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# 2007 GUILD DIGEST

A survey of independent pharmacy operations in Australia  
financial year 2005-06

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**Johnstone Rorke Pharmacy Services**



**Saccassan Bailey Partners**



**Marshall Michael Corporate Consultants**

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## MISSION STATEMENT

The Pharmacy Guild of Australia is an employers' organisation servicing the needs of proprietors of independent community pharmacies and exists for the protection and betterment of its members and to maintain community pharmacies as the most appropriate primary providers of health care to the community through optimum therapeutic use of drugs, drug management and related services.

This is achieved by:

- operating in an efficient and effective manner and by preserving and maintaining the resources of its members
- providing for the membership strong leadership, effective communication and a high level of representation on all matters in respect of the best interests of members
- monitoring changes in the market place in order to advise members how to maintain or improve business profitability and their professional standing in the community, and
- promoting to the government, the industry and the community the value of the community pharmacist in the health care system.

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## FOREWORD

This year marks the 35<sup>th</sup> edition of the Guild Digest. The *2007 Digest* presents a snapshot of pharmacy operations in Australia for the financial year 2005-06. In the process, it also provides valuable management information to pharmacy owners and managers in a rapidly evolving economic environment.

Community pharmacy in Australia is a vibrant and efficient industry. Practising as health care professionals in a commercial environment, pharmacists are placed in a unique niche of service providers in the community. Combining their professional and management skills, community pharmacists are the most accessible and the most cost-effective health care providers in the community.

Not surprisingly, pharmacists remain one of the two highest ranking custodians of community trust and confidence.

Reporting on a year that straddled the extended Third Agreement and the first seven months of the Fourth Agreement, community pharmacy recorded turnover growth of just 3%. While there was also a small increase in percentage gross margin (reversing the recent trend), the entirety of that growth was eroded by increases in expenses, producing a net profit reduction of 2%. The Dispensary to Sales ratio continued its upward trend ending the year at a historical high of 70.0%, once again bring into focus pharmacy's growing reliance on the dispensary. Non-prescription sales posted a decline of 0.2%. There was a modest increase of 4% in dispensary sales value, although dispensing volumes decreased, in line with a reduction of 1.4% in subsidised PBS/RPBS volumes.

Here are the key features of Australian community pharmacy:

- ✦ Community pharmacy is a \$11.9 billion health industry, including \$8.3 billion in prescription sales per year;
- ✦ Community pharmacies dispense 241 million prescriptions annually, including 183 million PBS/RPBS subsidised prescriptions;
- ✦ Community pharmacy employs over 40,000 highly skilled staff, the majority of whom are women;
- ✦ Total Dispensary Sales represent around 70.0% of all sales through pharmacies;
- ✦ The average community pharmacy dispenses 48,736 prescriptions per year; and

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- ✚ There are now 4,951 community pharmacies, each serving on average a community of 4,151 people across Australia.

The 2007 edition of the Digest is again published entirely in digital format. The **2007 Digest CD** complements the internet-based **Guild Digest On-line** and the **Guild Digest Interactive**.

Interest in the Digest remains encouragingly high notwithstanding respondents' more immediate priorities to deal with the challenges of running busy pharmacies. The analyses contained in the **2007 Digest** are based largely on the sample of over 380 participating pharmacies.

The Guild records its sincere appreciation to all participants in this crucially important annual survey during a period of uncertainty and intense time pressures. Without their contribution and support this edition of the Digest would not have been possible.

The Guild also recognises the growing support of the pharmacy accounting firms. Three respected accounting firms have lent their tangible support by contributing anonymous information to the Digest on behalf of their pharmacy clients. We formally record our appreciation to **Johnstone Rorke Pharmacy Services, Saccasan Bailey Partners, Marshall Michael & Associates** and their pharmacy clients.

Thanks are extended to National Secretariat staff, in particular, Christine McDonnell and Dianne Murphy for their dedication and outstanding work in the preparation of this edition. A special recognition must also be made of the Guild's former Director of Economic Analysis & IT, Mr Vasken Demirian. Vasken was instrumental in the evolution of the Guild Digest, overseeing the publication of 22 editions and many enhancements and technological advances.

**STEPHEN ARMSTRONG**  
**ECONOMIC ANALYSIS & IT**

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# THE YEAR IN PHARMACY 2005-06

## SUMMARY

The Fourth Community Pharmacy Agreement was signed on 16 November 2005 following delayed and protracted negotiations that forced an extension of the Third Agreement beyond its original 30 June 2005 completion date. This edition of the Digest covers a period straddling both Agreements.

The first Guild/Minister Agreement, spanning the five year period from 1991 to 1995, set the frame for what is widely acknowledged as one of the shining models of successful micro-economic reform of the past decade.

In the course of that Agreement almost 700 pharmacies closed or amalgamated with others. By June 1995, the number of pharmacies remaining in the industry approached 4,949 (from a base of 5,625 in 1990), and while the number of closures have abated, the long term legacy of restructuring will continue to benefit the industry well into the next century. Importantly, micro-economic reform also provided the impetus for pharmacy staff reclassifications, minimum rates adjustments and the development of training programs and career paths for pharmacy assistants.

Building upon the foundations of the earlier Agreement, the Second Agreement from 1995 to 2000, saw the tentative introduction of a limited range of professional services offered by pharmacists in residential care contexts, paving the way to the raft of professional services recognised under the Third Agreement, with more to follow in the Fourth Agreement period.

The major change to structure of PBS pricing and remuneration through the Fourth Agreement is the introduction of the Community Service Obligation pool of \$150m per annum. Payments from the pool will be made to eligible wholesale distributors of PBS medicines who meet specified service standards. The intention is to remunerate pharmaceutical wholesalers for the additional cost they incur in providing the full range of PBS medicines, as compared to those wholesalers who distribute and supply a lesser range of PBS products.

The introduction of the CSO coincided with a reduction in the PBS wholesaler margin from 10% to 7%, and a reduction in the level of pharmacist markup, from 4% to a flat \$40, for drugs costing more than \$1,000.

On 1 January 2005, the government raised the level of the patient co-payment for concessional prescriptions by 21%, from \$3.80 to \$4.60, and for general prescriptions by 24%, from \$23.70 to \$28.60. These were the largest co-payment increases applied since 1986. PBS volume growth dropped from an average of 4% in the previous three years to a decline of 1% in calendar year 2005. The extent of the link between the co-payment increases and the decline in PBS prescriptions dispensed is a matter for debate that is beyond the scope of this commentary.

## THE ECONOMY

In the wider context, the comparatively strong Australian economy continued to outperform nearly all industrialised economies and continued to grow during 2005-06 in terms of all major indicators.

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The Gross Domestic Product managed a respectable growth of 2.9%, although household expenditure growth of 2.6% was lower than for preceding years. Business investment showed no signs of abating, growing by over 15%. The rate of inflation increased slightly, firstly to 3% and then to 4% by years end, following a spike in the prices of fruit and petrol.

Employment grew by 1.8% resulting in an overall improvement in the Unemployment rate to 4.9% by June 2006.

## **FOURTH COMMUNITY PHARMACY AGREEMENT**

### ***Remuneration***

The Fourth Agreement, while retaining the basic remuneration structure of mark up and fee for the pharmacist, includes several important changes. The first provides for increases in the dispensing fee – from 1 December 2005 the fee increased by 19 cents from \$4.75 to \$4.94. A further 21 cent increase applied from 1 July 2006 when the dispensing fee increased to \$5.15.

The other change to pharmacists' remuneration concerns the level of mark up. From 1 July 2006, items with an approved price to pharmacist above \$1000 attract a flat dollar mark up of \$40. The remaining mark up components remain unchanged, i.e. 10% for items priced below \$180.01, \$18 between \$180.01 and \$450 and 4% between \$450.01 and \$1000.

A major change to remuneration arrangements in the Fourth Agreement concerns the wholesaler margin. From 1 July 2006, the wholesaler margin reduced from 10 per cent to 7 per cent (equivalent to a 7.52 per cent mark up). At the same time eligible wholesalers are able to access the newly established CSO funding pool of \$150 million per annum.

Importantly, the mechanism of risk-sharing under the new Agreement has been simplified to include only movements in PBS prescription volumes.

### ***Professional Services***

A total of \$568 million has been set aside for Fourth Agreement professional pharmacy programs and services. These include a continuation of the Third Agreement Medication Review programs and rural programs as well as the Quality Care Pharmacy Program and the Research and Development Program. In addition, a number of new programs under the broad heading of 'Better Community Health' will be rolled out during the Fourth Agreement. These include funding for dose administration aids, a patient medication profiling service, a practice change and education incentive scheme, pilot programs for diabetes and asthma disease state management, counselling for dispensing of emergency contraception, and initiatives for the prevention of communicable diseases. As well, additional funding has been set aside for expanded pharmacy programs for Aboriginal and Torres Strait Islanders.

### ***Location Rules***

For the most part the location rules that applied during the previous Agreement were retained, including the provision that prevents pharmacies from being located within supermarkets.

There was some relaxation in the rules to allow for pharmacy relocations (under carefully defined circumstances) into some small shopping centres, large medical centres and large one

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pharmacy towns. The rules were also amended to address anomalies that had been identified during the Third Agreement.

## **QUALITY CARE PHARMACY PROGRAM**

As at the 30 June 2006 a total of 4,840 pharmacies were registered with the Quality Care Pharmacy Program and a total of 4,253 (86.4 per cent) were accredited with the Program. As at 30 June 2006 the Guild had administered approximately \$54.1 million in QCPP financial incentive payments on behalf of Medicare Australia since the commencement of the Third Agreement.

## **INFORMATION TECHNOLOGY**

### *Broadband for Health: Pharmacy Program*

The Guild has long argued that robust connectivity was a critical success factor to any future eHealth initiative. Following several false starts, the Minister formally announced the *Broadband for Health: Pharmacy* initiative on 9 February 2005 and the program was launched in April 2005. The program was designed to reimburse pharmacies for the cost of subscribing to a Qualified Broadband internet service for a 12 month period, with the level of reimbursement ranging from around \$1600 to \$5500 for ADSL and Satellite respectively. The results suggest that the program has been an unqualified success, with over 4000 pharmacies (80 per cent) now on permanent broadband connection.

### *PBS Online Initiative*

The PBS Online pharmacy pilot was completed on 20 December 2004 with 66 community pharmacies participating. By June 2006 the number of participants had grown by only 86, bringing the total to 152. The main reason for the lack of uptake was attributed to the criticism of the Guild, and of the major software vendors, that the system was far from ready for large scale rollout.

In February 2006, the Department of Human Services (under which Medicare Australia sits) commissioned an independent review into PBS Online. The terms of reference stated “This review is intended to provide an independent assessment to DHS of how well the cost, schedule and quality requirements of this project have been addressed, how well the project is currently delivering and identify opportunities that exist to further exploit the system.”

The system has since undergone significant improvements to allay the concerns of the Guild and software vendors and, as a consequence, was moving closer to a larger rollout in late 2006.

## **WORKPLACE RELATIONS**

The Federal Workplace Relations Act was extensively amended in December 2005 to reflect the new workplace relations reform agenda “WorkChoices”.

WorkChoices was built on the premise of a single national system for workplace relations, with five minimum standards (entitlements) guaranteed under the legislation and the encouragement

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of agreement making directly between the employers and employees with limited intervention by third parties. Awards are to be further simplified by the removal of certain non-allowable award matters and the overall number of awards will be drastically reduced in numbers. The unfair dismissal laws have now been curtailed by the exemption of small businesses with less than 100 employees. Further, any employee of a bigger business (more than 100 employees) with less than six months service will not be able to bring an unfair dismissal claim. The changes also included the removal of redundancy payments for employers with less than 15 employees.

## **PBS REFORM**

In May 2006 the Government signaled its intention to undertake further reform of the PBS aimed at reigning in further the cost of the Scheme. Following the announcement, the Guild responded to the proposal stressing in particular the recent signing of the Fourth Agreement and the present slowdown in PBS growth to levels not seen for at least a decade. As of 30 June 2006 there was no indication from Government of its intentions with the proposal, its final form and content, nor its impact on community pharmacies.

The Guild continues to manage in the interests of its members, with an eye on the ongoing sustainability and health of the pharmacy sector as a whole.



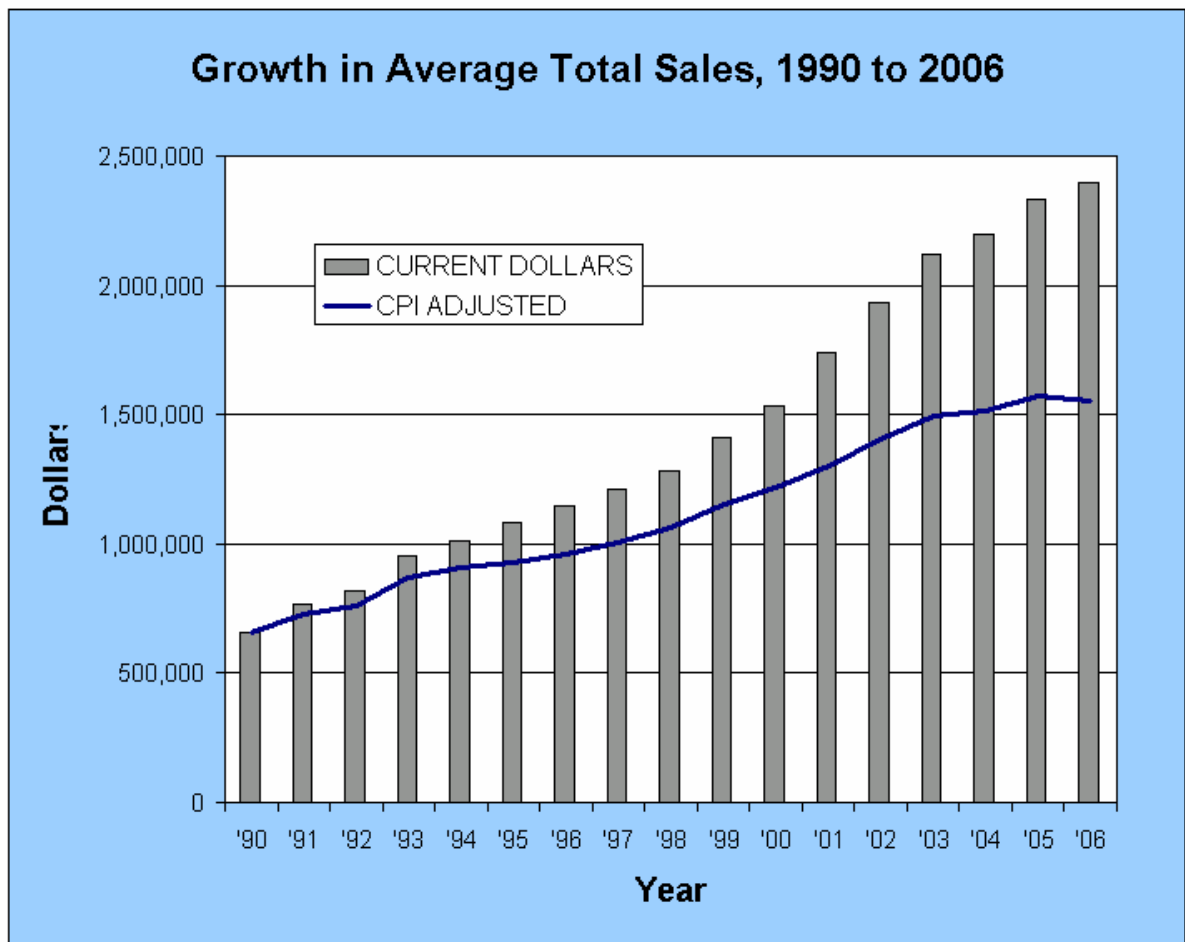
AUSTRALIAN PHARMACIES 1996 - 2006

(Based on all participating pharmacies)

Table 1

	1996 (447) \$	1997 (456) \$	1998 (421) \$	1999 (335) \$	2000 (353) \$	2001 (402) \$	2002 (408) \$	2003 (528) \$	2004 (427) \$	2005 (418) \$	2006 (385) \$
<b>SALES</b>	1,147,981	1,210,464	1,282,542	1,409,642	1,535,955	1,741,104	1,930,960	2,116,736	2,195,552	2,334,145	2,394,030
<b>GROSS MARGIN</b>	378,665	400,236	428,819	462,255	508,092	560,521	616,179	660,229	684,059	722,192	756,166
SALARIES & WAGES	127,467	130,383	138,242	155,845	170,301	187,324	210,770	227,379	227,712	254,689	263,115
RENT	37,992	37,758	41,393	46,169	50,075	53,838	60,566	65,566	65,427	73,183	77,862
OTHER EXPENSES	94,409	100,435	112,079	127,258	138,169	156,577	162,343	181,101	179,567	191,412	205,955
<b>TOTAL EXPENSES</b>	<b>259,868</b>	<b>268,576</b>	<b>291,714</b>	<b>329,272</b>	<b>358,545</b>	<b>397,739</b>	<b>433,679</b>	<b>474,046</b>	<b>472,706</b>	<b>519,284</b>	<b>546,932</b>
<b>TRADING PROFIT</b>	118,797	131,660	137,105	132,983	149,547	162,782	182,500	186,183	211,353	202,908	209,234
COMMISSION RECEIVED	8,802	7,052	6,373	6,521	11,118	14,623	17,966	15,276	15,112	14,445	23,721
<b>TOTAL INCOME</b>	<b>127,599</b>	<b>138,712</b>	<b>143,479</b>	<b>139,502</b>	<b>160,665</b>	<b>177,406</b>	<b>200,466</b>	<b>201,459</b>	<b>226,465</b>	<b>217,353</b>	<b>232,955</b>
PROPRIETORS' SALARIES	76,425	79,441	82,182	84,274	85,401	89,189	97,400	104,809	136,619	142,167	160,349
<b>NET PROFIT/LOSS</b>	51,174	59,271	61,297	55,228	68,261	81,973	95,401	89,389	84,023	69,820	68,626
STOCK CARRIED	132,835	126,199	139,513	147,734	153,862	156,662	183,802	186,903	186,409	197,893	204,134

# Chart 1



# METHODOLOGY FOR THE 2007 GUILD DIGEST

With the exception of Table 3, the analyses contained in this edition of the Digest are based largely on operating information supplied by 385 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 - ie 2004-05 and 2005-06.

Based on annual prescription volumes, the total population of Australian pharmacies was stratified into twenty eight strata – by State and national distribution. 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 four strata. The national strata boundaries were defined as follows:

	<b>Prescription Volumes</b>	<b>Number of Pharmacies</b>	<b>Distribution National</b>
Stratum 1	Less than 25,000	1,086	21.9%
Stratum 2	25,000 – 50,000	1,881	38.0%
Stratum 3	50,000 – 75,000	1,087	22.0%
Stratum 4	More than 75,000	896	18.1%
<b>TOTAL</b>		<b>4,951</b>	

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.

The distribution of pharmacies by state and location is given below.

## PHARMACY DISTRIBUTION – 2005-06

<b>STATE</b>	<b>NON-METROPOLITAN</b>		<b>TOTAL</b>	
	<b>METROPOLITAN %</b>	<b>%</b>	<b>No.</b>	<b>%</b>
NSW	71.4	28.6	1,279	34.6
VIC	72.7	27.3	773	20.9
QLD	51.4	48.6	767	20.7
SA	67.6	32.4	343	9.3
WA	72.4	27.6	369	10.0
TAS	42.9	57.1	112	3.0
ACT	100.0	0.0	56	1.5
<b>TOTAL</b>	<b>66.8</b>	<b>33.2</b>	<b>3,699</b>	<b>100.0%</b>



# SURVEY RESPONSE

A total of 394 questionnaires were received for the 2005-06 financial year. Responses with incomplete information were excluded from the analysis. The final number of responses analysed for the purposes of the main sample was 385. The following table summarises the distribution of respondents by key categories.

