.
All results in this table should be viewed with caution due to low sample size.

TABLE 6. Pharmacy opening hours by State/Territory*

STATE/TERRITORY	LOWER QUARTILE	AVERAGE	UPPER QUARTILE
NEW SOUTH WALES	54.8	62.5	64.8
QUEENSLAND	50.0	60.2	69.0
SOUTH AUSTRALIA	50.0	59.8	72.0
VICTORIA	49.0	59.2	66.0
WESTERN AUSTRALIA	60.0	67.9	75.0
NATIONAL AVERAGE	50.0	60.7	69.0

* Results for ACT, NT, SA, TAS are unavailable due to low sample size.

TABLE 7. Pharmacy opening hours by pharmacy location*

STATE/TERRITORY	LOWER QUARTILE	AVERAGE	UPPER QUARTILE
MEDICAL CENTRE	55.0	67.9	78.0
SHOPPING CENTRE	59.0	66.4	73.5
SHOPPING STRIP	49.0	57.7	64.5
NATIONAL AVERAGE	50.0	60.7	69.0

* Results for pharmacies in isolated location and hospitals are unavailable due to low sample size.

FINANCIAL PERFORMANCE TRENDS



This section of the *Digest* includes the key industry trends of the past decade. This is particularly important in highlighting shifts in key indicators.

There have been ongoing changes in the operating landscape of pharmacies over the past 10 years due to growing regulatory and competitive pressure from internal and external forces. The community pharmacy landscape has changed significantly, with a greater number of large banner group pharmacies and a highly competitive environment.

Industry turnover has grown at a compounded annual growth rate (CAGR) of 3.03% over the past 10 years, with growth during the second half of the decade reversing the trend of declining turnover from 2012 to 2015. Historically, pharmacy turnover was growing at a rate of

1.09% (CAGR) from 2012–16, significantly lower compared to the 3.7% growth rate for 2017 to 2022. This reduction in revenue post-2010 is attributed to the dampening effect of Pharmaceutical Benefits Scheme (PBS) reforms introduced by the Government as a cost-saving measure, with the subsequent increase post 2015–16 in part due to the addition of high-cost (but low-margin) hepatitis C drugs on the PBS.

Pharmacies operate on a small margin, with an average pharmacy net profit of \$254,096. Net profit has seen a CAGR of 10.1% over the past 10 years.