## RESPONSE BY STATE AND LOCATION

STATE	METROPOLITAN		NON-METROPOLITAN		TOTAL	
	No.	%	No.	%	No.	%
NSW	109	69.0	49	31.0	158	41.0
VIC	31	54.4	26	45.6	57	14.8
QLD	43	46.7	49	53.3	92	23.9
SA/NT	15	53.6	13	46.4	28	7.3
WA	23	69.7	10	30.3	33	8.6
TAS	5	41.7	7	58.3	12	3.1
ACT	5	100.0		0.0	5	1.3
<b>TOTAL</b>	<b>231</b>	<b>60.0</b>	<b>154</b>	<b>40.0</b>	<b>385</b>	<b>100.0</b>

The national metropolitan/non-metropolitan distribution of the responding sample indicates a bias in favour of country respondents. To varying degrees, the bias is also evident across all States. However, the weighting methodology employed would substantially correct for the effect of that bias with respect to national and State averages. Caution needs to be exercised in interpreting averages for the smaller States.

Response rates are broadly consistent with the distribution of pharmacies by State, with the exception of Queensland and New South Wales which enjoy higher than average response rates.

## RESPONSE BY TURNOVER CATEGORY

TURNOVER GROUP \$	2004-05 %	2005-06 %
Under 500,000	0.7	0.3
500,000 – 1.0 m	12.2	11.2
1.0 m – 1.5 m	18.7	20.5
1.5 m – 2.0 m	14.4	14.3
2.0 m – 2.5 m	13.6	12.7
2.5 m – 3.0 m	11.0	13.0
3.0 m – 3.5 m	7.7	7.8
Over 3.5 m	21.8	20.3

Over the past decade, response has gradually favoured the larger pharmacies. More recently, this trend gained momentum by the restructuring of the industry which effectively reduced the number of smaller pharmacies in the sample. The responding sample for this year's Digest offers lends support to this trend. Respondents with annual sales greater than \$1.5 million represented approximately 68% of the sample in 2005-06 compared with only 18% in 1994-95.



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## RESPONSE BY WEEKLY PRESCRIPTION VOLUMES

Rx Volume/Week	2004-05 %	2005-06 %
Up to 200	1.9	1.0
201 - 300	2.6	3.4
301 - 400	4.8	4.9
401 - 500	9.8	8.3
501 - 600	9.6	11.7
601 - 700	8.1	8.8
701 - 800	8.1	6.2
801 - 900	10.8	8.8
901 - 1,000	3.3	7.5
1,001 - 1,100	6.0	6.8
1,101 - 1,200	5.7	6.8
Over 1,200	29.2	25.7

The gradual shift towards larger pharmacies is also reflected in prescription volumes. In 2005-06 over 82% of respondents dispensed over 500 prescriptions per week.



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# STATISTICAL APPRAISAL OF RESULTS

The annual Guild Digest survey allows pharmacies to assess their current performance compared with others in the Guild. 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, pharmacies with larger sales volumes tend to have profits compared with 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 Guild pharmacies. Another is what difference between well-run pharmacies 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 385 Guild members 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.

Twenty eight strata were defined for the entire population of approved pharmacies using the following volume boundaries – four for each State together with a national stratification. The resultant distribution by prescription volume was applied to the corresponding strata in the sample:

	<b>Rx Volume</b>	<b>Weighting Factors National</b>
Stratum 1	< 25,000	0.2194
Stratum 2	25,000 – 50,000	0.3800
Stratum 3	50,000 – 75,000	0.2196
Stratum 4	75,000 +	0.1810

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 last 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. 176 respondents formed part of this category in 2005-06.

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## 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.

## 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 commonsense 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:

Number of Respondents used for estimate	Divisor for inter-quartile range
400	27
385	27
350	26
300	23
200	19
100	14
50	10
20	6
10	4
5	3

For example, the mean Total Expenses as a percentage of Total Revenue (based on 385 respondents) is 22.6%. The inter-quartile range is 7.99 (= 25.59 – 17.60), so the approximate standard error of this estimate is 0.30 (=7.99/27).

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 mean Total Expenses, based on 385 respondents, is between 22.0% and 23.2% of Total Revenue.

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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.



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# DEFINITION OF KEY INCOME AND EXPENSE ITEMS IN TABLES

*(All financial values are exclusive of GST)*

- 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 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 2007 Digest* section.
- Percentage shown is of Sales.
- Gross Margin:** is derived by deducting Cost of Goods Sold from Sales.
- Percentage shown is of Sales.
- Commissions Received:** are the proceeds of agency fees, dividends and interest received connected with the business; these are essentially items which do not, involve cost of goods sold and which exclude such income not connected with the pharmacy.
- Gross Margin Plus Commissions:** is the arithmetic total of the Gross Margin and Commissions Received and it represents the Gross Margin from Trading.
- Total Revenue:** is the arithmetic total of Sales and Commissions Received; all Expenses are expressed as a percentage of Total Revenue not Sales) since a portion of all expenses is also incurred in earning Commissions.
- 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:** is 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.
- Proprietors' Notional Salary:** is a notional estimate of a reasonable professional salary for hours worked by pharmacy proprietors based on actual manager wages. 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, provision for annual leave, provision for long service leave and sick leave (collectively termed On-costs) and overtime worked.

In 2005-06, the normal hourly rate was estimated at \$47.25 for the first 38 hours - equivalent to an annual salary of \$93,366. 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.*



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

The corresponding percentage is expressed as percent of Total Revenue.

**Full-Time-Equivalent:** is 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.

In the case of a sole proprietorship, the number of hours worked clearly relate to a single proprietor. Therefore, the rate simply indicates that the hours worked by the proprietor are the equivalent of 1.17 award weeks (see Table 2). The notional salary of \$160,349 is fully attributable to the single proprietor working 45 hours.

In a partnership, however, where two partners work 38 and 9 hours respectively, the notional salary of \$160,349 should be allocated proportionately according to the hours worked by each partner. Clearly, if proprietors work longer hours, commensurate salaries need to be calculated.

**Return on Capital Employed:** identifies the economic cost of having funds tied up in business assets rather than being employed elsewhere i.e. the opportunity cost of investment. The Return on Capital Employed is based on an interest rate of 5.5% (10 year Treasury Bonds) less interest paid on borrowed funds.

It should be noted that if the purpose of the exercise was to ascertain the cost of operating a pharmacy, the interest rate on Treasury Bonds would be clearly inadequate. The cost of borrowing the necessary funds would be far greater than is implied in the opportunity return on long term Treasury Bonds.

*Important too in such a cost of production exercise would be to include goodwill in funds employed and a risk factor for investing in a business. For the indicative purposes of the Digest which is not a cost of production survey, these two components have been excluded from the calculations.*

**Net Profit/Loss:** is calculated by subtracting Proprietors' Notional Salary and Return on Capital Employed from Total income.

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 Commissions Received.

The corresponding percentage is expressed as percent of Sales.

**Stock Turn:** is 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:** are necessary to re-finance 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.



**AUSTRALIAN PHARMACIES - COMPARISON BETWEEN 2005 AND 2006**  
(Based on 12 Months of Trading to 30/06/06)

**Table 2**

	2005 AVERAGES		2006 AVERAGES		AMOUNT AND PERCENT OF CHANGE	
	\$	%	\$	%	\$	%
<b>SALES, EXPENSES &amp; PROFITABILITY</b>						
<b>SALES</b>	<b>2,334,145</b>		<b>2,394,030</b>		<b>59,885</b>	<b>2.57</b>
<b>COST OF GOODS SOLD</b>	<b>1,611,953</b>	<b>69.06</b>	<b>1,637,864</b>	<b>68.41</b>	<b>25,911</b>	<b>1.61</b>
<b>GROSS MARGIN</b>	<b>722,192</b>	<b>30.94</b>	<b>756,166</b>	<b>31.59</b>	<b>33,974</b>	<b>4.70</b>
Commissions Received	14,445		23,721		9,276	64.22
<b>GROSS MARGIN PLUS COMMISSIONS</b>	<b>736,637</b>		<b>779,887</b>		<b>43,250</b>	<b>5.87</b>
<b>TOTAL REVENUE</b>	<b>2,348,591</b>	<b>100.00</b>	<b>2,417,751</b>	<b>100.00</b>	<b>69,160</b>	<b>2.94</b>
<b>EXPENSES</b>						
Salaries and Wages	254,689	10.84	263,115	10.88	8,426	3.31
Rent Paid	73,183	3.12	77,862	3.22	4,679	6.39
Outgoings - Rental & Rates	3,947	0.17	3,376	0.14	-571	-14.47
Accounting	7,884	0.34	8,628	0.36	744	9.44
Advertising	16,874	0.72	18,558	0.77	1,684	9.98
Bank Charges	7,099	0.30	7,242	0.30	143	2.01
Computer Expenses	5,881	0.25	6,446	0.27	565	9.61
Depreciation	14,200	0.60	15,547	0.64	1,347	9.49
Electricity, Water, Heating	5,655	0.24	5,851	0.24	196	3.47
Insurance	8,767	0.37	9,380	0.39	613	6.99
Interest Paid	24,656	1.05	31,754	1.31	7,098	28.79
Leasing Expenses	6,671	0.28	5,579	0.23	-1,092	-16.37
Motor Vehicle Expenses	4,662	0.20	5,120	0.21	458	9.82
Postage, Freight, Printing	8,616	0.37	8,188	0.34	-428	-4.97
Repairs, Maintenance, Service	3,506	0.15	4,154	0.17	648	18.48
Subs and Registrations	8,153	0.35	8,009	0.33	-144	-1.77
Superannuation	23,008	0.98	24,041	0.99	1,033	4.49
Telephone	5,707	0.24	5,606	0.23	-101	-1.77
Training	2,202	0.09	2,587	0.11	385	17.48
Abnormal Expenses	6,056	0.26	5,797	0.24	-259	-4.28
Payroll Tax	1,672	0.07	1,799	0.07	127	7.60
Workers' Compensation	3,705	0.16	3,412	0.14	-293	-7.91
Other Expenses	22,488	0.96	24,884	1.03	2,396	10.65
<b>TOTAL EXPENSES</b>	<b>519,284</b>	<b>22.11</b>	<b>546,932</b>	<b>22.62</b>	<b>27,648</b>	<b>5.32</b>
<b>TOTAL INCOME</b>	<b>217,353</b>	<b>9.25</b>	<b>232,956</b>	<b>9.64</b>	<b>15,603</b>	<b>7.18</b>
Less Proprietors' Salary (1) [ Full-Time-Equivalents ]	142,167 1.18	6.05	160,349 1.17	6.63	18,182	12.79
Less Return on Capital (2)	5,366	0.23	3,980	0.16	-1,386	-25.83
<b>NET PROFIT/LOSS</b>	<b>69,820</b>	<b>2.97</b>	<b>68,626</b>	<b>2.84</b>	<b>-1,194</b>	<b>-1.71</b>
<b>SALES ANALYSIS</b>						
Prescriptions	1,615,426	69.21	1,676,970	70.05	61,544	3.81
Other Sales	718,719	30.79	717,060	29.95	-1,659	-0.23
<b>INVENTORY ANALYSIS</b>						
Prescription	79,348	3.38	71,246	2.95	-8,102	-10.21
Other	118,545	5.05	132,888	5.50	14,343	12.10
STOCK CARRIED (Total)	197,893	8.43	204,134	8.44	6,241	3.15
STOCK TURN (On Total Inventory)	8.43		8.20		-0.22	-2.64
<b>SALES PER INVENTORY DOLLAR</b>						
Prescription	20.36		23.54		3.18	15.61
Other	6.06		5.40		-0.67	-11.00
<b>STATISTICS</b>						
PHARMACY SIZE (square metres)	154		151		-3	-1.95
PRESCRIPTIONS DISPENSED (Total)	49,682		48,736		-946	-1.90
PRESCRIPTIONS DISPENSED WEEKLY	953		935		-18	-1.90
TOTAL HOURS OPEN per WEEK	60.6		59.9		-0.68	-1.12
AV HRS WORKED BY PROPRIETORS/WEEK	45		44.4		-0.58	-1.29
<b>FUNDS RETAINED IN BUSINESS (3)</b>	<b>35,400</b>	<b>1.51</b>	<b>87,905</b>	<b>3.64</b>	<b>52,505</b>	<b>148.32</b>

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

(2) Return on Capital Employed is based on an opportunity interest rate of 6.5% (10 year Treasury Bonds), less interest paid on borrowed funds.

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

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# SUMMARY OF PHARMACY PERFORMANCE 2005-06

(Refer to Table 2)

This section compares the results of the 2004-05 and 2005-06 surveys based on the main samples in the two years. It is therefore a comparison of the weighted estimates in the last two years. For further 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 \$11.9 billion health industry, including \$8.3 billion in prescription sales per year;
- ✦ Community pharmacies dispense 241 million prescriptions annually, including 183 million PBS/RPBS subsidised prescriptions;
- ✦ Community pharmacy employs over 40,000 highly skilled staff, the majority of whom are women;
- ✦ Total Dispensary Sales represent around 70.0% of all sales through pharmacies;
- ✦ The average community pharmacy dispenses 48,736 prescriptions per year; and
- ✦ There are now 4,951 community pharmacies, each serving on average a community of 4,151 people across Australia.

Here are the salient results of the 2005-06 financial year:

- Average Total Sales posted an increase of 2.6%, ending the year on \$2,394,030.
- Cost of Goods Sold grew at a fractionally lower rate at 1.6%, a reversal in the trend of recent years.
- As a result, Average Gross Margins rose slightly to 31.6% and by 4.6% in dollar terms.
- Expenses jumped both in dollar terms (up by 5.3%) and as a percentage of sales. Expenses ended the year at 22.6% as a percentage of Sales.
- Total Income increased by \$15,603, or 7.2%.
- The significant cost increases may be attributed to Salaries and Wages (+3.3%), Rent (+6.4%), and Interest expense (+29%).

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- While the percentage growth in Salaries and Wages was lower than the overall rise in costs, it still represented almost one-third of the total expenditure growth in dollar terms.
  - Rental jumped on average by 6.4%, despite a 2% drop in the average shop size of respondents.
  - Superannuation expenses grew by 4.5%, broadly reflecting the growth in salary expenses.
  - Proprietors' Notional Salary increased in line with increases in wages, hours worked and the commercial realities of shortages of experienced staff. Proprietor's salary represented around 6.6% of turnover.
  - The entirety of the increase in Sales is attributed to Dispensary Sales which, despite a drop in volume, grew by 3.8% in dollar terms. The non-Prescription sector posted a small decline (-0.2%), albeit at a slower pace than the Dispensary.
  - The comparatively lower growth rate in non-Prescription Sales has in turn pushed the Dispensary Ratio up a notch. The ratio ended the year at an all-time high of 70.0% of Total Sales.



**AUSTRALIAN PHARMACIES REPORTING IN TWO CONSECUTIVE YEARS 2005 AND 2006**  
(Based on 12 Months of Trading to 30/06/06)

**Table 3**

SALES, EXPENSES & PROFITABILITY	2005 AVERAGES		2006 AVERAGES		AMOUNT AND PERCENT OF CHANGE	
	\$	%	\$	%	\$	%
<b>SALES</b>	<b>2,237,304</b>		<b>2,327,310</b>		<b>90,006</b>	<b>4.02</b>
<b>COST OF GOODS SOLD</b>	<b>1,548,080</b>	<b>69.19</b>	<b>1,602,407</b>	<b>68.85</b>	<b>54,327</b>	<b>3.51</b>
<b>GROSS MARGIN</b>	<b>689,224</b>	<b>30.81</b>	<b>724,903</b>	<b>31.15</b>	<b>35,679</b>	<b>5.18</b>
Commissions Received	12,227		13,367		1,140	9.32
<b>GROSS MARGIN PLUS COMMISSIONS</b>	<b>701,451</b>		<b>759,899</b>		<b>58,448</b>	<b>8.33</b>
<b>TOTAL REVENUE</b>	<b>2,249,531</b>	<b>100.00</b>	<b>2,340,677</b>	<b>100.00</b>	<b>91,146</b>	<b>4.05</b>
<b>EXPENSES</b>						
Salaries and Wages	232,644	10.34	248,564	10.62	15,920	6.84
Rent Paid	55,661	2.47	59,706	2.55	4,045	7.27
Outgoings - Rental & Rates	3,076	0.14	3,326	0.14	250	8.13
Accounting	6,247	0.28	6,883	0.29	636	10.18
Advertising	13,848	0.62	14,475	0.62	627	4.53
Bank Charges	5,490	0.24	5,955	0.25	465	8.47
Computer Expenses	6,677	0.30	7,428	0.32	751	11.25
Depreciation	11,642	0.52	12,448	0.53	806	6.92
Electricity, Water, Heating	4,853	0.22	5,275	0.23	422	8.70
Insurance	8,021	0.36	8,583	0.37	562	7.01
Interest Paid	19,399	0.86	18,567	0.79	-832	-4.29
Leasing Expenses	5,474	0.24	5,337	0.23	-137	-2.50
Motor Vehicle Expenses	4,586	0.20	5,248	0.22	662	14.44
Postage, Freight, Printing	8,090	0.36	8,104	0.35	14	0.17
Repairs, Maintenance, Service	2,880	0.13	3,793	0.16	913	31.70
Subs and Registrations	7,945	0.35	8,664	0.37	719	9.05
Superannuation	21,255	0.94	22,282	0.95	1,027	4.83
Telephone	5,103	0.23	5,189	0.22	86	1.69
Training	1,970	0.09	2,154	0.09	184	9.34
Abnormal Expenses	8,757	0.39	7,297	0.31	-1,460	-16.67
Payroll Tax	1,185	0.05	1,512	0.06	327	27.59
Workers' Compensation	3,195	0.14	3,111	0.13	-84	-2.63
Other Expenses	18,357	0.82	16,918	0.72	-1,439	-7.84
<b>TOTAL EXPENSES</b>	<b>456,354</b>	<b>20.29</b>	<b>480,819</b>	<b>20.54</b>	<b>24,465</b>	<b>5.36</b>
<b>TOTAL INCOME</b>	<b>245,097</b>	<b>10.90</b>	<b>279,080</b>	<b>11.92</b>	<b>33,983</b>	<b>13.87</b>
Less Proprietors' Salary (1) [ Full-Time-Equivalents ]	130,094	5.78	138,453	5.92	8,359	6.43
Less Return on Capital (2)	5,447	0.24	15,709	0.67	10,262	188.39
<b>NET PROFIT/LOSS</b>	<b>109,556</b>	<b>4.87</b>	<b>124,918</b>	<b>5.34</b>	<b>15,362</b>	<b>14.02</b>
<b>SALES ANALYSIS</b>						
Prescriptions	1,626,160	72.68	1,691,695	72.69	65,535	4.03
Other Sales	611,144	27.32	635,615	27.31	24,471	4.00
<b>INVENTORY ANALYSIS</b>						
Prescription	88,540	3.94	75,988	3.25	-12,552	-14.18
Other	111,599	4.96	116,072	4.96	4,473	4.01
STOCK CARRIED (Total)	200,139	8.90	192,060	8.21	-8,079	-4.04
STOCK TURN (On Total Inventory)	9.06		9.18		0.12	1.32
<b>SALES PER INVENTORY DOLLAR</b>						
Prescription	18.37		22.55		4.18	22.75
Other	5.48		5.48		0.00	0.00
<b>STATISTICS</b>						
PHARMACY SIZE (square metres)	146		147		1	0.61
PRESCRIPTIONS DISPENSED (Total)	48,667		48,978		311	0.64
PRESCRIPTIONS DISPENSED WEEKLY	933		939		6	0.64
TOTAL HOURS OPEN per WEEK	56.7		56.6		-0.1	-0.18
AV HRS WORKED BY PROPRIETORS/WEEK	44.5		43.4		-1.1	-2.36
<b>FUNDS RETAINED IN BUSINESS (3)</b>	<b>62,997</b>	<b>2.80</b>	<b>84,532</b>	<b>3.61</b>	<b>21,535</b>	<b>34.18</b>

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

(2) Return on Capital Employed is based on an opportunity interest rate of 6.5% (10 year Treasury Bonds), less interest paid on borrowed funds.

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

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# COMPARISON OF PHARMACIES RESPONDING IN CONSECUTIVE YEARS

(Refer to Table 3)

Over the past nineteen years, the Digest has included a comparison of performance for pharmacies which have responded in two consecutive years. This is particularly important in highlighting movements in key indicators from one year to the next. Indeed, it is perhaps more relevant in assessing movements than the estimates provided in Table 2 (ie the main 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 176 pharmacies responded in both 2004-05 and 2005-06.

The following section offers an overview of the results summarised in Table 3.

- Total Sales increased by 4.0%, broadly consistent with the growth reported by the main sample.
- Cost of Goods Sold rose by 3.4%. This in turn produced a higher Gross Margin as a percentage of Sales, at 31.1%, consistent with the findings of the main sample.
- Total Expenses grew by 5.4% in dollar terms and also edged up marginally as a percentage of sales from 20.0% to 20.5% in 2005-06.
- Due in most part to the increase in Gross Margin, Total Income rose by over 13%, following growth of only 1% for 2004-05.
- Salaries and Wages for the average pharmacy in the comparative sample grew by 6.8%, and, together with wage-related expenses, make up over half the operating expenses.
- Rents and Outgoings grew by 7.3%, and, on average represented around 2.6% of Turnover.
- Prescription revenue recorded respectable growth (up by 4.0%), while non-Prescription Sales posted a modest the same level of increase, going against the results of Table 2. The dispensary ratio for consecutive year respondents, at 72.7%, is higher than for the complete sample.
- The number of prescriptions dispensed in 2005-06 grew by 0.6% over the previous year's volume (from 48,667 to 48,978), while the average prescription price rose from \$33.41 to \$34.54 (by 3.4%).



**AUSTRALIAN PHARMACIES – 2005-06**  
(Based on 12 Months of Trading to 30/06/06)

**Table 4**

NATIONAL AVERAGE	2006 AVERAGES		Low	Normal	High
<b>SALES, EXPENSES &amp; PROFITABILITY</b>	<b>\$</b>	<b>%</b>			
<b>SALES</b>	<b>2,394,030</b>		<b>1,323,710</b>	<b>2,141,228</b>	<b>3,205,980</b>
<b>COST OF GOODS SOLD</b>	<b>1,637,864</b>	<b>68.41</b>	<b>66.86</b>	<b>68.36</b>	<b>70.49</b>
<b>GROSS MARGIN</b>	<b>756,166</b>	<b>31.59</b>	<b>29.02</b>	<b>31.05</b>	<b>32.89</b>
Commissions Received	23,721	0.98	0.31	0.66	1.32
<b>GROSS MARGIN PLUS COMMISSIONS</b>	<b>779,887</b>	<b>32.26</b>	<b>29.44</b>	<b>31.52</b>	<b>33.24</b>
<b>TOTAL REVENUE</b>	<b>2,417,751</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>
<b>EXPENSES</b>					
Salaries and Wages	263,115	10.88	8.42	10.49	12.23
Rent Paid	77,862	3.22	1.43	2.45	3.69
Outgoings - Rental & Rates	3,376	0.14	0.09	0.16	0.34
Accounting	8,628	0.36	0.18	0.29	0.50
Advertising	18,558	0.77	0.18	0.44	1.06
Bank Charges	7,242	0.30	0.17	0.24	0.33
Computer Expenses	6,446	0.27	0.15	0.27	0.41
Depreciation	15,547	0.64	0.22	0.45	0.82
Electricity, Water, Heating	5,851	0.24	0.15	0.21	0.30
Insurance	9,380	0.39	0.26	0.38	0.54
Interest Paid	31,754	1.31	0.43	1.39	2.89
Leasing Expenses	5,579	0.23	0.10	0.24	0.62
Motor Vehicle Expenses	5,120	0.21	0.14	0.27	0.58
Postage, Freight, Printing	8,188	0.34	0.21	0.32	0.43
Repairs, Maintenance, Service	4,154	0.17	0.06	0.13	0.24
Subs and Registrations	8,009	0.33	0.16	0.27	0.47
Superannuation	24,041	0.99	0.69	0.89	1.13
Telephone	5,606	0.23	0.17	0.23	0.31
Training	2,587	0.11	0.01	0.07	0.15
Abnormal Expenses	5,797	0.24	0.00	0.00	0.00
Payroll Tax	1,799	0.07	0.00	0.00	0.00
Workers' Compensation	3,412	0.14	0.05	0.11	0.19
Other Expenses	24,884	1.03	0.16	0.46	1.17
<b>TOTAL EXPENSES</b>	<b>546,932</b>	<b>22.62</b>	<b>17.60</b>	<b>21.30</b>	<b>25.59</b>
<b>TOTAL INCOME</b>	<b>232,955</b>	<b>9.64</b>	<b>5.19</b>	<b>9.46</b>	<b>14.18</b>
Less Proprietors' Salary (1) [ Full-Time-Equivalents ]	160,349 1.17	6.63	4.66 1.05	7.00 1.32	11.14 1.53
Less Return on Capital (2)	3,980	0.16	-0.40	0.83	1.47
<b>NET PROFIT/LOSS</b>	<b>68,626</b>	<b>2.84</b>	<b>-0.85</b>	<b>5.34</b>	<b>11.26</b>
<b>SALES ANALYSIS</b>					
Prescriptions	1,676,970	70.05	968,659	1,537,585	2,152,295
Other Sales	717,060	29.95	302,924	524,278	917,383
<b>INVENTORY ANALYSIS</b>					
STOCK CARRIED (Total)	204,134	8.44	106,843	170,213	250,000
STOCK TURN (On Total Inventory)	8.20		6.83	8.62	10.63
<b>SALES PER INVENTORY DOLLAR</b>					
Prescription	23.54		17.57	24.19	31.11
Other	5.40		4.17	5.41	7.09
<b>STATISTICS</b>					
PHARMACY SIZE (square metres)	151		100	147	223
PRESCRIPTIONS DISPENSED (Total)	48,736		29,307	45,142	62,610
PRESCRIPTIONS DISPENSED WEEKLY	935		562	866	1,201
TOTAL HOURS OPEN per WEEK	60		50	55	69
AV HRS WORKED BY PROPRIETORS/WEEK	44		40	50	58
<b>FUNDS RETAINED IN BUSINESS (3)</b>	<b>87,904</b>	<b>3.64</b>	<b>7,855</b>	<b>64,480</b>	<b>164,072</b>

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

(2) Return on Capital Employed is based on an opportunity interest rate of 6.5% (10 year Treasury Bonds), less interest paid on borrowed funds.

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

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# 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 hours record-keeping;
- ensure a reasonable return on the funds invested in the business at a rate appropriate to the level of risk involved; (if the recent past is any guide, pharmacy is anything but a low risk business); and
- 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 health care 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.

Consolidating on the gains of micro-economic reforms and the generally positive economic environment, the overall sales performance of community pharmacy in 2005-06 continued to improve marginally, well behind the growth rate of Retail Turnover generally. The relocation provisions of the previous Agreement were carried forward into the new Agreement, although with significant relaxations of some of the criteria. The central aim remains unchanged: to encourage unviable small pharmacies to relocate to growing and developing areas of population.

Much of the growth in 2005-06 came from dispensary sales. Moreover, most of the growth in dollar gross margin (+\$34,000) was absorbed by increases in overhead expenses (+\$28,000). After proprietor's salary and the return on capital were accounted for, community pharmacy reported a small reduction in net profit of \$1,100 (1.7%).

## QUARTILE ANALYSIS

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 1<sup>st</sup> quartile; normal or 2<sup>nd</sup> quartile (or median); and high or 3<sup>rd</sup> 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 3<sup>rd</sup> or high quartile means that 75% achieved less and 25% achieved greater than the value indicated.

Similarly, the median or 2<sup>nd</sup> 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 (10.49%) bears no relationship to the Sales figure in the same quartile (\$2,141,248). The correct interpretation is that the Normal Quartile for Salaries and Wages is 10.49% of the Sales figure reported by that median respondent. The Sales figure of \$2,141,248 is independent of the 10.35%. Conversely, the median respondent who reported the Sales figure of \$2,141,248 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.

#### Examples

Gross Margin	27%	less than desirable
	36%	excellent
Salaries and Wages	8%	excellent
	15%	room for improvement

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 8% 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 15%) but may be operating at a highly efficient level. Similarly, higher than average rents do not necessarily suggest an unproductive location.

The quartile range of Gross Margins of 29.02% to 32.89% (compared with 28.03 to 32.05% in 2004-05) suggests a reversal of the decline in percentage Gross Margins.

By contrast, Total Expense results show increases across all quartile ranges. Notwithstanding the aggressive cost control measures of recent years, the present results point to greater outlays attributable in the main to Wages and Rent.

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

#### **PROPRIETOR'S 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.

The normal hourly rate for managers was estimated at \$47.25, taking into account over-award payments as a result of shortages in qualified staff. This is equivalent to an annual salary of \$93,366, based on a 38 hour week. Additional hours worked were calculated at time and a half to reflect appropriate overtime. A rate of 1.2547 was then applied to reflect on-cost provisions.

The on-costs were derived as follows:

\$93,366		Annual Salary (38 hour week)
	%	
\$7,182	7.69	Holiday (4 weeks)
\$1,257	1.35	Leave loading (17.5% of 4 weeks)
\$1,796	1.92	Sick leave (1 week)
\$1,556	1.67	Long service leave (3 mths/15 yr)
\$3,591	3.85	Public holidays (2 weeks)
\$8,403	9.00	Superannuation
\$23,784	25.47	Total On-Cost

## BREAK-EVEN ANALYSIS

Every business operation involves fixed and variable costs. Fixed costs are those which are incurred regardless of the level of turnover while variable costs are, by definition, those which vary with sales volume. Every dollar of revenue received in a business theoretically has three components:

- variable costs
  - fixed cost contribution
  - profit
- } Expenses

The concept of break-even analysis enables the calculation of a time period necessary to cover the fixed costs of a business from sales revenue after deducting the variable costs. For example, if an item cost \$2 and sells for \$3, there is \$1 available to contribute towards writing off fixed costs and eventually earning a profit.

Last year, the break-even revenue for the average Australian community pharmacy, (with a turnover of \$2,334,145) was \$1,149,142. The variable expense ratio was 82.87% and the break-even sales level was achieved after 180 days.

This financial year (2005-06), using the same method, the variable expense ratio has reduced slightly to 82.44%. Applied to a higher turnover level of \$2,394,030, the ratio produces a break-even result of \$1,202,394 achieved after 183 days.

After the break-even point is reached, each extra dollar of revenue contributes to profits since all fixed costs have been met. For the purposes of the following exercise, variable expenses comprise Cost of Goods Sold (COGS), Salaries and Wages, Wage related expenses, Advertising and Other Expenses. The remaining expense items are considered to be fixed costs. The essential components are as follows:

1. SALES	(S)	\$2,394,030	
EXPENSES	(E)	\$546,932	
COST OF GOODS SOLD	(C)	\$1,637,864	
2. TOTAL EXPENSES	(T)		
T = E + C			\$2,184,796
3. VARIABLE EXPENSES	(V)		
* Cost of Goods Sold		\$1,637,864	
* Salaries & Related Costs <sup>(1)</sup>		\$292,367	
* Advertising		\$18,558	
* Other Expenses		<u>\$24,884</u>	
			\$1,973,673
4. FIXED EXPENSES	(F)		
F = T - V			\$211,123
5. VARIABLE EXPENSE RATIO (VER)			
VER = $\frac{V}{S}$		$\frac{\$1,973,673}{\$2,394,030}$	= 0.8244
6. FIXED EXPENSE RATIO (FER)			
FER = 1 - VER			= 0.1756
7. BREAK-EVEN SALES =	$\frac{F}{FER}$	=	$\frac{\$211,123}{0.1756}$
		=	\$1,202,394
BREAK-EVEN DAYS =	$\frac{\$1,202,394}{\$2,394,030} \times 365$	=	183

**Therefore, break even was achieved after 183 days.**

<sup>(1)</sup> Include: Salaries & Wages, Super, Payroll Tax and Workers' Compensation

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# PLANNING TOOLS AND PRODUCTIVITY MEASURES

## SALES PER SQUARE METRE

This is a useful benchmarking tool to guide merchandising and display. Refer to Table 5 for details according to turnover range. 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 \$10,280 to \$18,720.

The relationship between Shop Area and Sales is illustrated in Chart 2.

On average, the results point to a 3% improvement in this indicator from \$15,246 last year to \$16,006 in 2005-06.

As in previous years, the results indicate that the most preferred dispensary size (consistent with current dispensary practices) is in the range of 18-22 square metres. Therefore major productivity improvements are still possible in the front-of-shop. This can involve merchandising and display techniques as well as more efficient use of aisle space, etc.

It should be noted that dispensary measurements collected and referred to in the Digest generally exclude any estimates of common areas which may be used by clients while waiting for their prescriptions to be dispensed. For the purposes of the Digest, the dispensary area is essentially defined by its physical boundaries.

## TOTAL SALES vs NUMBER OF PRESCRIPTIONS

Additional Sales generated by each prescription averaged around \$15 despite the trend towards greater reliance on the Dispensary.

The average prescription generated between \$44 and \$53 in sales revenue. With an average value per prescription of about \$34, each prescription produced between \$10 and \$19 extra revenue in the non-prescription sector.

Turnover Group \$	Average Script Value \$	Sales/Script \$	Script Sales/ Total Sales %
500,000 – 1.0 m	32.05	43.81	73.1
1.0 m – 1.5 m	33.56	44.80	74.9
1.5 m – 2.0 m	34.53	45.61	75.7
2.0 m – 2.5 m	34.15	46.71	73.1
2.5 m – 3.0 m	34.64	47.58	72.8
3.0 m – 3.5 m	34.10	48.55	70.2
Over 3.5 m	35.07	53.38	65.7
All pharmacies	34.41	49.12	70.0

In practice, customer numbers far exceed the number of prescriptions dispensed. Unpublished Digest data indicates the average number of customers per pharmacy per year is closer to 60,000 (compared with 49,000 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 3.

### SALES PER \$ OF STAFF WAGES

This is a useful general measure of productivity of staff. Table 5 shows that staff generate between \$9 and \$10 sales revenue per dollar of wages. Two trends are evident. First, with minor exceptions, turnover per dollar of Staff Wages appears inversely proportional to the pharmacy turnover. Second, the gap between metropolitan and country pharmacies has tended to close in recent years both in terms of total Turnover and in terms of sales per dollar of wages paid.

As in previous editions, the following analysis excludes dispensary revenue from the equation to focus on the selling performance of staff. The salary and wages figure includes remuneration for qualified employees who are frequently involved in the selling process, particularly for scheduled or complementary medicines.

\$ Turnover Group	Retail Sales/\$ Wages \$
500,000 – 1.0 m	2.50
1.0 m – 1.5 m	2.45
1.5 m – 2.0 m	2.42
2.0 m – 2.5 m	2.64
2.5 m – 3.0 m	2.49
3.0 m – 3.5 m	2.65
Over 3.5 m	2.95
All Pharmacies	2.73

By its very nature, this indicator is sensitive to the changing proportion of dispensary sales to total sales. As pharmacy increases its reliance on dispensary revenue, retail sales per \$ wages will steadily contract. This trend has slowed in recent years with the tentative increases in non-prescription sales.

### SALES PER FULL-TIME EMPLOYEE

The results of this year's survey show that each full-time employee generated between \$400,000 and \$455,000 in sales revenue.

Salaries and wages represent the largest single expense item in community pharmacy. Sales staff therefore have the capacity to significantly influence sales outcomes. The following figures provide a useful benchmark for performance rating.

As with the previous section, the following table excludes dispensary turnover from the calculation to obtain the retail sector sales per full-time equivalent employee.

\$ Turnover Group	Retail Sales/Full-Time Employee \$
500,000 – 1.0 m	120,213
1.0 m – 1.5 m	113,245
1.5 m – 2.0 m	96,334
2.0 m – 2.5 m	115,686
2.5 m – 3.0 m	117,308
3.0 m – 3.5 m	120,818
Over 3.5 m	148,499
All Pharmacies	131,064

This productivity measure is highly sensitive to the composition of the sample with respect to the mix of owner-operated and manager-operated pharmacies. As a rule, the higher the proportion of manager-operated pharmacies in the sample, the lower this productivity ratio will be because the number of hours worked by employees (ie managers) will be higher.

It is also sensitive to the downward trend in the proportion of Retail Sales. Overall, the results point to a reduction of 1% over the previous year's indicator.

### **RENT PER SQUARE METRE**

With minor exceptions, the range of rents paid per square metre varied in direct proportion to pharmacy turnover without the benefit of economies of scale - large pharmacies pay premium rents (see Table 5). Small turnover pharmacies paid on average around \$350 per square metre per annum whereas the average rental for the over \$3.5m turnover category was closer to \$660 per square metre.

Country pharmacies generally enjoyed cheaper rents (at an average of \$330 per square metre) than their metropolitan counterparts (around \$650 per square metre).

Also of interest is the market reality that larger pharmacies, while paying high rents (particularly in large shopping centres), do not necessarily benefit from commensurate margins.

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## TOTAL SALES PER HOUR WORKED

Another productivity benchmark which sheds further light on staff efficiencies is Total Sales per Hour Worked.