CHART 10. Historical trends in total sales and gross profit

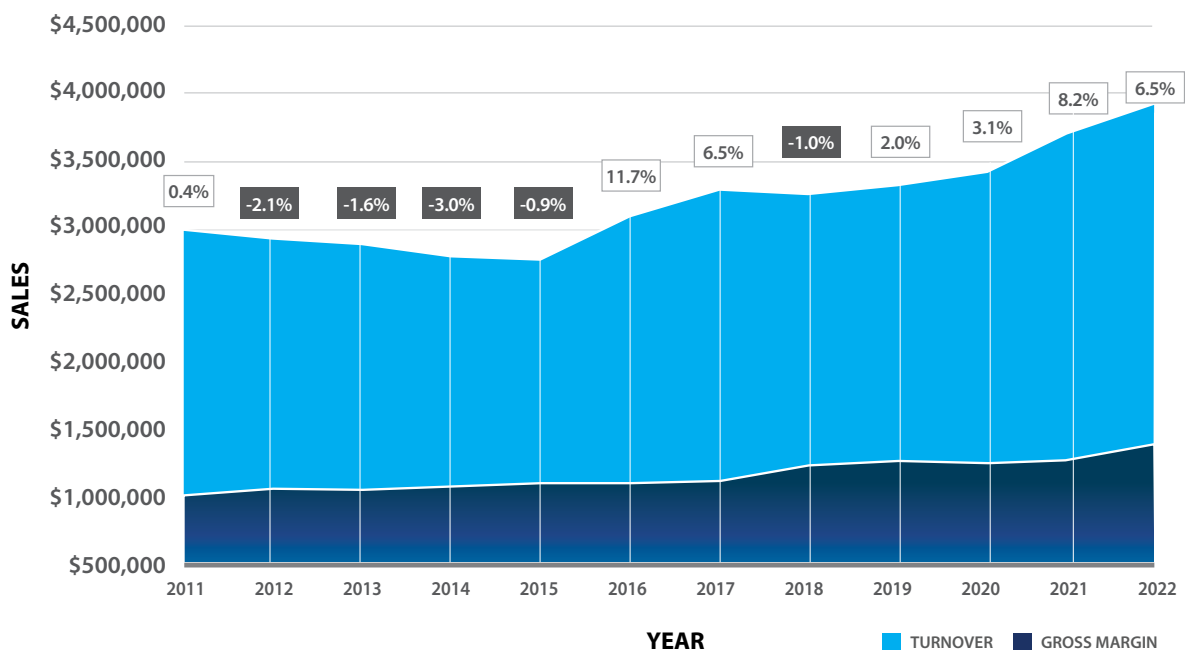


CHART 11. Historical trend in net profit/loss

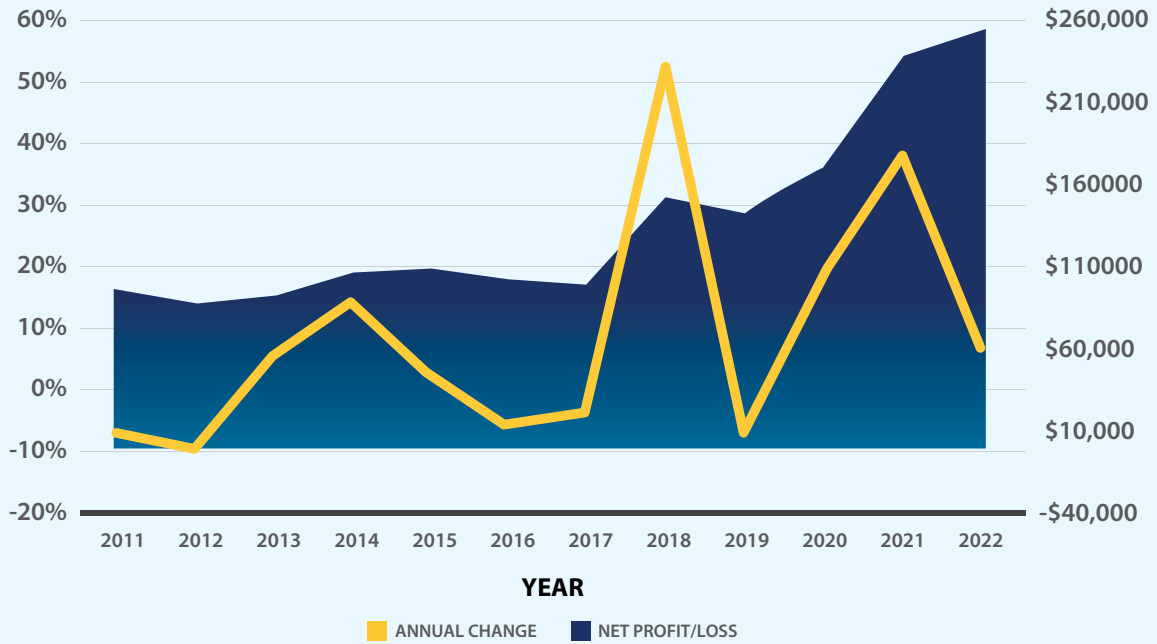
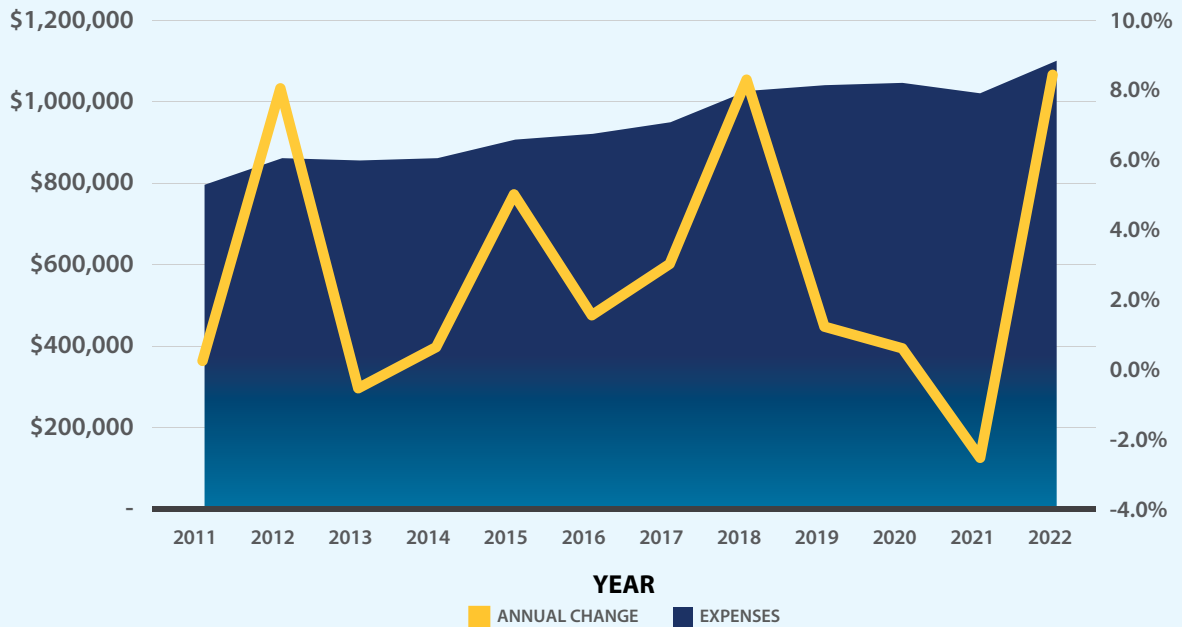