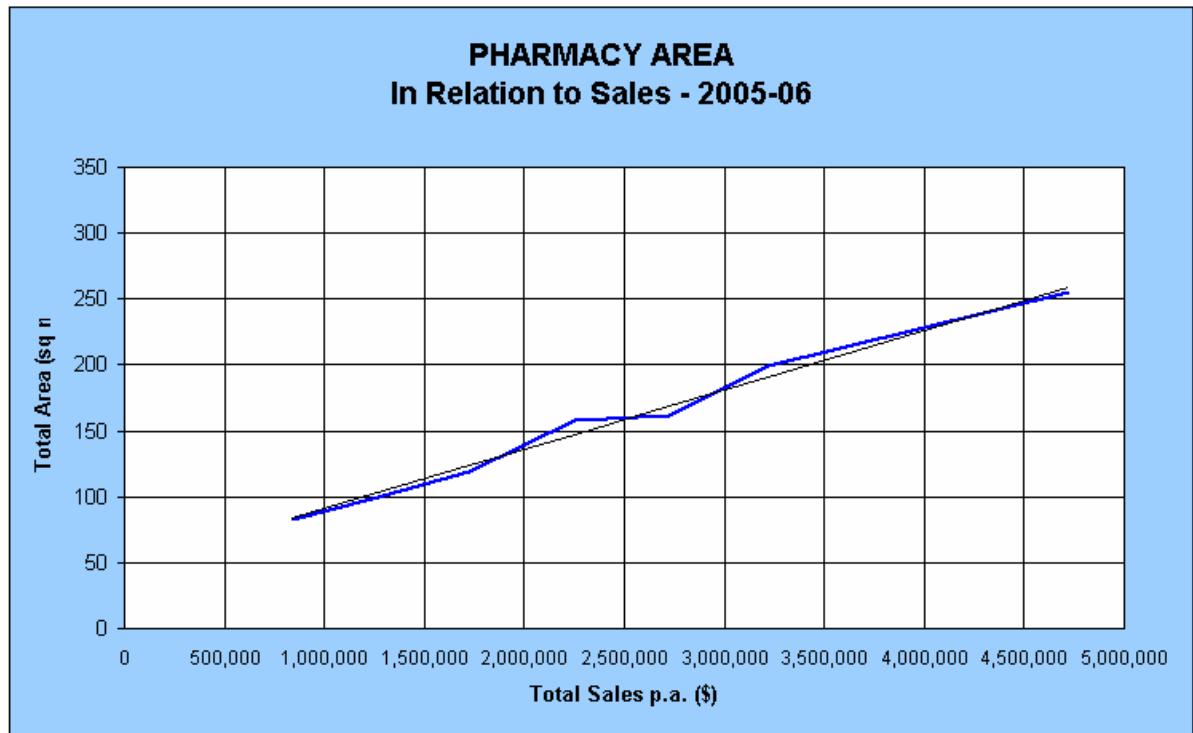
Turnover Group \$	Total Sales/Hour Worked \$
500,000 – 1.0 m	147.83
1.0 m – 1.5 m	159.59
1.5 m – 2.0 m	154.74
2.0 m – 2.5 m	175.39
2.5 m – 3.0 m	183.82
3.0 m – 3.5 m	173.22
Over 3.5 m	193.04
All Pharmacies	182.77



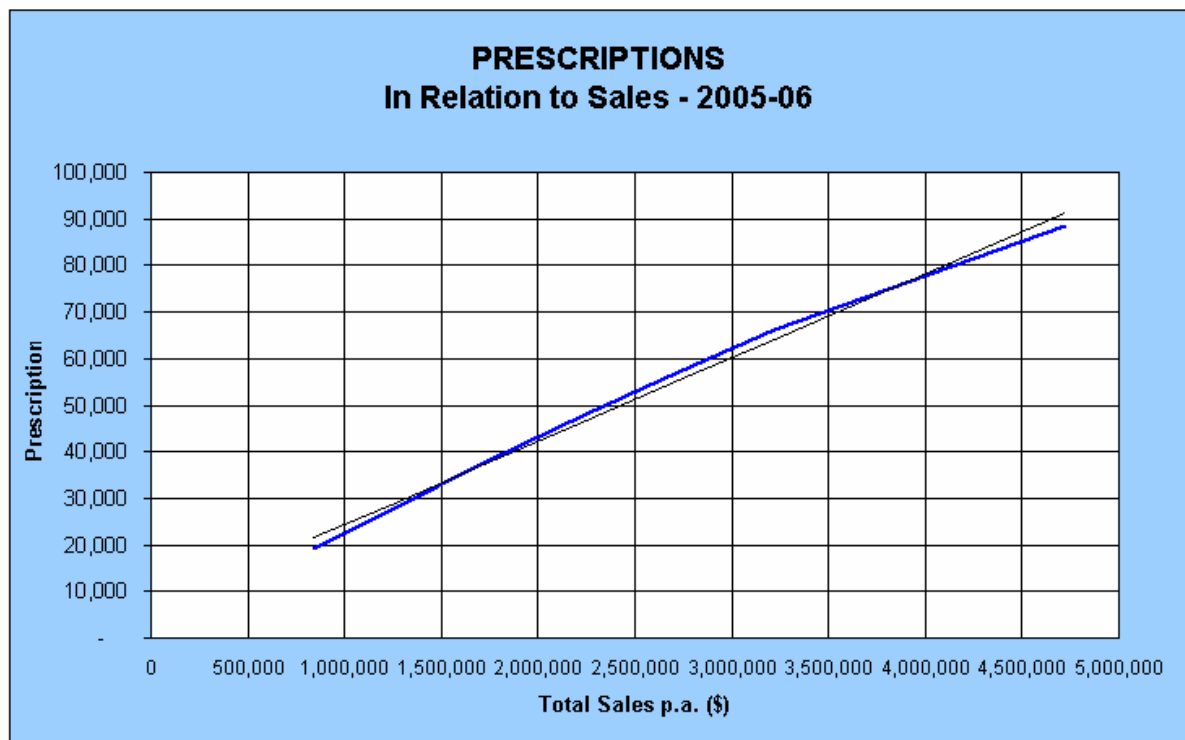
**Table 5****SUMMARY OF PRODUCTIVITY MEASURES – 2005-06**

<b>TURNOVER RANGE</b>	<b>AVERAGE TURNOVER \$</b>	<b>TURNOVER PER \$ STAFF WAGES</b>	<b>TURNOVER PER FULL TIME EMPLOYEE</b>	<b>TURNOVER PER SQ M SHOP SPACE</b>	<b>RENT \$ PER SQ M SHOP SPACE</b>
UNDER \$500,000	na	Na	na	na	na
\$500,000 - \$1,000,000	851,671	9.42	454,161	10,280	349.55
\$1,000,000 - \$1,500,000	1,251,897	9.87	455,279	12,593	356.04
\$1,500,000 - \$2,000,000	1,742,764	10.08	400,781	14,656	393.03
\$2,000,000 - \$2,500,000	2,263,135	9.87	432,482	14,291	380.32
\$2,500,000 - \$3,000,000	2,749,050	9.22	436,157	16,945	462.49
\$3,000,000 - \$3,500,000	3,242,887	8.96	408,926	16,322	577.49
OVER \$3,500,000	4,772,887	8.69	438,112	18,720	661.66
<b>AUSTRALIA</b>					
ALL PHARMACIES - WEIGHTED	2,417,751	9.19	442,620	16,006	515.47
METROPOLITAN	2,504,429	9.17	521,185	17,596	653.05
COUNTRY	2,413,203	9.23	406,623	14,470	329.14

## Chart 2



## Chart 3



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# USER'S GUIDE TO THE GUILD DIGEST

Management decisions which result in the successful operation of a pharmacy require more than general and vague impressions of an operation's financial structure. The Digest is designed to enable retail pharmacists to make valuable comparisons of their financial performance against industry benchmarks.

The purpose of this section is to aid in those comparisons by providing a better understanding of the financial data presented. Terms are defined, methods of computation are set out, and notes that aid in the application of the financial statements are given.

## 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 anytime during the current period. In addition comparisons of digest results can be made at anytime after 30 June 2006 to identify any long term problems such as inappropriate locations.

## DIGEST FORMAT

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

- a) Operating results for the twelve month period summarised into various charts and tables according to turnover ranges, location and volume of prescription business;
- b) Financial position of the business at a specific point in time, ie 30 June 2006, 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.

## OPERATING STATEMENT TERMS

**Sales** include all prescription sales, patient contributions and counter sales. It does not include trade rebates, discounts and commission from Health Funds and other sources.

Gross Margin is obtained by first arriving at the Cost of Goods Sold and deducting the figure from Sales as follows:		
Inventory at the beginning of the year	\$	**
Plus Purchases during the year*	\$	
= Cost of Merchandise	\$	
- Purchase Rebates and Trade Rebates	\$	
- Goods taken for own use	\$	
- Inventory at end of year	\$	
= Cost of Goods Sold	\$	
Sales	\$	
- Cost of Goods Sold	\$	
= Gross Margin	\$	
* Only include merchandise purchased for re-sale.		
** Fill in your own figures as examples.		

**Trading Profit/Loss** (Trading Income) is determined by deducting all operating expenses from Gross Margin.

## THE BALANCE SHEET

The Balance Sheet is a statement of financial position at a given point in time. Balance sheets are expressed as:

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

### Assets

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.

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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 owners equity in the business and is expressed by the following relationship:

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

### **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.

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## ***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.

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

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.

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

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.

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

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 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.

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### *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.



**AUSTRALIAN PHARMACIES – SUMMARY OF SALES VOLUME IN 2005-06**  
(Based on 12 Months of Trading to 30/06/06)

**Table 6**

	Up to \$500,000		\$500,000 to \$1,000,000		\$1,000,000 to \$1,500,000		\$1,500,000 to \$2,000,000	
SALES, EXPENSES & PROFITABILITY	\$	%	\$	%	\$	%	\$	%
<b>SALES</b>			<b>840,979</b>		<b>1,238,129</b>		<b>1,722,696</b>	
<b>COST OF GOODS SOLD</b>			<b>566,174</b>	<b>67.32</b>	<b>846,402</b>	<b>68.36</b>	<b>1,170,642</b>	<b>67.95</b>
<b>GROSS MARGIN</b>			<b>274,805</b>	<b>32.68</b>	<b>391,727</b>	<b>31.64</b>	<b>552,054</b>	<b>32.05</b>
Commissions Received			10,692		13,768		20,068	
<b>GROSS MARGIN PLUS COMMISSIONS</b>			<b>285,497</b>		<b>405,495</b>		<b>572,122</b>	
<b>TOTAL REVENUE</b>			<b>851,671</b>	<b>100.00</b>	<b>1,251,897</b>	<b>100.00</b>	<b>1,742,764</b>	<b>100.00</b>
<b>EXPENSES</b>								
Salaries and Wages			90,453	10.62	126,882	10.14	172,934	9.92
Rent Paid			28,960	3.40	35,394	2.83	46,735	2.68
Outgoings - Rental & Rates			1,309	0.15	1,931	0.15	2,332	0.13
Accounting			4,870	0.57	4,838	0.39	7,558	0.43
Advertising			5,117	0.60	6,358	0.51	10,740	0.62
Bank Charges			3,731	0.44	3,574	0.29	4,949	0.28
Computer Expenses			4,351	0.51	5,009	0.40	5,403	0.31
Depreciation			5,492	0.64	8,482	0.68	9,570	0.55
Electricity, Water, Heating			2,490	0.29	3,005	0.24	4,046	0.23
Insurance			5,115	0.60	6,797	0.54	8,143	0.47
Interest Paid			10,990	1.29	20,068	1.60	27,404	1.57
Leasing Expenses			382	0.04	1,897	0.15	5,827	0.33
Motor Vehicle Expenses			3,123	0.37	4,246	0.34	6,162	0.35
Postage, Freight, Printing			2,571	0.30	4,745	0.38	6,801	0.39
Repairs, Maintenance, Service			2,258	0.27	3,234	0.26	2,801	0.16
Subs and Registrations			3,820	0.45	6,531	0.52	6,171	0.35
Superannuation			7,576	0.89	11,703	0.93	14,746	0.85
Telephone			2,797	0.33	3,527	0.28	4,637	0.27
Training			613	0.07	1,245	0.10	2,206	0.13
Abnormal Expenses			4,751	0.56	3,032	0.24	3,467	0.20
Payroll Tax			57	0.01	22	0.00	26	0.00
Workers' Compensation			1,060	0.12	1,398	0.11	2,122	0.12
Other Expenses			8,310	0.98	9,371	0.75	14,621	0.84
<b>TOTAL EXPENSES</b>			<b>200,198</b>	<b>23.51</b>	<b>273,288</b>	<b>21.83</b>	<b>369,403</b>	<b>21.20</b>
<b>TOTAL INCOME</b>			<b>85,299</b>	<b>10.02</b>	<b>132,207</b>	<b>10.56</b>	<b>202,719</b>	<b>11.63</b>
Less Proprietors' Salary (1) [ Full-Time-Equivalents ]			126,884	14.90	147,238	11.76	158,046	9.07
Less Return on Capital (2)			1.00		1.18		1.28	
			6,554	0.77	0	0.00	576	0.03
<b>NET PROFIT/LOSS</b>			<b>-48,139</b>	<b>-5.65</b>	<b>-15,031</b>	<b>-1.06</b>	<b>44,097</b>	<b>2.53</b>
<b>SALES ANALYSIS</b>								
Prescriptions			615,105	73.14	927,461	74.91	1,304,150	75.70
Other Sales			225,873	26.86	310,668	25.09	418,547	24.30
<b>INVENTORY ANALYSIS</b>								
Prescription			33,231	3.90	52,718	4.21	57,813	3.32
Other			60,512	7.11	75,181	6.01	83,181	4.77
STOCK CARRIED (Total)			93,743	11.01	127,899	10.22	140,994	8.09
STOCK TURN (On Total Inventory)			6.73		7.41		8.15	
<b>SALES PER INVENTORY DOLLAR</b>								
Prescription			18.51		17.59		22.56	
Other			3.73		4.13		5.03	
<b>STATISTICS</b>								
PHARMACY SIZE (square metres)			83		99		119	
PRESCRIPTIONS DISPENSED (Total)			19,195		27,634		37,769	
PRESCRIPTIONS DISPENSED WEEKLY			369		531		726	
TOTAL HOURS OPEN per WEEK			52		52		57	
AV HRS WORKED BY PROPRIETORS/WEEK			38		45		49	
<b>FUNDS RETAINED IN BUSINESS (3)</b>			<b>11,920</b>	<b>1.40</b>	<b>40,872</b>	<b>3.26</b>	<b>71,772</b>	<b>4.12</b>

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

(2) Return on Capital Employed is based on an opportunity interest rate of 6.5% (10 year Treasury Bonds), less interest paid on borrowed funds.

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

**AUSTRALIAN PHARMACIES – SUMMARY OF SALES VOLUME IN 2005-06**  
(Based on 12 Months of Trading to 30/06/06)

**Table 6**

	\$2,000,000 to \$2,500,000		\$2,500,000 to \$3,000,000		\$3,000,000 to \$3,500,000		Over \$3,500,000	
<b>SALES, EXPENSES &amp; PROFITABILITY</b>	\$	%	\$	%	\$	%	\$	%
<b>SALES</b>	<b>2,249,966</b>		<b>2,724,259</b>		<b>3,220,194</b>		<b>4,718,969</b>	
<b>COST OF GOODS SOLD</b>	<b>1,553,696</b>	<b>69.05</b>	<b>1,875,609</b>	<b>68.85</b>	<b>2,193,953</b>	<b>68.13</b>	<b>3,228,964</b>	<b>68.43</b>
<b>GROSS MARGIN</b>	<b>696,270</b>	<b>30.95</b>	<b>848,650</b>	<b>31.15</b>	<b>1,026,241</b>	<b>31.87</b>	<b>1,490,005</b>	<b>31.57</b>
Commissions Received	13,168		24,791		22,693		53,918	
<b>GROSS MARGIN PLUS COMMISSIONS</b>	<b>709,438</b>		<b>873,441</b>		<b>1,048,934</b>		<b>1,543,923</b>	
<b>TOTAL REVENUE</b>	<b>2,263,135</b>	<b>100.00</b>	<b>2,749,050</b>	<b>100.00</b>	<b>3,242,887</b>	<b>100.00</b>	<b>4,772,887</b>	<b>100.00</b>
<b>EXPENSES</b>								
Salaries and Wages	229,265	10.13	298,108	10.84	362,119	11.17	549,294	11.51
Rent Paid	60,227	2.66	75,030	2.73	114,735	3.54	168,696	3.53
Outgoings - Rental & Rates	2,451	0.11	3,261	0.12	6,857	0.21	6,085	0.13
Accounting	8,246	0.36	9,481	0.34	13,857	0.43	13,832	0.29
Advertising	14,280	0.63	21,897	0.80	24,616	0.76	42,419	0.89
Bank Charges	7,154	0.32	7,909	0.29	10,061	0.31	12,959	0.27
Computer Expenses	6,249	0.28	7,048	0.26	7,395	0.23	9,739	0.20
Depreciation	14,911	0.66	17,087	0.62	20,010	0.62	29,898	0.63
Electricity, Water, Heating	5,260	0.23	6,208	0.23	7,697	0.24	11,772	0.25
Insurance	7,952	0.35	10,210	0.37	12,443	0.38	14,933	0.31
Interest Paid	36,264	1.60	42,179	1.53	50,188	1.55	43,723	0.92
Leasing Expenses	3,270	0.14	5,015	0.18	9,699	0.30	13,005	0.27
Motor Vehicle Expenses	4,868	0.22	5,664	0.21	5,671	0.17	5,867	0.12
Postage, Freight, Printing	7,184	0.32	9,265	0.34	11,632	0.36	15,612	0.33
Repairs, Maintenance, Service	3,058	0.14	4,505	0.16	4,652	0.14	7,688	0.16
Subs and Registrations	7,388	0.33	8,309	0.30	9,482	0.29	13,151	0.28
Superannuation	18,538	0.82	27,286	0.99	33,016	1.02	52,323	1.10
Telephone	5,522	0.24	6,476	0.24	7,424	0.23	9,293	0.19
Training	2,357	0.10	3,469	0.13	3,707	0.11	4,660	0.10
Abnormal Expenses	3,985	0.18	5,024	0.18	6,653	0.21	11,723	0.25
Payroll Tax	136	0.01	1,028	0.04	1,616	0.05	7,201	0.15
Workers' Compensation	3,216	0.14	3,728	0.14	3,634	0.11	7,795	0.16
Other Expenses	22,855	1.01	33,882	1.23	28,068	0.87	50,884	1.07
<b>TOTAL EXPENSES</b>	<b>474,638</b>	<b>20.97</b>	<b>612,071</b>	<b>22.26</b>	<b>755,232</b>	<b>23.29</b>	<b>1,102,549</b>	<b>23.10</b>
<b>TOTAL INCOME</b>	<b>234,800</b>	<b>10.37</b>	<b>261,370</b>	<b>9.51</b>	<b>293,702</b>	<b>9.06</b>	<b>441,374</b>	<b>9.25</b>
Less Proprietors' Salary (1) [ Full-Time-Equivalents ]	154,952	6.85	150,720	5.48	183,119	5.65	185,295	3.88
	1.26		1.20		1.48		1.47	
Less Return on Capital (2)	6,656	0.29	0	0.00	0	0.00	30,803	0.65
<b>NET PROFIT/LOSS</b>	<b>73,192</b>	<b>3.23</b>	<b>110,650</b>	<b>4.32</b>	<b>110,583</b>	<b>3.58</b>	<b>225,276</b>	<b>4.72</b>
<b>SALES ANALYSIS</b>								
Prescriptions	1,645,048	73.11	1,983,365	72.80	2,261,599	70.23	3,100,725	65.71
Other Sales	604,919	26.89	740,894	27.20	958,595	29.77	1,618,243	34.29
<b>INVENTORY ANALYSIS</b>								
Prescription	66,526	2.94	73,881	2.69	94,456	2.91	116,195	2.43
Other	121,565	5.37	132,150	4.81	194,280	5.99	247,276	5.18
<b>STOCK CARRIED (Total)</b>	<b>188,091</b>	<b>8.31</b>	<b>206,031</b>	<b>7.49</b>	<b>288,736</b>	<b>8.90</b>	<b>363,471</b>	<b>7.62</b>
<b>STOCK TURN (On Total Inventory)</b>	<b>8.33</b>		<b>8.62</b>		<b>8.19</b>		<b>9.19</b>	
<b>SALES PER INVENTORY DOLLAR</b>								
Prescription	24.73		26.85		23.94		26.69	
Other	4.98		5.61		4.93		6.54	
<b>STATISTICS</b>								
<b>PHARMACY SIZE (square metres)</b>	<b>158</b>		<b>162</b>		<b>199</b>		<b>255</b>	
<b>PRESCRIPTIONS DISPENSED (Total)</b>	<b>48,170</b>		<b>57,253</b>		<b>66,329</b>		<b>88,408</b>	
<b>PRESCRIPTIONS DISPENSED WEEKLY</b>	<b>926</b>		<b>1,101</b>		<b>1,276</b>		<b>1,700</b>	
<b>TOTAL HOURS OPEN per WEEK</b>	<b>61</b>		<b>61</b>		<b>66</b>		<b>72</b>	
<b>AV HRS WORKED BY PROPRIETORS/WEEK</b>	<b>48</b>		<b>45</b>		<b>56</b>		<b>56</b>	
<b>FUNDS RETAINED IN BUSINESS (3)</b>	<b>94,808</b>	<b>4.19</b>	<b>74,531</b>	<b>2.71</b>	<b>104,466</b>	<b>3.22</b>	<b>203,143</b>	<b>4.26</b>