CHART 12. Historical trend in expenses



HISTORICAL STATISTICS



STRUCTURE OF PHARMACISTS' REMUNERATION

TABLE 8. Pharmaceutical Benefits Scheme

FROM	TO	PROFESSIONAL FEE (\$)	RP ITEMS (\$)	MARK-UP ON WHOLESALE PRICE (%)	PROFESSIONAL FEE (\$)	EP ITEMS (\$)
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	

FROM	TO	PROFESSIONAL FEE (\$)	RP ITEMS (\$)	MARK-UP ON WHOLESALE PRICE (%)	PROFESSIONAL FEE (\$)	EP ITEMS (\$)
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	
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	30 JUNE 2017	7.02		~	9.06	
1 JULY 2017	30 JUNE 2018	7.15		~	9.19	
1 JULY 2018	30 JUNE 2019	7.29		~	9.33	
1 JULY 2019	30 JUNE 2020	7.39		~	9.43	
1 JULY 2020	30 JUNE 2021	7.74		~	9.78	
1 JULY 2021	30 JUNE 2022	7.78		~	9.82	

* 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.

TABLE 9. Changes in the level of patient contribution

DATE OF CHANGE	AMOUNT GENERAL	% OF AVE COST OF GENERAL ABOVE-CO-PAYMENT PRESCRIPTION	% GENERAL PRESCRIPTIONS THAT ARE GOVERNMENT-SUBSIDISED	AMOUNT CONCESSIONAL	% OF AVE 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	28	\$5.90	15
JANUARY 2014	MAX \$36.90	35	23	\$6.00	16
JANUARY 2015	MAX \$37.70	31	19	\$6.10	17
JANUARY 2016	MAX \$38.30	21	17	\$6.20	19
JANUARY 2017	MAX \$38.80	24	15	\$6.30	16
JANUARY 2018	MAX \$39.50	25	16	\$6.40	16
JANUARY 2019	MAX \$40.30	25	16	\$6.50	17
JANUARY 2020	MAX \$41.30	24	16	\$6.60	17
JANUARY 2021	MAX \$42.50	24	16	\$6.80	17
JANUARY 2022	MAX \$42.50	22	17	\$6.80	16

TABLE 10. PBS remuneration per prescription

YEAR	AVERAGE PRICE PER PRESCRIPTION (\$)		MARK-UP* (\$)		AVERAGE PROFESSIONAL FEE (\$)	AVERAGE OTHER FEES*** (\$)	TOTAL REMUNERATION (\$)	REMUNERATION AS % OF AVERAGE PRICE	ANNUAL VOLUME OF PRESCRIPTIONS (000)
1987/88	10.37	@@	1.57		2.53		4.10	39.54	100,901
1988/89	11.51	@@	1.78		2.64		4.42	38.40	100,586
1989/90	12.54	@@	1.99		2.57		4.56	36.40	104,979
1990/91	13.82	@@	1.84		2.84		4.68	33.86	96,300
1991/92	15.46	@@	1.10	**	3.43		4.53	29.30	94,121
1992/93	16.78	@@	1.20		3.60		4.79	28.55	105,953
1993/94	18.18	@@	1.31		3.85		5.16	28.38	115,041
1994/95	19.71	@@	1.43		4.06		5.49	27.85	118,046
1995/96	21.49	@@	1.57		4.27		5.84	27.18	124,205
1996/97	23.19	@@	1.72		4.29		6.01	25.92	123,434
1997/98	24.88	@@	1.87		4.34		6.21	24.96	124,483
1998/99	26.38	@@	1.95		4.34		6.29	23.84	128,348
1999/00	27.82	@@	2.07		4.39		6.46	23.23	137,585
2000/01	30.86	@@	2.34		4.44		6.78	21.96	147,571
2001/02	32.32	@@	2.46		4.53		6.99	21.62	154,530
2002/03	34.28	@@	2.62		4.62		7.24	21.13	158,548
2003/04	35.84	@@	2.68		4.66		7.34	20.48	165,435
2004/05	37.30	@@	2.79		4.70		7.49	20.08	169,877
2005/06	38.75	@@	2.88		4.86		7.74	19.97	167,927
2006/07	39.35	@@	2.86		5.22		8.08	20.53	168,536
2007/08	41.54	@@	2.95		5.50		8.45	20.34	171,296
2008/09	43.37	@@	3.42	**	5.97	0.85	10.30	23.75	181,836
2009/10	45.47	@@	3.57		6.42	1.04	11.10	24.41	183,911
2010/11	46.18	@@	3.57		6.42	0.68	10.74	23.25	188,144
2011/12	45.59	@@	3.47		6.42	0.71	10.68	23.42	194,898
2012/13	42.90	@@	3.22		6.52	0.85	10.67	24.88	211,407
2013/14	41.68	@@	3.07		6.63	0.95	10.74	25.77	214,526
2014/15	40.05	@@	2.75		6.76	1.03	10.64	26.56	215,406
2015/16	37.75	@@	3.82		6.93	0.51	11.37	30.13	214,384
2016/17	40.68		3.91		7.02	0.59	11.64	28.62	209,283
2017/18	48.45		4.47		7.15	0.62	12.36	25.52	210,388
2018/19	47.22		4.57		7.29	0.72	12.69	26.88	210,776
2019/20	48.78		4.42		7.39	0.74	12.67	25.98	208,051
2020/21	49.91		5.15		7.74	0.00	13.12	26.29	217,956
2021/22	53.45		5.24		7.78	0.00	13.21	24.72	218,972

* 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

TABLE 11. Population to pharmacy ratios in Australia

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
2017	24,594,400	5,665	4,341
2018	24,992,400	5,723	4,367
2019	25,364,300	5,762	4,402
2020	25,687,041	5,822	4,412
2021	25,688,079	5,875	4,372
2022	26,013,061	5,901	4,408

TABLE 12. Trends in population to pharmacy ratios

STATE OR TERRITORY	30 JUNE 2021			30 JUNE 2021			% CHANGE IN POPULATION TO PHARMACY RATIOS
	POPULATION ('000)	NUMBER OF PHARMACIES	POPULATION / PHARMACY	POPULATION ('000)	NUMBER OF PHARMACIES	POPULATION / PHARMACY	
NEW SOUTH WALES	8,093.8	1,912	4,233.2	8,196,189	1916	4,278	1.1%
VICTORIA	6,548.0	1,403	4,667.2	6,630,834	1407	4,713	1.0%
QUEENSLAND	5,217.7	1,187	4,395.7	5,283,705	1191	4,436	0.9%
SOUTH AUSTRALIA	1,803.2	459	3,928.5	1,826,011	463	3,944	0.4%
WESTERN AUSTRALIA	2,749.9	639	4,303.4	2,784,687	647	4,304	0.0%
TASMANIA	567.9	155	3,663.9	575,084	155	3,710	1.3%
NORTHERN TERRITORY	249.2	40	6,230.0	252,352	42	6,008	-3.6%
AUSTRALIAN CAPITAL TERRITORY	453.6	80	5,669.5	459,338	80	5,742	1.3%
AUSTRALIA*	25,688.1	5,875	4,372	26,013,061	5901	4,408	0.8%

* National population value includes Other Territories and will not equal the sum of state populations.

Sources: Medicare Australia and Australian Bureau of Statistics.