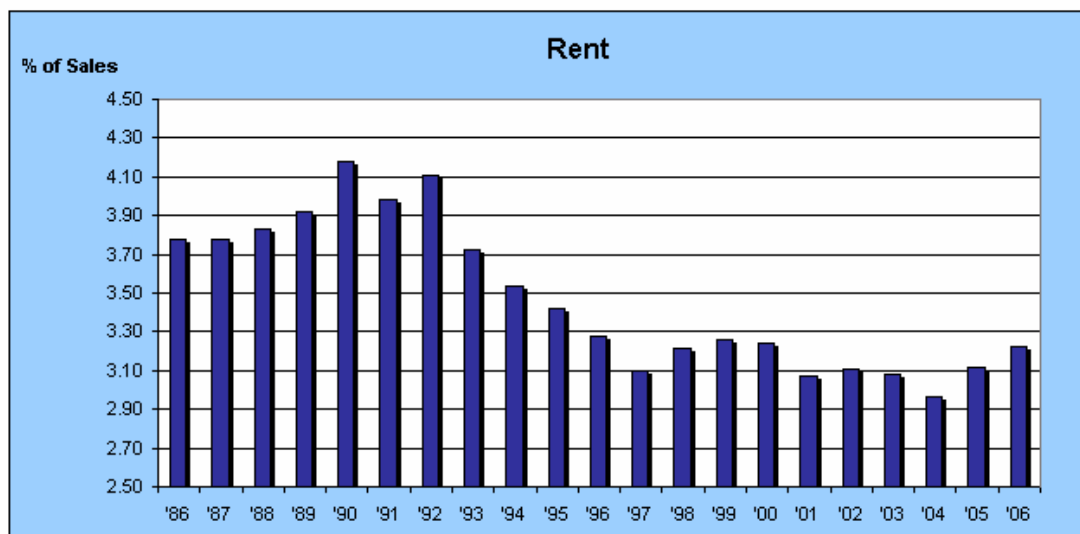
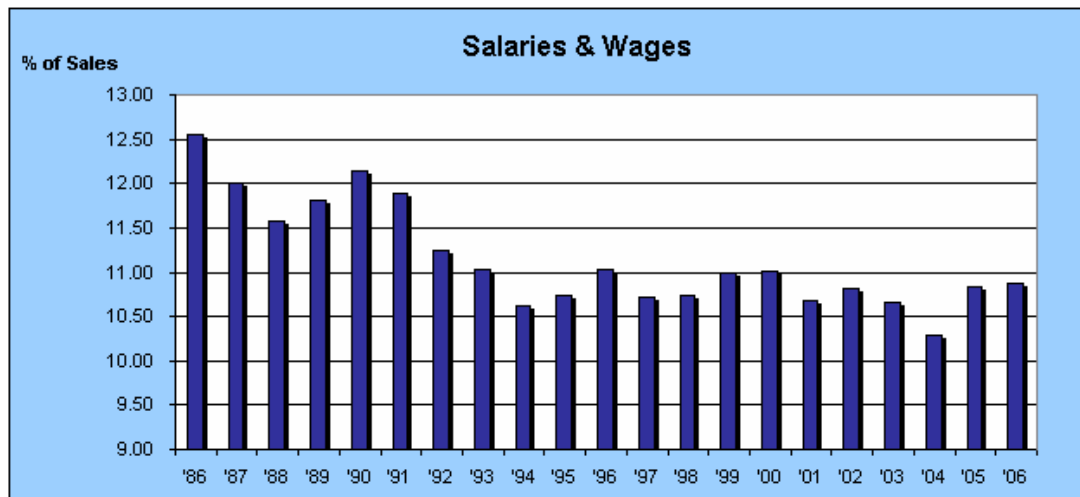
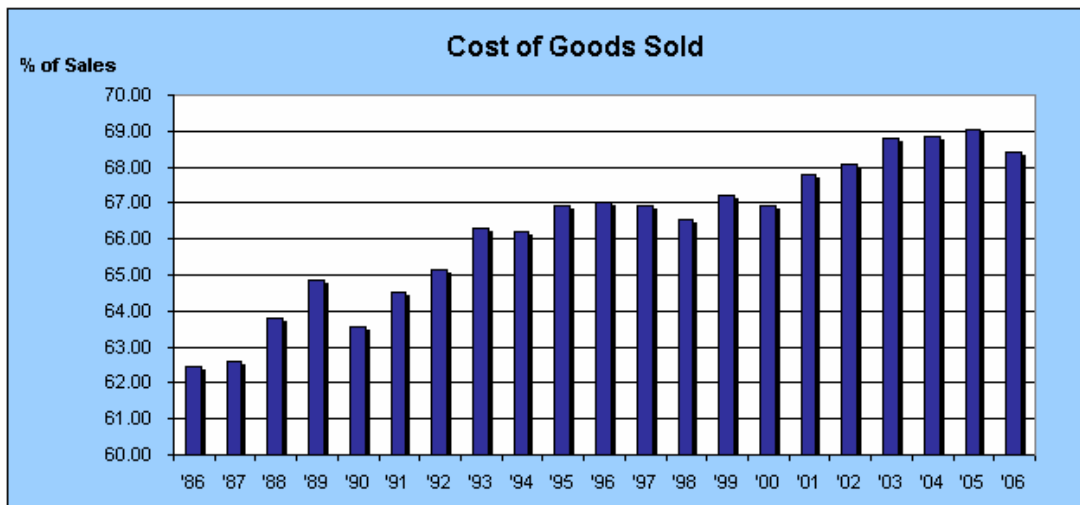
(1) Notional Proprietors Salary is based on actual manager's wages and includes on-costs such as a provision for annual leave, long service leave etc.

(2) Return on Capital Employed is based on an opportunity interest rate of 6.5% (10 year Treasury Bonds), less interest paid on borrowed funds.

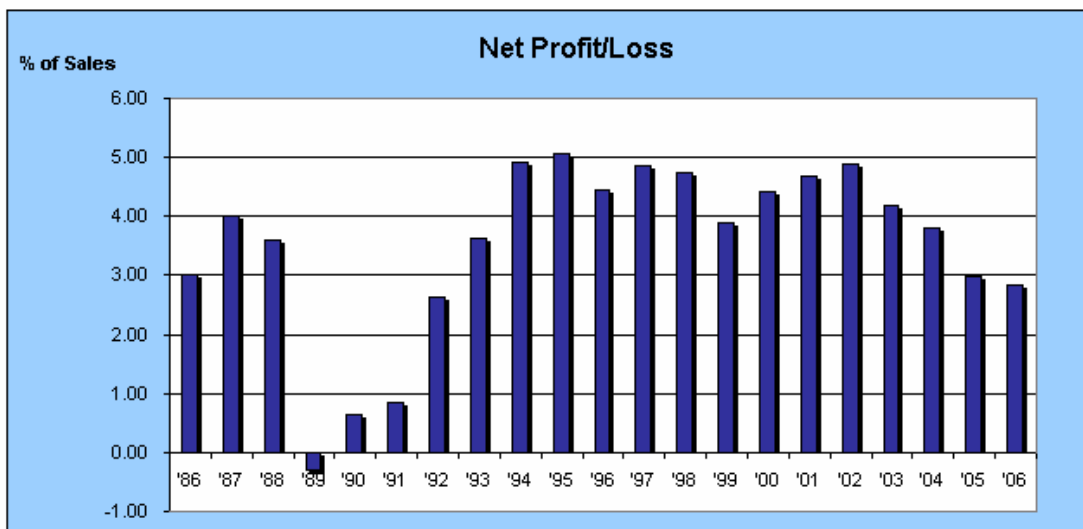
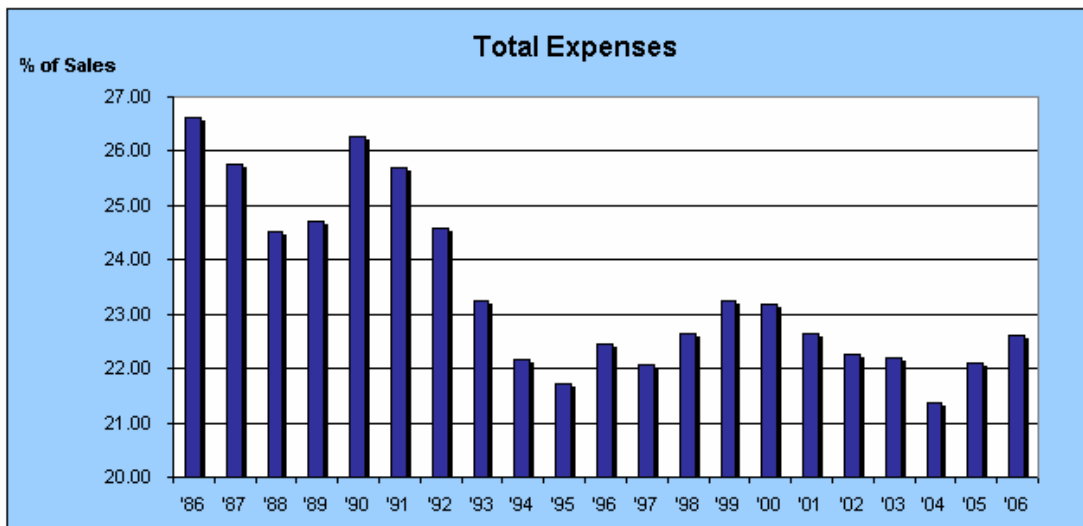
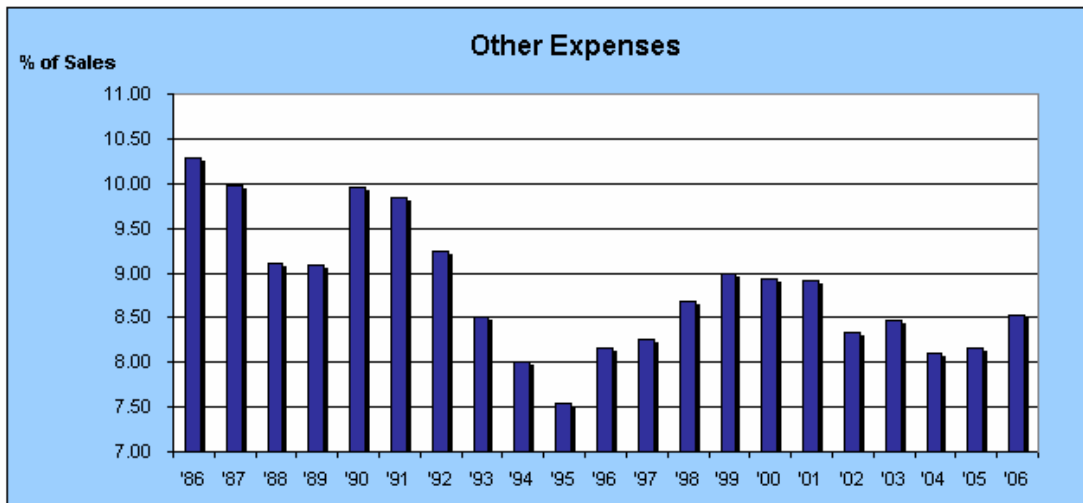
(3) Funds Retained in Business is calculated as the difference between Total Income and Drawings by Proprietors.

# Chart 4

## Trends in Pharmacy Operations, 1986 – 2006



**Chart 4** (continued)



# Table 7

## COMPARISON OF PERFORMANCE – METROPOLITAN v COUNTRY (Based on 12 months trading to 30/6/06)

	NSW		VIC		QLD		SA		WA		TAS		AUSTRALIA	
	Metro	Country	Metro	Country	Metro	Country	Metro	Country	Metro	Country	Metro	Country	Metro	Country
<b>MAIN INDICATORS</b>														
1. SALES (\$ p.a.)	2,681,521	2,685,050	1,999,576	2,573,844	2,073,656	2,158,814	2,427,580	2,265,707	2,512,534	2,135,112	3,072,581	1,774,059	2,481,221	2,386,318
<b>Percentage of Sales</b>														
2. GROSS MARGIN (%)	30.73	31.00	31.66	32.15	32.18	32.45	33.02	31.11	32.93	33.64	32.39	33.14	31.44	31.86
3. RETAIL SALES (%)	31.17	26.11	25.5	26.04	32.39	29.31	23.74	29.47	36.08	32.68	29.83	21.22	31.14	27.50
4. TOTAL REVENUE (\$ p.a.)	2,709,660	2,705,127	2,003,658	2,593,125	2,088,607	2,180,721	2,450,017	2,305,080	2,537,182	2,231,606	3,106,560	1,789,049	2,504,429	2,413,203
<b>Percentage of Total Revenue</b>														
5. STAFF SALARIES & WAGES	10.98	10.46	9.68	11.03	11.21	11.18	11.11	11.35	9.95	10.18	13.42	10.80	10.90	10.84
6. RENT	4.20	2.17	2.21	1.83	4.21	2.94	3.19	1.56	3.10	1.81	1.38	2.63	3.71	2.27
7. ALL EXPENSE ITEMS	24.16	21.19	18.64	20.36	23.55	22.87	22.61	21.49	20.52	19.75	24.44	21.39	23.06	21.46
8. TOTAL INCOME	7.28	10.33	13.16	12.30	9.12	10.26	11.02	10.8	13.06	16.76	8.69	12.31	9.02	11.15
9. NET PROFIT/LOSS	0.99	3.56	5.86	5.87	0.59	2.86	5.78	3.85	7.21	10.03	4.53	4.45	2.77	4.18
10. TOTAL STOCK CARRIED	8.26	7.70	6.05	9.52	10.34	9.40	7.61	8.82	8.58	9.67	4.49	10.80	8.45	8.85
11. STOCK TURN (PER YEAR)	8.48	9.36	9.37	8.45	6.89	7.47	9.45	6.79	8.45	7.92	12.40	7.79	8.55	8.34
12. PRESCRIPTIONS DISPENSED (p.a.)	52,351	55,157	44,454	56,021	41,699	45,797	56,825	49,378	46,164	42,606	63,464	40,043	49,559	50,335
13. HOURS PHARMACY OPEN/WEEK	61	55	58	53	65	60	63	50	68	58	66	52	63	56
14. HOURS WORKED BY PROPRIETORS	51	49	46	49	52	48	35	40	43	39	42	39	49	47

# Table 8

## COMPARISON OF PERFORMANCE – REGIONAL SHOPPING CENTRE v NON-REGIONAL SHOPPING CENTRE (Based on 12 months trading to 30/6/06)

	NSW		VIC		QLD		SA		WA		TAS		AUSTRALIA	
	Regional	Non Regional	Regional	Non Regional	Regional	Non Regional	Regional	Non Regional	Regional	Non Regional	Regional	Non Regional	Regional	Non Regional
<b>MAIN INDICATORS</b>														
1. SALES (\$ p.a.)	3,611,492	2,383,595	2,868,871	2,219,841	I N S U R E R Y	2,074,165	3,009,094	2,206,973	I N S U R E R Y	2,371,541	I N S U R E R Y	2,482,314	3,379,174	2,221,250
<b>Percentage of Sales</b>														
2. GROSS MARGIN (%)	30.18	30.81	31.42	31.97	F	32.30	32.61	31.95	F	33.11	F	32.54	30.84	31.56
3. RETAIL SALES (%)	34.47	26.26	23.03	26.06	I C	30.79	36.12	23.30	I C	34.41	I C	26.53	33.51	26.61
4. TOTAL REVENUE (\$ p.a.)	3,653,406	2,405,427	2,877,910	2,231,141	E N T	2,092,893	3,019,970	2,241,496	E N T	2,417,853	E N T	2,510,914	3,411,522	2,243,468
<b>Percentage of Total Revenue</b>														
5. STAFF SALARIES & WAGES	10.71	10.87	10.30	10.40	S	11.24	13.41	10.59	S	9.96	S	12.87	10.87	10.57
6. RENT	5.02	2.83	1.65	2.04	M	3.54	4.19	1.95	M	2.68	M	1.61	4.51	2.49
7. ALL EXPENSE ITEMS	25.67	22.15	17.99	19.70	P L E	23.43	26.34	20.89	P L E	20.18	P L E	22.70	24.65	21.02
8. TOTAL INCOME	5.32	9.29	13.64	12.61		9.47	6.51	12.10		14.21		10.60	6.85	11.21
9. NET PROFIT/LOSS	-0.21	2.72	6.95	5.76	T O	1.34	3.95	5.07	T O	8.02	T O	5.71	1.81	4.37
10. TOTAL STOCK CARRIED	8.35	7.71	8.61	9.27		9.93	7.58	8.01		8.83		7.01	7.65	8.19
11. STOCK TURN (PER YEAR)	8.48	9.26	10.41	8.73	P U B L I S H	7.02	9.96	7.59	P U B L I S H	8.40	P U B L I S H	9.46	8.91	8.81
12. PRESCRIPTIONS DISPENSED (p.a.)	68,632	48,793	66,188	48,565		42,766	63,369	51,193		44,535		52,683	67,034	46,787
13. HOURS PHARMACY OPEN/WEEK	61	57	57	55		63	66	56		65		58	61	57
14. HOURS WORKED BY PROPRIETORS	55	48	66	46		51	20	42		42		39	50	45