TABLE 13. Pharmacies dispensing pharmaceutical benefits by State/Territory 2011–2022

STATE OR TERRITORY	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
NEW SOUTH WALES	1,738	1,762	1,794	1,820	1,831	1,853	1,864	1,878	1,886	1,895	1,912	1916
VICTORIA	1,204	1,226	1,247	1,282	1,299	1,317	1,346	1,360	1,369	1,389	1,403	1407
QUEENSLAND	1,052	1,048	1,070	1,088	1,100	1,118	1,130	1,138	1,151	1,167	1,187	1191
SOUTH AUSTRALIA	418	423	432	439	439	448	454	454	459	460	459	463
WESTERN AUSTRALIA	521	540	556	574	584	591	611	623	626	636	639	647
TASMANIA	139	141	146	148	149	150	149	153	153	155	155	155
NORTHERN TERRITORY	31	32	33	33	34	35	36	39	40	40	40	42
AUSTRALIAN CAPITAL TERRITORY	64	68	72	72	74	75	75	78	78	80	80	80
AUSTRALIA	5,167	5,240	5,350	5,456	5,510	5,587	5,665	5,723	5,762	5,822	5,875	5901

TABLE 14. Trends in population to pharmacy ratios

YEAR	CONSUMER PRICE INDEX (A)				AVERAGE WEEKLY EARNINGS (B)	
	ALL GROUPS		PHARMACEUTICALS		\$ AMOUNT	% CHANGE
	INDEX	% CHANGE	INDEX	% CHANGE		
JUNE 88	49.30	7.17	56.00	9.38	-	
JUNE 89	53.00	7.51	59.10	5.54	-	
JUNE 90	57.10	7.74	62.30	5.41	-	
JUNE 91	59.00	3.33	66.00	5.94	-	
JUNE 92	59.70	1.19	67.70	2.58	-	
JUNE 93	60.80	1.84	69.40	2.51	-	
JUNE 94	61.90	1.81	70.80	2.02	-	
JUNE 95	64.70	4.52	72.80	2.82	548.90	
JUNE 96	66.70	3.09	75.20	3.30	565.50	3.02
JUNE 97	66.90	0.30	78.80	4.79	578.10	2.23
JUNE 98	67.40	0.75	79.40	0.76	596.00	3.10
JUNE 99	68.10	1.10	78.90	-0.63	610.40	2.42
JUNE 00	70.20	3.08	79.60	0.89	633.80	3.83
JUNE 01	74.50	6.13	82.90	4.15	660.30	4.18
JUNE 02	76.60	2.82	83.80	1.09	683.80	3.56
JUNE 03	78.60	2.61	86.30	2.98	721.40	5.50
JUNE 04	80.60	2.54	88.40	2.43	741.40	2.77
JUNE 05	82.60	2.48	92.90	5.09	784.20	5.77
JUNE 06	85.90	4.00	95.90	3.23	819.70	4.53
JUNE 07	87.70	2.10	97.20	1.36	858.50	4.73
JUNE 08	91.60	4.45	98.60	1.44	885.00	3.09
JUNE 09	92.90	1.42	101.40	2.84	918.60	3.80
JUNE 10	95.80	3.12	102.60	1.18	977.10	6.37
JUNE 11	99.20	3.55	103.20	0.58	1015.20	3.90
JUNE 12	100.40	1.21	103.80	0.58	1053.20	3.74
JUNE 13	102.80	2.39	103.20	-0.58	1105.00	4.92
JUNE 14	105.90	3.02	104.60	1.36	1123.00	1.63
JUNE 15	107.50	1.51	103.10	-1.43	1136.90	1.24
JUNE 16	108.60	1.02	104.40	1.26	1160.90	2.11
JUNE 17	110.70	1.93	104.50	0.10	1179.00	1.56
JUNE 18	113.00	2.08	106.20	1.63	1207.40	2.41
JUNE 19	114.80	1.59	107.90	1.60	1237.90	2.53
JUNE 20	114.40	-0.35	110.30	2.22	1304.70	5.40
JUNE 21	118.80	3.80	109.30	-0.91	1305.80	0.08
JUNE 22	128.4	8.10	108.60	-0.64	1344.70	2.97

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

(B) Males and Females.

SURVEY METHODOLOGY



SAMPLE SIZE AND REPRESENTATIVENESS

After excluding responses with incomplete information, the final number of responses analysed for the purposes of the main sample for 2021–22 was 330. The current analyses are based on weightings derived from the distribution of Australian pharmacies in accordance with their annual prescription volumes.