**NEW SOUTH WALES PHARMACIES – SUMMARY BY LOCATION AND TYPE**  
(Based on 12 Months of Trading to 30/06/06)

**Table 9**

	State Averages New South Wales		Sydney Metropolitan		New South Wales Country		Newcastle Wollongong	
	\$	%	\$	%	\$	%	\$	%
<b>SALES, EXPENSES &amp; PROFITABILITY</b>								
<b>SALES</b>	<b>2,542,197</b>		<b>2,681,521</b>		<b>2,685,050</b>		<b>3,250,900</b>	
<b>COST OF GOODS SOLD</b>	<b>1,758,353</b>	<b>69.17</b>	<b>1,857,607</b>	<b>69.27</b>	<b>1,852,687</b>	<b>69.00</b>	<b>2,268,828</b>	<b>69.79</b>
<b>GROSS MARGIN</b>	<b>783,844</b>	<b>30.83</b>	<b>823,914</b>	<b>30.73</b>	<b>832,363</b>	<b>31.00</b>	<b>982,072</b>	<b>30.21</b>
Commissions Received	24,507		28,140		20,077		20,936	
<b>GROSS MARGIN PLUS COMMISSIONS</b>	<b>808,351</b>		<b>852,054</b>		<b>852,440</b>		<b>1,003,008</b>	
<b>TOTAL REVENUE</b>	<b>2,566,703</b>	<b>100.00</b>	<b>2,709,660</b>	<b>100.00</b>	<b>2,705,127</b>	<b>100.00</b>	<b>3,271,836</b>	<b>100.00</b>
<b>EXPENSES</b>								
Salaries and Wages	276,042	10.75	297,410	10.98	282,984	10.46	399,162	12.20
Rent Paid	94,327	3.68	113,712	4.20	58,774	2.17	140,816	4.30
Outgoings - Rental & Rates	1,821	0.07	1,732	0.06	2,381	0.09	6,082	0.19
Accounting	9,088	0.35	9,544	0.35	9,240	0.34	7,382	0.23
Advertising	16,351	0.64	15,438	0.57	22,132	0.82	15,603	0.48
Bank Charges	7,897	0.31	9,225	0.34	5,807	0.21	8,534	0.26
Computer Expenses	6,877	0.27	6,728	0.25	8,024	0.30	6,947	0.21
Depreciation	16,733	0.65	17,422	0.64	16,140	0.60	39,996	1.22
Electricity, Water, Heating	5,572	0.22	5,562	0.21	6,536	0.24	5,342	0.16
Insurance	12,077	0.47	13,476	0.50	10,580	0.39	14,498	0.44
Interest Paid	38,509	1.50	45,972	1.70	27,079	1.00	39,247	1.20
Leasing Expenses	4,983	0.19	3,807	0.14	9,276	0.34	693	0.02
Motor Vehicle Expenses	6,272	0.24	5,767	0.21	7,458	0.28	2,772	0.08
Postage, Freight, Printing	8,492	0.33	8,042	0.30	11,214	0.41	9,671	0.30
Repairs, Maintenance, Service	4,484	0.17	4,443	0.16	5,764	0.21	3,062	0.09
Subs and Registrations	9,057	0.35	8,868	0.33	11,343	0.42	11,500	0.35
Superannuation	26,040	1.01	27,334	1.01	28,066	1.04	32,969	1.01
Telephone	5,715	0.22	6,085	0.22	5,742	0.21	6,433	0.20
Training	1,917	0.07	1,705	0.06	2,906	0.11	2,563	0.08
Abnormal Expenses	4,096	0.16	2,297	0.08	8,421	0.31	11,400	0.35
Payroll Tax	2,291	0.09	2,382	0.09	2,423	0.09	0	0.00
Workers' Compensation	5,415	0.21	5,635	0.21	5,869	0.22	7,025	0.21
Other Expenses	36,810	1.43	42,130	1.55	24,938	0.92	20,632	0.63
<b>TOTAL EXPENSES</b>	<b>600,866</b>	<b>23.41</b>	<b>654,715</b>	<b>24.16</b>	<b>573,098</b>	<b>21.19</b>	<b>792,330</b>	<b>24.22</b>
<b>TOTAL INCOME</b>	<b>207,485</b>	<b>8.08</b>	<b>197,339</b>	<b>7.28</b>	<b>279,342</b>	<b>10.33</b>	<b>210,678</b>	<b>6.44</b>
Less Proprietors' Salary (1) [ Full-Time-Equivalents ]	166,818 1.31	6.50	170,519 1.35	6.29	161,575 1.29	5.97	168,624 1.35	5.15
Less Return on Capital (2)	0	0.00	0	0.00	21,534	0.80	69,874	2.14
<b>NET PROFIT/LOSS</b>	<b>40,667</b>	<b>1.58</b>	<b>26,820</b>	<b>1.59</b>	<b>96,233</b>	<b>3.56</b>	<b>-27,820</b>	<b>-0.85</b>
<b>SALES ANALYSIS</b>								
Prescriptions	1,773,756	69.77	1,845,702	68.83	1,984,064	73.89	2,246,327	69.10
Other Sales	768,440	30.23	835,819	31.17	700,986	26.11	1,004,572	30.90
<b>INVENTORY ANALYSIS</b>								
Prescription	76,096	2.96	80,648	2.98	81,440	3.01	96,460	2.95
Other	121,946	4.75	143,244	5.29	126,948	4.69	183,140	5.60
<b>STOCK CARRIED (Total)</b>	<b>198,042</b>	<b>7.72</b>	<b>223,892</b>	<b>8.26</b>	<b>208,388</b>	<b>7.70</b>	<b>279,600</b>	<b>8.55</b>
<b>STOCK TURN (On Total Inventory)</b>	<b>8.87</b>		<b>8.81</b>		<b>9.36</b>		<b>8.75</b>	
<b>SALES PER INVENTORY DOLLAR</b>								
Prescription	23.31		22.89		24.36		23.29	
Other	6.30		5.83		5.52		5.49	
<b>STATISTICS</b>								
PHARMACY SIZE (square metres)	152		155		161		273	
PRESCRIPTIONS DISPENSED (Total)	49,943		52,351		55,157		59,015	
PRESCRIPTIONS DISPENSED WEEKLY	960		1,007		1,061		1,135	
TOTAL HOURS OPEN per WEEK	59		61		55		67	
AV HRS WORKED BY PROPRIETORS/WEEK	50		51		49		51	
<b>FUNDS RETAINED IN BUSINESS (3)</b>	<b>68,286</b>	<b>2.66</b>	<b>70,663</b>	<b>2.61</b>	<b>112,859</b>	<b>4.17</b>	<b>181,383</b>	<b>5.54</b>

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

(2) Return on Capital Employed is based on an opportunity interest rate of 6.5% (10 year Treasury Bonds), less interest paid on borrowed funds.

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

**NEW SOUTH WALES PHARMACIES – SUMMARY BY LOCATION AND TYPE**  
(Based on 12 Months of Trading to 30/06/06)

**Table 9**

	Canberra		New South Wales North Coast		New South Wales South Coast		Group		No Group	
	\$	%	\$	%	\$	%	\$	%	\$	%
<b>SALES, EXPENSES &amp; PROFITABILITY</b>										
<b>SALES</b>	<b>3,772,617</b>		<b>2,302,140</b>		<b>3,415,824</b>		<b>3,530,004</b>		<b>2,422,223</b>	
<b>COST OF GOODS SOLD</b>	<b>2,692,145</b>	<b>71.36</b>	<b>1,570,753</b>	<b>68.23</b>	<b>2,367,505</b>	<b>69.31</b>	<b>2,449,081</b>	<b>69.38</b>	<b>1,676,920</b>	<b>69.23</b>
<b>GROSS MARGIN</b>	<b>1,080,472</b>	<b>28.64</b>	<b>731,387</b>	<b>31.77</b>	<b>1,048,319</b>	<b>30.69</b>	<b>1,080,923</b>	<b>30.62</b>	<b>745,303</b>	<b>30.77</b>
Commissions Received	85,161		11,387		12,333		17,548		31,043	
<b>GROSS MARGIN PLUS COMMISSIONS</b>	<b>1,165,633</b>		<b>742,774</b>		<b>1,060,652</b>		<b>1,098,471</b>		<b>776,346</b>	
<b>TOTAL REVENUE</b>	<b>3,857,777</b>	<b>100.00</b>	<b>2,313,528</b>	<b>100.00</b>	<b>3,428,157</b>	<b>100.00</b>	<b>3,547,552</b>	<b>100.0</b>	<b>2,453,266</b>	<b>100.00</b>
<b>EXPENSES</b>										
Salaries and Wages	454,374	11.78	240,347	10.39	430,781	12.57	412,977	11.64	256,305	10.45
Rent Paid	127,733	3.31	64,059	2.77	71,298	2.08	122,457	3.45	88,520	3.61
Outgoings - Rental & Rates	9,610	0.25	4,467	0.19	2,405	0.07	1,904	0.05	2,268	0.09
Accounting	25,754	0.67	8,612	0.37	7,447	0.22	11,750	0.33	9,303	0.38
Advertising	22,087	0.57	17,349	0.75	28,676	0.84	28,661	0.81	13,696	0.56
Bank Charges	16,074	0.42	4,033	0.17	4,800	0.14	9,344	0.26	8,062	0.33
Computer Expenses	6,064	0.16	5,544	0.24	7,534	0.22	9,898	0.28	6,088	0.25
Depreciation	27,958	0.72	13,671	0.59	16,899	0.49	19,764	0.56	16,491	0.67
Electricity, Water, Heating	6,335	0.16	6,912	0.30	5,546	0.16	7,619	0.21	5,252	0.21
Insurance	9,805	0.25	7,948	0.34	14,029	0.41	15,598	0.44	11,362	0.46
Interest Paid	73,608	1.91	18,477	0.80	19,378	0.57	56,686	1.60	35,482	1.45
Leasing Expenses	4,069	0.11	2,568	0.11	7,946	0.23	9,715	0.27	3,935	0.16
Motor Vehicle Expenses	4,571	0.12	3,769	0.16	5,742	0.17	6,362	0.18	6,198	0.25
Postage, Freight, Printing	18,751	0.49	7,527	0.33	11,138	0.32	12,017	0.34	8,362	0.34
Repairs, Maintenance, Service	3,929	0.10	2,963	0.13	3,890	0.11	8,039	0.23	3,666	0.38
Subs and Registrations	14,459	0.37	6,371	0.28	7,346	0.21	13,978	0.39	8,276	0.34
Superannuation	36,644	0.95	19,928	0.86	44,688	1.30	38,597	1.09	23,957	0.98
Telephone	8,460	0.22	4,287	0.19	7,112	0.21	7,423	0.21	5,560	0.23
Training	3,996	0.10	2,082	0.09	1,929	0.06	2,758	0.08	1,915	0.08
Abnormal Expenses	0	0.00	2,008	0.09	991	0.03	8,285	0.23	2,559	0.10
Payroll Tax	400	0.01	1,305	0.06	0	0.00	4,707	0.13	1,475	0.06
Workers' Compensation	14,326	0.37	5,084	0.22	7,857	0.23	7,970	0.22	5,252	0.21
Other Expenses	22,016	0.57	12,512	0.54	29,487	0.86	37,855	1.07	35,750	1.46
<b>TOTAL EXPENSES</b>	<b>911,025</b>	<b>23.62</b>	<b>461,823</b>	<b>19.96</b>	<b>736,918</b>	<b>21.50</b>	<b>854,364</b>	<b>24.08</b>	<b>559,736</b>	<b>22.82</b>
<b>TOTAL INCOME</b>	<b>254,608</b>	<b>6.60</b>	<b>280,951</b>	<b>12.14</b>	<b>323,734</b>	<b>9.44</b>	<b>244,107</b>	<b>6.88</b>	<b>216,610</b>	<b>8.83</b>
Less Proprietors' Salary (1) [ Full-Time-Equivalents ]	197,302	5.11	145,482	6.29	112,118	3.27	171,957	4.85	167,442	6.83
	1.54		1.19		0.93		1.38		1.32	
Less Return on Capital (2)	75,784	1.96	29,138	1.26	17,085	0.50	0	0.00	973	0.04
<b>NET PROFIT/LOSS</b>	<b>-18,478</b>	<b>-0.48</b>	<b>106,331</b>	<b>4.60</b>	<b>194,531</b>	<b>5.67</b>	<b>72,150</b>	<b>2.42</b>	<b>48,195</b>	<b>1.96</b>
<b>SALES ANALYSIS</b>										
Prescriptions	2,184,192	57.90	1,551,700	67.40	2,527,501	73.99	2,537,803	71.89	1,666,810	68.81
Other Sales	1,588,424	42.10	750,440	32.60	888,323	26.01	992,201	28.11	755,414	31.19
<b>INVENTORY ANALYSIS</b>										
Prescription	103,468	2.68	57,730	2.50	107,181	3.13	97,101	2.74	77,720	3.17
Other	177,482	4.60	137,540	5.95	100,122	2.92	161,156	4.54	130,929	5.34
<b>STOCK CARRIED (Total)</b>	<b>280,950</b>	<b>7.28</b>	<b>195,270</b>	<b>8.44</b>	<b>207,303</b>	<b>6.05</b>	<b>258,257</b>	<b>7.28</b>	<b>208,649</b>	<b>8.50</b>
<b>STOCK TURN (On Total Inventory)</b>	<b>9.42</b>		<b>8.90</b>		<b>11.04</b>		<b>9.78</b>		<b>8.65</b>	
<b>SALES PER INVENTORY DOLLAR</b>										
Prescription	21.11		26.88		23.58		26.14		21.45	
Other	8.95		5.46		8.87		6.16		5.77	
<b>STATISTICS</b>										
PHARMACY SIZE (square metres)	70		147		122		209		135	
PRESCRIPTIONS DISPENSED (Total)	63,852		46,580		71,623		70,596		47,397	
PRESCRIPTIONS DISPENSED WEEKLY	1,228		896		1,377		1,358		911	
TOTAL HOURS OPEN per WEEK	71		56		66		61		59	
AV HRS WORKED BY PROPRIETORS/WEEK	58		45		35		53		50	
<b>FUNDS RETAINED IN BUSINESS (3)</b>	<b>164,340</b>	<b>4.26</b>	<b>135,949</b>	<b>5.88</b>	<b>91,788</b>	<b>2.68</b>	<b>66,261</b>	<b>1.87</b>	<b>89,562</b>	<b>3.65</b>

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

(2) Return on Capital Employed is based on an opportunity interest rate of 6.5% (10 year Treasury Bonds), less interest paid on borrowed funds.

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

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

**Table 10**

	State Averages Victoria		Victoria Metropolitan		Victoria Country		Group		No Group	
	\$	%	\$	%	\$	%	\$	%	\$	%
<b>SALES, EXPENSES &amp; PROFITABILITY</b>										
<b>SALES</b>	<b>2,252,996</b>		<b>1,999,576</b>		<b>2,573,844</b>		<b>2,856,424</b>		<b>1,823,533</b>	
<b>COST OF GOODS SOLD</b>	<b>1,531,647</b>	<b>67.98</b>	<b>1,366,422</b>	<b>68.34</b>	<b>1,746,443</b>	<b>67.85</b>	<b>1,949,118</b>	<b>68.24</b>	<b>1,238,167</b>	<b>67.90</b>
<b>GROSS MARGIN</b>	<b>721,349</b>	<b>32.02</b>	<b>633,154</b>	<b>31.66</b>	<b>827,401</b>	<b>32.15</b>	<b>907,306</b>	<b>31.76</b>	<b>585,366</b>	<b>32.10</b>
Commissions Received	11,216		4,082		19,280		15,580		7,807	
<b>GROSS MARGIN PLUS COMMISSIONS</b>	<b>732,565</b>		<b>637,236</b>		<b>846,681</b>		<b>922,886</b>		<b>593,173</b>	
<b>TOTAL REVENUE</b>	<b>2,264,212</b>	<b>100.00</b>	<b>2,003,658</b>	<b>100.00</b>	<b>2,593,125</b>	<b>100.00</b>	<b>2,872,004</b>	<b>100.0</b>	<b>1,831,340</b>	<b>100.00</b>
<b>EXPENSES</b>										
Salaries and Wages	232,864	10.28	193,880	9.68	286,139	11.03	313,913	10.93	178,816	9.76
Rent Paid	47,366	2.09	44,222	2.21	47,455	1.83	48,237	1.68	43,838	2.39
Outgoings - Rental & Rates	3,636	0.16	4,233	0.21	2,389	0.09	3,338	0.12	3,406	0.19
Accounting	6,560	0.29	5,666	0.28	7,813	0.30	8,277	0.29	5,452	0.30
Advertising	16,601	0.73	9,287	0.46	24,353	0.94	27,766	0.97	7,669	0.42
Bank Charges	7,021	0.31	6,279	0.31	6,276	0.24	6,515	0.23	6,100	0.33
Computer Expenses	6,810	0.30	6,352	0.32	7,167	0.28	8,498	0.30	5,405	0.30
Depreciation	9,244	0.41	8,878	0.44	11,392	0.44	13,063	0.45	7,782	0.42
Electricity, Water, Heating	5,278	0.23	4,469	0.22	6,138	0.24	6,640	0.23	4,197	0.23
Insurance	6,400	0.28	5,572	0.28	7,075	0.27	6,827	0.24	5,853	0.32
Interest Paid	21,229	0.94	21,177	1.06	22,911	0.88	26,191	0.91	18,826	1.03
Leasing Expenses	5,301	0.23	5,292	0.26	4,858	0.19	7,033	0.24	3,633	0.20
Motor Vehicle Expenses	5,312	0.23	6,279	0.31	4,246	0.16	7,032	0.24	4,063	0.22
Postage, Freight, Printing	8,102	0.36	5,838	0.29	10,918	0.42	11,352	0.40	5,830	0.32
Repairs, Maintenance, Service	4,788	0.21	4,835	0.24	4,258	0.16	5,756	0.20	3,676	0.30
Subs and Registrations	6,666	0.29	6,057	0.30	7,366	0.28	8,880	0.31	5,004	0.27
Superannuation	19,674	0.87	15,300	0.76	25,024	0.97	26,519	0.92	14,786	0.81
Telephone	4,540	0.20	4,057	0.20	5,506	0.21	6,609	0.23	3,321	0.18
Training	2,841	0.13	2,119	0.11	3,526	0.14	3,697	0.13	2,079	0.11
Abnormal Expenses	3,083	0.14	965	0.05	6,407	0.25	6,105	0.21	1,531	0.08
Payroll Tax	1,084	0.05	221	0.01	1,914	0.07	941	0.03	1,056	0.06
Workers' Compensation	1,579	0.07	1,263	0.06	1,977	0.08	1,947	0.07	1,330	0.07
Other Expenses	16,410	0.72	11,236	0.56	22,742	0.88	22,206	0.77	12,357	0.67
<b>TOTAL EXPENSES</b>	<b>442,393</b>	<b>19.54</b>	<b>373,475</b>	<b>18.64</b>	<b>527,849</b>	<b>20.36</b>	<b>577,338</b>	<b>20.10</b>	<b>346,007</b>	<b>18.89</b>
<b>TOTAL INCOME</b>	<b>290,172</b>	<b>12.82</b>	<b>263,761</b>	<b>13.16</b>	<b>318,832</b>	<b>12.30</b>	<b>345,548</b>	<b>12.03</b>	<b>247,166</b>	<b>13.50</b>
Less Proprietors' Salary (1) [ Full-Time-Equivalents ]	152,469	6.73	140,095	6.99	153,658	5.93	154,482	5.38	140,324	7.66
Less Return on Capital (2)	11,468	0.51	6,308	0.31	12,982	0.50	11,284	0.39	7,740	0.42
<b>NET PROFIT/LOSS</b>	<b>126,235</b>	<b>5.58</b>	<b>117,358</b>	<b>5.86</b>	<b>152,192</b>	<b>5.87</b>	<b>179,782</b>	<b>6.26</b>	<b>99,102</b>	<b>5.41</b>
<b>SALES ANALYSIS</b>										
Prescriptions	1,681,107	74.62	1,489,589	74.50	1,903,680	73.96	2,078,764	72.78	1,384,157	75.91
Other Sales	571,888	25.38	509,987	25.50	670,164	26.04	777,660	27.22	439,376	24.09
<b>INVENTORY ANALYSIS</b>										
Prescription	66,212	2.92	61,138	3.05	76,444	2.95	85,938	2.99	62,010	3.39
Other	115,021	5.08	60,006	2.99	170,331	6.57	213,536	7.44	84,308	4.60
<b>STOCK CARRIED (Total)</b>	<b>181,233</b>	<b>8.00</b>	<b>121,144</b>	<b>6.05</b>	<b>246,775</b>	<b>9.52</b>	<b>299,474</b>	<b>10.43</b>	<b>146,318</b>	<b>7.99</b>
<b>STOCK TURN (On Total Inventory)</b>	<b>8.52</b>		<b>9.37</b>		<b>8.45</b>		<b>8.65</b>		<b>9.13</b>	
<b>SALES PER INVENTORY DOLLAR</b>										
Prescription	25.39		24.36		24.90		24.19		22.32	
Other	4.97		8.50		3.93		3.64		5.21	
<b>STATISTICS</b>										
PHARMACY SIZE (square metres)	159		126		200		209		117	
PRESCRIPTIONS DISPENSED (Total)	49,723		44,454		56,021		61,457		41,099	
PRESCRIPTIONS DISPENSED WEEKLY	956		855		1,077		1,182		790	
TOTAL HOURS OPEN per WEEK	55		58		53		57		54	
AV HRS WORKED BY PROPRIETORS/WEEK	49		46		49		50		46	
<b>FUNDS RETAINED IN BUSINESS (3)</b>	<b>92,818</b>	<b>4.10</b>	<b>97,358</b>	<b>4.86</b>	<b>78,724</b>	<b>3.04</b>	<b>114,103</b>	<b>3.97</b>	<b>66,822</b>	<b>3.65</b>

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

(2) Return on Capital Employed is based on an opportunity interest rate of 6.5% (10 year Treasury Bonds), less interest paid on borrowed funds.