Response rates were reasonably consistent with the distribution of pharmacies by State, with the exception of Victoria which had higher-than-average responses.

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

Over the past decade, responses have gradually come to represent a widening range of pharmacy models. The responding sample for this year's Digest continues this trend.

NOTE: Percentages (for example, salaries as a percentage of revenue) are often more appropriate to use for benchmarking purposes than the raw dollar figures.

USING THE DIGEST

The *Digest* is based on a voluntary survey requesting detailed financial questions. Some level of non-response is inevitable, and the response rate varied by State. The statistical characteristics required of a survey depend on the purpose for which the survey is to be used. This survey is intended mainly as an aid to management and its results will be extremely useful for this purpose.

As the characteristics of the responding pharmacies change from one survey to the next (primarily due to the restructuring that has occurred over the past decade), comparability of the main sample data over time may be an issue. Care should therefore be taken, then, in comparing results reported for this year to those for previous years. However, 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 paying too much for a poor location.

PROFILE OF SURVEY RESPONDENTS

TABLE 15. Number of respondents by Modified Monash Model (MMM) and State/Territory

STATE/ TERRITORY	MMM							NOT REPORTED	TOTAL
	1	2	3	4	5	6	7		
AUSTRALIAN CAPITAL TERRITORY	4	0	0	0	0	0	0	0	4
NEW SOUTH WALES	24	1	4	1	11	0	0	23	64
QUEENSLAND	13	9	1	0	5	1	2	36	67
SOUTH AUSTRALIA	5	0	1	0	2	2	1	26	37
TASMANIA	0	1	0	1	3	0	0	1	6
VICTORIA	55	3	0	1	23	1	0	26	109
WESTERN AUSTRALIA	29	0	2	3	3	1	0	5	43
TOTAL	130	14	8	6	47	5	3	117	330

TABLE 16. Location characteristics of sample

LOCATION	AUSTRALIAN CAPITAL TERRITORY	NEW SOUTH WALES	QUEENSLAND	SOUTH AUSTRALIA	TASMANIA	VICTORIA	WESTERN AUSTRALIA	TOTAL
ISOLATED	0	1	2	1	0	1	0	5
MEDICAL CENTRE	0	1	4	3	0	1	9	18
SHOPPING CENTRE	2	6	10	17	0	14	22	71
SHOPPING STRIP	1	22	13	11	3	59	9	118
SMALL COUNTRY TOWN	0	2	0	0	0	0	0	2
NULL	1	32	38	5	3	34	3	116
TOTAL	4	64	67	37	6	109	43	330

TABLE 17. Pharmacy size (m²) by State/Territory

STATE/TERRITORY	2021–22
NEW SOUTH WALES	288.0
QUEENSLAND	274.3
VICTORIA	277.5
WESTERN AUSTRALIA	267.0
NATIONAL AVERAGE	268.6

*Results for ACT, NT, SA, TAS are unavailable due to low sample size.

DEFINITIONS

Total Pharmacy Sales

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

Purchases of goods for re-sale at a profit.

Gross Profit

Sales less cost of goods.

Gross (Profit) Margin

Gross profit divided by 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.

Gross Margin plus Other Income

The arithmetic total of the gross margin and other income representing the total gross margin from trading.

Total Turnover

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).

Expenses

Costs incurred by the ordinary activity of business.

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.

Earnings before Interest, Taxes, Depreciation and Amortisation (EBITDA)

Reflects net income before interest, taxes, depreciation and amortisation expenses are deducted.

Proprietors' Notional Salary

A notional estimate of a reasonable professional salary for hours worked in the pharmacy. 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 reflects not only 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 2021–22, the normal hourly rate was estimated at \$49.98, equivalent to an annual salary of \$98,767. A rate of 1.2597 was applied to reflect on-cost provisions. As a result, the proprietor's salary is estimated to be equal to \$124,420.

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.

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 a per cent of total revenue.

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 Repatriation Pharmaceutical Benefits Scheme (RPBS) prescriptions, and all patient contributions. It excludes OTC items.

Retail Sales

Includes all retail sales but excludes other income.

OTC Sales

Includes all OTC sales but excludes other income.

All Other Sales

Includes all Other Sales but excludes other income.

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, to replace fixtures and other capital equipment, and to manage cash flow. 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.

All financial values are exclusive of GST.



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