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

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

**Table 11**

	State Averages Queensland		Brisbane Metropolitan		Queensland Country		Group		No Group	
	\$	%	\$	%	\$	%	\$	%	\$	%
<b>SALES, EXPENSES &amp; PROFITABILITY</b>										
<b>SALES</b>	<b>2,247,792</b>		<b>2,073,656</b>		<b>2,158,814</b>		<b>2,515,682</b>		<b>2,047,815</b>	
<b>COST OF GOODS SOLD</b>	<b>1,522,150</b>	<b>67.72</b>	<b>1,406,321</b>	<b>67.82</b>	<b>1,458,238</b>	<b>67.55</b>	<b>1,730,680</b>	<b>68.80</b>	<b>1,380,717</b>	<b>67.42</b>
<b>GROSS MARGIN</b>	<b>725,642</b>	<b>32.28</b>	<b>667,335</b>	<b>32.18</b>	<b>700,576</b>	<b>32.45</b>	<b>785,002</b>	<b>31.20</b>	<b>667,098</b>	<b>32.58</b>
Commissions Received	19,516		14,951		21,907		16,107		19,113	
<b>GROSS MARGIN PLUS COMMISSIONS</b>	<b>745,158</b>		<b>682,286</b>		<b>722,483</b>		<b>801,109</b>		<b>686,211</b>	
<b>TOTAL REVENUE</b>	<b>2,267,308</b>	<b>100.00</b>	<b>2,088,607</b>	<b>100.00</b>	<b>2,180,721</b>	<b>100.00</b>	<b>2,531,789</b>	<b>100.00</b>	<b>2,066,928</b>	<b>100.00</b>
<b>EXPENSES</b>										
Salaries and Wages	253,063	11.16	234,076	11.21	243,733	11.18	265,654	10.49	234,475	11.34
Rent Paid	79,554	3.51	87,911	4.21	64,036	2.94	62,170	2.46	77,533	3.75
Outgoings - Rental & Rates	6,184	0.27	7,731	0.37	3,987	0.18	7,242	0.29	5,466	0.26
Accounting	8,921	0.39	6,788	0.33	10,072	0.46	7,971	0.31	8,639	0.42
Advertising	25,295	1.12	22,521	1.08	22,709	1.04	21,834	0.86	22,763	1.10
Bank Charges	6,542	0.29	7,195	0.34	5,972	0.27	8,867	0.35	6,127	0.30
Computer Expenses	3,946	0.17	3,688	0.18	4,548	0.21	7,589	0.30	3,528	0.17
Depreciation	18,069	0.80	17,406	0.83	16,369	0.75	14,770	0.58	17,228	0.83
Electricity, Water, Heating	6,571	0.29	6,976	0.33	5,975	0.27	7,226	0.29	6,302	0.30
Insurance	6,072	0.27	5,983	0.29	6,690	0.31	6,528	0.26	6,330	0.31
Interest Paid	30,507	1.35	23,443	1.12	32,847	1.51	23,816	0.94	29,283	1.42
Leasing Expenses	5,011	0.22	2,174	0.10	8,409	0.39	5,635	0.22	5,470	0.26
Motor Vehicle Expenses	4,234	0.19	3,947	0.19	4,922	0.23	4,114	0.16	4,530	0.22
Postage, Freight, Printing	7,642	0.34	7,112	0.34	7,604	0.35	8,001	0.32	7,262	0.35
Repairs, Maintenance, Service	3,138	0.14	3,181	0.15	2,845	0.13	2,887	0.11	3,023	0.42
Subs and Registrations	5,788	0.26	6,020	0.29	6,101	0.28	8,742	0.35	5,582	0.27
Superannuation	23,714	1.05	20,552	0.98	23,801	1.09	23,539	0.93	22,057	1.07
Telephone	5,667	0.25	5,373	0.26	5,674	0.26	5,289	0.21	5,577	0.27
Training	3,373	0.15	2,689	0.13	3,622	0.17	1,496	0.06	3,489	0.17
Abnormal Expenses	4,985	0.22	2,648	0.13	7,063	0.32	1,683	0.07	5,595	0.27
Payroll Tax	529	0.02	420	0.02	787	0.04	0	0.00	726	0.04
Workers' Compensation	1,074	0.05	975	0.05	1,083	0.05	977	0.04	1,043	0.05
Other Expenses	11,819	0.52	13,093	0.63	9,925	0.46	14,138	0.56	10,915	0.53
<b>TOTAL EXPENSES</b>	<b>521,696</b>	<b>23.01</b>	<b>491,902</b>	<b>23.55</b>	<b>498,775</b>	<b>22.87</b>	<b>510,167</b>	<b>20.15</b>	<b>492,941</b>	<b>23.85</b>
<b>TOTAL INCOME</b>	<b>223,462</b>	<b>9.86</b>	<b>190,384</b>	<b>9.12</b>	<b>223,708</b>	<b>10.26</b>	<b>290,942</b>	<b>11.49</b>	<b>193,270</b>	<b>9.35</b>
Less Proprietors' Salary (1) [ Full-Time-Equivalents ]	171,467	7.56	176,971	8.47	161,220	7.39	140,822	5.56	173,565	8.40
	1.34		1.38		1.27		1.14		1.35	
Less Return on Capital (2)	81	0.01	992	0.05	116	0.01	5,788	0.23	0	0.00
<b>NET PROFIT/LOSS</b>	<b>51,914</b>	<b>2.29</b>	<b>12,421</b>	<b>0.59</b>	<b>62,372</b>	<b>2.86</b>	<b>144,332</b>	<b>5.70</b>	<b>19,705</b>	<b>1.02</b>
<b>SALES ANALYSIS</b>										
Prescriptions	1,550,855	68.99	1,402,068	67.61	1,526,008	70.69	1,827,607	72.65	1,403,549	68.54
Other Sales	696,936	31.01	671,588	32.39	632,806	29.31	688,076	27.35	644,266	31.46
<b>INVENTORY ANALYSIS</b>										
Prescription	65,933	2.91	63,311	3.03	65,417	3.00	74,032	2.92	63,096	3.05
Other	149,818	6.61	152,559	7.30	139,469	6.40	141,747	5.60	146,392	7.08
<b>STOCK CARRIED (Total)</b>	<b>215,751</b>	<b>9.52</b>	<b>215,870</b>	<b>10.34</b>	<b>204,886</b>	<b>9.40</b>	<b>215,779</b>	<b>8.52</b>	<b>209,488</b>	<b>10.14</b>
<b>STOCK TURN (On Total Inventory)</b>	<b>7.27</b>		<b>6.89</b>		<b>7.85</b>		<b>9.08</b>		<b>7.08</b>	
<b>SALES PER INVENTORY DOLLAR</b>										
Prescription	23.52		22.15		23.33		24.69		22.24	
Other	4.65		4.40		4.54		4.85		4.40	
<b>STATISTICS</b>										
PHARMACY SIZE (square metres)	132		109		150		150		119	
PRESCRIPTIONS DISPENSED (Total)	46,501		41,699		45,797		55,394		41,815	
PRESCRIPTIONS DISPENSED WEEKLY	894		802		881		1,065		804	
TOTAL HOURS OPEN per WEEK	63		65		60		60		63	
AV HRS WORKED BY PROPRIETORS/WEEK	51		52		48		44		51	
<b>FUNDS RETAINED IN BUSINESS (3)</b>	<b>110,013</b>	<b>4.85</b>	<b>75,851</b>	<b>3.63</b>	<b>109,421</b>	<b>5.02</b>	<b>120,920</b>	<b>4.78</b>	<b>90,566</b>	<b>4.38</b>

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

(2) Return on Capital Employed is based on an opportunity interest rate of 6.5% (10 year Treasury Bonds), less interest paid on borrowed funds.

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

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

**Table 12**

	State Averages South Australia		Adelaide Metropolitan		South Australia Country		Group		No Group	
	\$	%	\$	%	\$	%	\$	%	\$	%
<b>SALES, EXPENSES &amp; PROFITABILITY</b>										
<b>SALES</b>	<b>2,248,369</b>		<b>2,427,580</b>		<b>2,265,707</b>		<b>2,896,610</b>		<b>1,824,166</b>	
<b>COST OF GOODS SOLD</b>	<b>1,541,815</b>	<b>68.57</b>	<b>1,626,055</b>	<b>66.98</b>	<b>1,560,929</b>	<b>68.89</b>	<b>1,954,451</b>	<b>67.47</b>	<b>1,237,185</b>	<b>67.82</b>
<b>GROSS MARGIN</b>	<b>706,554</b>	<b>31.43</b>	<b>801,525</b>	<b>33.02</b>	<b>704,778</b>	<b>31.11</b>	<b>942,159</b>	<b>32.53</b>	<b>586,981</b>	<b>32.18</b>
Commissions Received	24,268		22,437		39,373		20,644		39,956	
<b>GROSS MARGIN PLUS COMMISSIONS</b>	<b>730,822</b>		<b>823,962</b>		<b>744,151</b>		<b>962,803</b>		<b>626,937</b>	
<b>TOTAL REVENUE</b>	<b>2,272,637</b>	<b>100.00</b>	<b>2,450,017</b>	<b>100.00</b>	<b>2,305,080</b>	<b>100.00</b>	<b>2,917,254</b>	<b>100.0</b>	<b>1,864,122</b>	<b>100.00</b>
<b>EXPENSES</b>										
Salaries and Wages	257,890	11.35	272,314	11.11	261,698	11.35	329,375	11.29	205,395	11.02
Rent Paid	60,157	2.65	78,206	3.19	35,976	1.56	84,338	2.89	32,860	1.76
Outgoings - Rental & Rates	2,955	0.13	4,827	0.20	1,451	0.06	4,133	0.14	2,386	0.13
Accounting	6,982	0.31	9,065	0.37	5,610	0.24	8,956	0.31	5,965	0.32
Advertising	18,530	0.82	17,646	0.72	15,033	0.65	21,646	0.74	11,220	0.60
Bank Charges	6,212	0.27	6,075	0.25	5,598	0.24	6,727	0.23	4,980	0.27
Computer Expenses	12,306	0.54	11,598	0.47	11,369	0.49	14,455	0.50	8,528	0.46
Depreciation	15,408	0.68	10,775	0.44	20,456	0.89	12,890	0.44	17,650	0.95
Electricity, Water, Heating	5,934	0.26	5,865	0.24	5,734	0.25	7,008	0.24	4,601	0.25
Insurance	8,439	0.37	7,935	0.32	8,316	0.36	9,232	0.32	6,991	0.38
Interest Paid	18,518	0.81	20,518	0.84	15,218	0.66	10,176	0.35	25,939	1.39
Leasing Expenses	5,908	0.26	6,908	0.28	4,245	0.18	10,473	0.36	869	0.05
Motor Vehicle Expenses	3,092	0.14	2,830	0.12	2,281	0.10	1,665	0.06	3,485	0.19
Postage, Freight, Printing	7,456	0.33	6,232	0.25	8,512	0.37	5,971	0.20	8,611	0.46
Repairs, Maintenance, Service	4,675	0.21	4,598	0.19	4,427	0.19	6,016	0.21	3,022	0.32
Subs and Registrations	8,224	0.36	8,699	0.36	6,759	0.29	10,582	0.36	5,014	0.27
Superannuation	22,157	0.97	24,481	1.00	21,630	0.94	28,805	0.99	17,510	0.94
Telephone	6,417	0.28	5,875	0.24	6,986	0.30	7,348	0.25	5,434	0.29
Training	2,869	0.13	2,750	0.11	2,867	0.12	3,246	0.11	2,363	0.13
Abnormal Expenses	27,135	1.19	28,054	1.15	20,749	0.90	47,100	1.61	2,226	0.12
Payroll Tax	4,769	0.21	7,375	0.30	1,251	0.05	8,960	0.31	103	0.01
Workers' Compensation	2,379	0.10	2,236	0.09	2,786	0.12	2,903	0.10	2,079	0.11
Other Expenses	17,264	0.76	9,148	0.37	26,354	1.14	7,377	0.25	26,896	1.44
<b>TOTAL EXPENSES</b>	<b>525,673</b>	<b>23.13</b>	<b>554,010</b>	<b>22.61</b>	<b>495,307</b>	<b>21.49</b>	<b>649,383</b>	<b>22.26</b>	<b>404,127</b>	<b>21.68</b>
<b>TOTAL INCOME</b>	<b>205,149</b>	<b>9.03</b>	<b>269,952</b>	<b>11.02</b>	<b>248,844</b>	<b>10.80</b>	<b>313,420</b>	<b>10.74</b>	<b>222,810</b>	<b>11.95</b>
Less Proprietors' Salary (1) [ Full-Time-Equivalents ]	142,782	6.28	114,810	4.69	130,928	5.68	121,110	4.15	123,477	6.62
Less Return on Capital (2)	17,776	0.78	13,623	0.56	29,209	1.27	35,070	1.20	6,529	0.35
<b>NET PROFIT/LOSS</b>	<b>44,591</b>	<b>1.96</b>	<b>141,519</b>	<b>5.78</b>	<b>88,707</b>	<b>3.85</b>	<b>157,240</b>	<b>5.39</b>	<b>92,804</b>	<b>4.98</b>
<b>SALES ANALYSIS</b>										
Prescriptions	1,646,593	73.23	1,851,377	76.26	1,598,024	70.53	2,097,431	72.41	1,370,067	75.11
Other Sales	601,776	26.77	576,203	23.74	667,683	29.47	799,179	27.59	454,100	24.89
<b>INVENTORY ANALYSIS</b>										
Prescription	90,531	3.98	108,301	4.42	94,159	4.08	130,501	4.47	64,558	3.46
Other	74,074	3.26	78,083	3.19	109,240	4.74	75,782	2.60	112,307	6.02
<b>STOCK CARRIED (Total)</b>	<b>164,605</b>	<b>7.24</b>	<b>186,384</b>	<b>7.61</b>	<b>203,399</b>	<b>8.82</b>	<b>206,283</b>	<b>7.07</b>	<b>176,865</b>	<b>9.49</b>
<b>STOCK TURN (On Total Inventory)</b>	<b>8.74</b>		<b>9.45</b>		<b>6.79</b>		<b>9.65</b>		<b>6.34</b>	
<b>SALES PER INVENTORY DOLLAR</b>										
Prescription	18.19		17.09		16.97		16.07		21.22	
Other	8.12		7.38		6.11		10.55		4.04	
<b>STATISTICS</b>										
PHARMACY SIZE (square metres)	162		141		199		183		146	
PRESCRIPTIONS DISPENSED (Total)	50,505		56,825		49,378		65,732		41,003	
PRESCRIPTIONS DISPENSED WEEKLY	971		1,093		950		1,264		789	
TOTAL HOURS OPEN per WEEK	56		63		50		63		51	
AV HRS WORKED BY PROPRIETORS/WEEK	44		35		40		38		37	
<b>FUNDS RETAINED IN BUSINESS (3)</b>	<b>134,209</b>	<b>5.91</b>	<b>52,350</b>	<b>2.14</b>	<b>107,655</b>	<b>4.67</b>	<b>79,973</b>	<b>2.74</b>	<b>103,407</b>	<b>5.55</b>

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

(2) Return on Capital Employed is based on an opportunity interest rate of 6.5% (10 year Treasury Bonds), less interest paid on borrowed funds.

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

**WESTERN AUSTRALIAN PHARMACIES – SUMMARY BY LOCATION AND TYPE**  
(Based on 12 Months of Trading to 30/06/06)

**Table 13**

	State Averages Western Australia		Perth Metropolitan		Western Australian Country		Group		No Group	
	\$	%	\$	%	\$	%	\$	%	\$	%
<b>SALES, EXPENSES &amp; PROFITABILITY</b>										
<b>SALES</b>	<b>2,176,155</b>		<b>2,512,534</b>		<b>2,135,112</b>		<b>2,918,669</b>		<b>2,137,911</b>	
<b>COST OF GOODS SOLD</b>	<b>1,451,749</b>	<b>66.71</b>	<b>1,685,179</b>	<b>67.07</b>	<b>1,416,949</b>	<b>66.36</b>	<b>1,938,387</b>	<b>66.41</b>	<b>1,436,652</b>	<b>67.20</b>
<b>GROSS MARGIN</b>	<b>724,406</b>	<b>33.29</b>	<b>827,355</b>	<b>32.93</b>	<b>718,163</b>	<b>33.64</b>	<b>980,282</b>	<b>33.59</b>	<b>701,259</b>	<b>32.80</b>
Commissions Received	43,830		24,648		96,494		36,292		51,483	
<b>GROSS MARGIN PLUS COMMISSIONS</b>	<b>768,236</b>		<b>852,003</b>		<b>814,657</b>		<b>1,016,574</b>		<b>752,742</b>	
<b>TOTAL REVENUE</b>	<b>2,219,984</b>	<b>100.00</b>	<b>2,537,182</b>	<b>100.00</b>	<b>2,231,606</b>	<b>100.00</b>	<b>2,954,962</b>	<b>100.0</b>	<b>2,189,393</b>	<b>100.00</b>
<b>EXPENSES</b>										
Salaries and Wages	221,067	9.96	252,399	9.95	227,182	10.18	306,588	10.38	213,842	9.77
Rent Paid	60,136	2.71	78,695	3.10	40,458	1.81	85,808	2.90	57,757	2.64
Outgoings - Rental & Rates	2,864	0.13	3,906	0.15	639	0.03	3,010	0.10	2,869	0.13
Accounting	9,239	0.42	7,689	0.30	11,965	0.54	9,297	0.31	8,829	0.40
Advertising	14,876	0.67	15,790	0.62	17,063	0.76	23,750	0.80	12,389	0.57
Bank Charges	5,278	0.24	7,401	0.29	4,299	0.19	7,945	0.27	5,719	0.26
Computer Expenses	6,849	0.31	6,894	0.27	6,987	0.31	8,285	0.28	6,241	0.29
Depreciation	11,923	0.54	12,791	0.50	12,917	0.58	12,948	0.44	12,770	0.58
Electricity, Water, Heating	5,517	0.25	6,839	0.27	5,065	0.23	8,044	0.27	5,430	0.25
Insurance	9,244	0.42	8,555	0.34	11,277	0.51	11,258	0.38	8,441	0.39
Interest Paid	24,648	1.11	24,559	0.97	21,907	0.98	34,858	1.18	18,204	0.83
Leasing Expenses	4,043	0.18	5,862	0.23	4,196	0.19	8,627	0.29	3,722	0.17
Motor Vehicle Expenses	2,745	0.12	2,165	0.09	3,901	0.17	690	0.02	3,692	0.17
Postage, Freight, Printing	5,305	0.24	6,621	0.26	6,386	0.29	6,888	0.23	6,380	0.29
Repairs, Maintenance, Service	3,454	0.16	4,202	0.17	4,227	0.19	3,541	0.12	4,544	0.40
Subs and Registrations	7,204	0.32	9,290	0.37	3,959	0.18	5,903	0.20	8,560	0.39
Superannuation	19,869	0.90	23,201	0.91	19,360	0.87	29,463	1.00	18,325	0.84
Telephone	5,100	0.23	5,642	0.22	5,628	0.25	6,185	0.21	5,365	0.25
Training	2,487	0.11	1,966	0.08	4,213	0.19	2,157	0.07	2,891	0.13
Abnormal Expenses	2,887	0.13	6,481	0.26	814	0.04	11,994	0.41	1,148	0.05
Payroll Tax	199	0.01	0	0.00	586	0.03	0	0.00	266	0.01
Workers' Compensation	1,761	0.08	2,126	0.08	1,646	0.07	2,849	0.10	1,547	0.07
Other Expenses	25,828	1.16	27,472	1.08	26,015	1.17	50,763	1.72	15,164	0.69
<b>TOTAL EXPENSES</b>	<b>452,525</b>	<b>20.38</b>	<b>520,545</b>	<b>20.52</b>	<b>440,689</b>	<b>19.75</b>	<b>640,852</b>	<b>21.69</b>	<b>424,094</b>	<b>19.37</b>
<b>TOTAL INCOME</b>	<b>315,711</b>	<b>14.22</b>	<b>331,458</b>	<b>13.06</b>	<b>373,968</b>	<b>16.76</b>	<b>375,722</b>	<b>12.71</b>	<b>328,648</b>	<b>15.01</b>
Less Proprietors' Salary (1) [ Full-Time-Equivalents ]	127,923	5.76	138,586	5.46	127,862	5.73	135,892	4.60	135,058	6.17
Less Return on Capital (2)	10,344	0.47	9,927	0.39	22,357	1.00	1,509	0.05	20,770	0.95
<b>NET PROFIT/LOSS</b>	<b>177,444</b>	<b>7.99</b>	<b>182,945</b>	<b>7.21</b>	<b>223,749</b>	<b>10.03</b>	<b>238,321</b>	<b>8.07</b>	<b>172,820</b>	<b>7.89</b>
<b>SALES ANALYSIS</b>										
Prescriptions	1,429,475	65.69	1,605,923	63.92	1,437,362	67.32	1,902,053	65.17	1,381,239	64.61
Other Sales	746,681	34.31	906,611	36.08	697,750	32.68	1,016,617	34.83	756,671	35.39
<b>INVENTORY ANALYSIS</b>										
Prescription	64,430	2.90	75,342	2.97	65,237	2.92	76,741	2.60	71,227	3.25
Other	129,133	5.82	142,377	5.61	150,458	6.74	174,156	5.89	128,122	5.85
<b>STOCK CARRIED (Total)</b>	<b>193,563</b>	<b>8.72</b>	<b>217,719</b>	<b>8.58</b>	<b>215,695</b>	<b>9.67</b>	<b>250,897</b>	<b>8.49</b>	<b>199,349</b>	<b>9.11</b>
<b>STOCK TURN (On Total Inventory)</b>	<b>7.81</b>		<b>8.45</b>		<b>7.92</b>		<b>7.95</b>		<b>8.56</b>	
<b>SALES PER INVENTORY DOLLAR</b>										
Prescription	22.19		21.32		22.03		24.79		19.39	
Other	5.78		6.37		4.64		5.84		5.91	
<b>STATISTICS</b>										
PHARMACY SIZE (square metres)	131		139		128		177		113	
PRESCRIPTIONS DISPENSED (Total)	41,960		46,164		42,606		56,449		39,404	
PRESCRIPTIONS DISPENSED WEEKLY	807		888		819		1,086		758	
TOTAL HOURS OPEN per WEEK	64		68		58		72		62	
AV HRS WORKED BY PROPRIETORS/WEEK	40		43		39		42		42	
<b>FUNDS RETAINED IN BUSINESS (3)</b>	<b>138,789</b>	<b>6.25</b>	<b>85,517</b>	<b>3.37</b>	<b>158,979</b>	<b>7.12</b>	<b>110,947</b>	<b>3.75</b>	<b>107,643</b>	<b>4.92</b>

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

(2) Return on Capital Employed is based on an opportunity interest rate of 6.5% (10 year Treasury Bonds), less interest paid on borrowed funds.

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

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

**Table 14**

	State Averages Tasmania		Hobart Metropolitan		Tasmanian Country		Group		No Group	
	\$	%	\$	%	\$	%	\$	%	\$	%
<b>SALES, EXPENSES &amp; PROFITABILITY</b>										
<b>SALES</b>	<b>2,338,015</b>		<b>3,072,581</b>		<b>1,774,059</b>		<b>3,124,621</b>		<b>1,736,887</b>	
<b>COST OF GOODS SOLD</b>	<b>1,578,879</b>	<b>67.53</b>	<b>2,077,511</b>	<b>67.61</b>	<b>1,186,147</b>	<b>66.86</b>	<b>2,060,134</b>	<b>65.93</b>	<b>1,198,560</b>	<b>69.01</b>
<b>GROSS MARGIN</b>	<b>759,136</b>	<b>32.47</b>	<b>995,070</b>	<b>32.39</b>	<b>587,912</b>	<b>33.14</b>	<b>1,064,487</b>	<b>34.07</b>	<b>538,327</b>	<b>30.99</b>
Commissions Received	20,843		33,979		14,991		19,560		25,290	
<b>GROSS MARGIN PLUS COMMISSIONS</b>	<b>779,979</b>		<b>1,029,049</b>		<b>602,903</b>		<b>1,084,047</b>		<b>563,617</b>	
<b>TOTAL REVENUE</b>	<b>2,358,858</b>	<b>100.00</b>	<b>3,106,560</b>	<b>100.00</b>	<b>1,789,049</b>	<b>100.00</b>	<b>3,144,181</b>	<b>100.0</b>	<b>1,762,177</b>	<b>100.00</b>
<b>EXPENSES</b>										
Salaries and Wages	282,980	12.00	416,881	13.42	193,289	10.80	433,295	13.78	181,564	10.30
Rent Paid	42,358	1.80	42,975	1.38	47,033	2.63	75,381	2.40	23,886	1.36
Outgoings - Rental & Rates	3,704	0.16	5,618	0.18	1,600	0.09	5,205	0.17	1,896	0.11
Accounting	6,529	0.28	7,951	0.26	5,797	0.32	8,655	0.28	5,294	0.30
Advertising	21,566	0.91	26,782	0.86	15,972	0.89	35,953	1.14	9,421	0.53
Bank Charges	5,915	0.25	8,162	0.26	4,330	0.24	6,562	0.21	5,473	0.31
Computer Expenses	5,285	0.22	5,794	0.19	4,399	0.25	8,445	0.27	2,505	0.14
Depreciation	12,192	0.52	17,944	0.58	6,819	0.38	19,370	0.62	5,801	0.33
Electricity, Water, Heating	4,815	0.20	7,113	0.23	3,259	0.18	6,800	0.22	3,483	0.20
Insurance	10,883	0.46	11,032	0.36	10,497	0.59	14,003	0.45	8,375	0.48
Interest Paid	46,885	1.99	64,647	2.08	20,793	1.16	49,016	1.56	31,958	1.81
Leasing Expenses	8,017	0.34	15,114	0.49	4,533	0.25	19,033	0.61	1,733	0.10
Motor Vehicle Expenses	5,726	0.24	5,485	0.18	5,476	0.31	7,561	0.24	3,993	0.23
Postage, Freight, Printing	10,409	0.44	10,290	0.33	12,761	0.71	19,271	0.61	6,346	0.36
Repairs, Maintenance, Service	2,932	0.12	3,428	0.11	2,953	0.17	5,694	0.18	1,335	0.30
Subs and Registrations	8,204	0.35	7,244	0.23	9,154	0.51	14,094	0.45	4,261	0.24
Superannuation	25,058	1.06	37,918	1.22	15,585	0.87	38,646	1.23	15,065	0.85
Telephone	5,301	0.22	6,721	0.22	4,294	0.24	6,555	0.21	4,412	0.25
Training	3,070	0.13	5,938	0.19	1,573	0.09	5,957	0.19	1,560	0.09
Abnormal Expenses	137	0.01	0	0.00	253	0.01	355	0.01	0	0.00
Payroll Tax	1,599	0.07	4,135	0.13	0	0.00	4,135	0.13	0	0.00
Workers' Compensation	3,073	0.13	4,012	0.13	2,461	0.14	4,512	0.14	2,104	0.12
Other Expenses	21,776	0.92	43,922	1.41	9,846	0.55	43,531	1.38	10,126	0.57
<b>TOTAL EXPENSES</b>	<b>538,415</b>	<b>22.83</b>	<b>759,104</b>	<b>24.44</b>	<b>382,681</b>	<b>21.39</b>	<b>832,030</b>	<b>26.46</b>	<b>330,591</b>	<b>18.76</b>
<b>TOTAL INCOME</b>	<b>241,564</b>	<b>10.24</b>	<b>269,945</b>	<b>8.69</b>	<b>220,222</b>	<b>12.31</b>	<b>252,017</b>	<b>8.02</b>	<b>233,026</b>	<b>13.22</b>
Less Proprietors' Salary (1) [ Full-Time-Equivalents ]	124,873	5.29	129,333	4.16	128,120	7.16	96,464	3.07	151,598	8.60
Less Return on Capital (2)	1,06		1.10		1.03		0.81		1.24	
	8,725	0.37	0	0.00	12,551	0.70	10,021	0.32	0	0.00
<b>NET PROFIT/LOSS</b>	<b>107,966</b>	<b>4.58</b>	<b>140,612</b>	<b>4.73</b>	<b>79,551</b>	<b>4.45</b>	<b>145,532</b>	<b>4.63</b>	<b>81,428</b>	<b>4.87</b>
<b>SALES ANALYSIS</b>										
Prescriptions	1,738,815	74.37	2,156,092	70.17	1,397,652	78.78	2,272,408	72.73	1,314,570	75.69
Other Sales	599,199	25.63	916,489	29.83	376,406	21.22	852,214	27.27	422,317	24.31
<b>INVENTORY ANALYSIS</b>										
Prescription	62,961	2.67	45,821	1.47	87,960	4.92	100,103	3.18	50,285	2.85
Other	89,421	3.79	93,784	3.02	105,306	5.89	125,709	4.00	86,463	4.91
<b>STOCK CARRIED (Total)</b>	<b>152,382</b>	<b>6.46</b>	<b>139,605</b>	<b>4.49</b>	<b>193,266</b>	<b>10.80</b>	<b>225,812</b>	<b>7.18</b>	<b>136,748</b>	<b>7.76</b>
<b>STOCK TURN (On Total Inventory)</b>	<b>9.93</b>		<b>10.46</b>		<b>7.79</b>		<b>8.47</b>		<b>9.95</b>	
<b>SALES PER INVENTORY DOLLAR</b>										
Prescription	27.62		47.05		15.89		22.70		26.14	
Other	6.70		9.77		3.57		6.78		4.88	
<b>STATISTICS</b>										
PHARMACY SIZE (square metres)	172		193		140		208		114	
PRESCRIPTIONS DISPENSED (Total)	50,733		63,464		40,043		66,736		37,706	
PRESCRIPTIONS DISPENSED WEEKLY	976		1,220		770		1,283		725	
TOTAL HOURS OPEN per WEEK	59		66		52		61		56	
AV HRS WORKED BY PROPRIETORS/WEEK	40		42		39		31		47	
<b>FUNDS RETAINED IN BUSINESS (3)</b>	<b>122,935</b>	<b>5.21</b>	<b>126,676</b>	<b>4.08</b>	<b>97,733</b>	<b>5.46</b>	<b>70,719</b>	<b>2.25</b>	<b>145,691</b>	<b>8.27</b>

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

(2) Return on Capital Employed is based on an opportunity interest rate of 6.5% (10 year Treasury Bonds), less interest paid on borrowed funds.

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

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

**Table 15**

	AUSTRALIA Manager Operated		NEW SOUTH WALES		VICTORIA	
SALES, EXPENSES & PROFITABILITY	\$	%	\$	%	\$	%
<b>SALES</b>	<b>1,972,726</b>		<b>1,712,512</b>		<b>1,887,974</b>	
<b>COST OF GOODS SOLD</b>	<b>1,319,660</b>	<b>66.90</b>	<b>1,168,316</b>	<b>68.22</b>	<b>1,238,250</b>	<b>65.59</b>
<b>GROSS MARGIN</b>	<b>653,066</b>	<b>33.10</b>	<b>544,196</b>	<b>31.78</b>	<b>649,724</b>	<b>34.41</b>
Commissions Received	21,661		12,478		13,654	
<b>GROSS MARGIN PLUS COMMISSIONS</b>	<b>674,727</b>		<b>556,674</b>		<b>663,378</b>	
<b>TOTAL REVENUE</b>	<b>1,994,387</b>	<b>100.00</b>	<b>1,724,990</b>	<b>100.00</b>	<b>1,901,628</b>	<b>100.00</b>
<b>EXPENSES</b>						
Salaries and Wages	253,710	12.72	183,818	10.66	244,111	12.84
Rent Paid	54,104	2.71	50,011	2.90	34,413	1.81
Outgoings - Rental & Rates	3,218	0.16	1,615	0.09	3,385	0.18
Accounting	8,968	0.45	7,007	0.41	5,456	0.29
Advertising	13,221	0.66	8,664	0.50	17,927	0.94
Bank Charges	5,427	0.27	5,695	0.33	5,468	0.29
Computer Expenses	7,709	0.39	4,505	0.26	8,871	0.47
Depreciation	8,726	0.44	6,624	0.38	4,492	0.24
Electricity, Water, Heating	5,143	0.26	2,958	0.17	4,641	0.24
Insurance	6,603	0.33	8,620	0.50	3,206	0.17
Interest Paid	19,957	1.00	18,159	1.05	35,194	1.85
Leasing Expenses	3,433	0.17	1,828	0.11	1,587	0.08
Motor Vehicle Expenses	3,306	0.17	6,029	0.35	2,767	0.15
Postage, Freight, Printing	7,229	0.36	7,164	0.42	6,094	0.32
Repairs, Maintenance, Service	4,139	0.21	2,641	0.15	5,168	0.27
Subs and Registrations	6,145	0.31	3,968	0.23	4,742	0.25
Superannuation	21,924	1.10	21,247	1.23	14,927	0.78
Telephone	5,617	0.28	4,462	0.26	3,855	0.20
Training	1,749	0.09	1,569	0.09	411	0.02
Abnormal Expenses	10,380	0.52	599	0.03	3,201	0.17
Payroll Tax	3,042	0.15	0	0.00	2,044	0.11
Workers' Compensation	2,563	0.13	4,073	0.24	1,355	0.07
Other Expenses	18,896	0.95	26,891	1.56	11,565	0.61
<b>TOTAL EXPENSES</b>	<b>475,208</b>	<b>23.83</b>	<b>378,144</b>	<b>21.92</b>	<b>424,879</b>	<b>22.34</b>
<b>TOTAL INCOME</b>	<b>199,519</b>	<b>10.00</b>	<b>178,530</b>	<b>10.35</b>	<b>238,499</b>	<b>12.54</b>
Less Proprietors' Salary (1) [ Full-Time-Equivalents ]	15,289 0.20	0.77	19,730 0.18	1.14	15,888 0.39	0.84
Less Return on Capital (2)	12,539	0.63	4,267	0.25	0	0.00
<b>NET PROFIT/LOSS</b>	<b>171,691</b>	<b>8.61</b>	<b>154,533</b>	<b>8.96</b>	<b>222,611</b>	<b>11.98</b>
<b>SALES ANALYSIS</b>						
Prescriptions	1,393,841	70.66	1,246,082	72.76	1,393,073	73.79
Other Sales	578,885	29.34	466,429	27.24	494,901	26.21
<b>INVENTORY ANALYSIS</b>						
Prescription	80,159	4.02	70,368	4.08	72,566	3.82
Other	86,821	4.35	61,411	3.56	85,766	4.51
<b>STOCK CARRIED (Total)</b>	<b>166,980</b>	<b>8.37</b>	<b>131,779</b>	<b>7.64</b>	<b>158,332</b>	<b>8.33</b>
<b>STOCK TURN (On Total Inventory)</b>	<b>8.00</b>		<b>8.97</b>		<b>8.35</b>	
<b>SALES PER INVENTORY DOLLAR</b>						
Prescription	17.39		17.71		19.20	
Other	6.67		7.60		5.77	
<b>STATISTICS</b>						
PHARMACY SIZE (square metres)	150		113		173	
PRESCRIPTIONS DISPENSED (Total)	42,355		38,030		41,779	
PRESCRIPTIONS DISPENSED WEEKLY	815		731		803	
TOTAL HOURS OPEN per WEEK	58		54		54	
AV HRS WORKED BY PROPRIETORS/WEEK	8		7		15	
<b>FUNDS RETAINED IN BUSINESS (3)</b>	<b>77,994</b>	<b>3.91</b>	<b>114,845</b>	<b>6.66</b>	<b>81,666</b>	<b>4.29</b>

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

(2) Return on Capital Employed is based on an opportunity interest rate of 6.5% (10 year Treasury Bonds), less interest paid on borrowed funds.

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

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

**Table 15**

	QUEENSLAND		SOUTH AUSTRALIA		WESTERN AUSTRALIA	
SALES, EXPENSES & PROFITABILITY	\$	%	\$	%	\$	%
<b>SALES</b>	<b>1,422,790</b>		<b>2,574,295</b>		<b>1,844,199</b>	
<b>COST OF GOODS SOLD</b>	<b>964,150</b>	<b>67.76</b>	<b>1,727,111</b>	<b>67.09</b>	<b>1,212,791</b>	<b>65.76</b>
<b>GROSS MARGIN</b>	<b>458,640</b>	<b>32.24</b>	<b>847,184</b>	<b>32.91</b>	<b>631,408</b>	<b>34.24</b>
Commissions Received	14,200		51,364		15,765	
<b>GROSS MARGIN PLUS COMMISSIONS</b>	<b>472,840</b>		<b>898,548</b>		<b>647,173</b>	
<b>TOTAL REVENUE</b>	<b>1,436,990</b>	<b>100.00</b>	<b>2,625,659</b>	<b>100.00</b>	<b>1,859,964</b>	<b>100.00</b>
<b>EXPENSES</b>						
Salaries and Wages	183,653	12.78	378,094	14.40	244,338	13.14
Rent Paid	39,746	2.77	84,019	3.20	56,053	3.01
Outgoings - Rental & Rates	7,141	0.50	4,640	0.18	750	0.04
Accounting	4,355	0.30	12,147	0.46	16,149	0.87
Advertising	15,392	1.07	9,809	0.37	13,038	0.70
Bank Charges	4,257	0.30	6,626	0.25	3,693	0.20
Computer Expenses	3,464	0.24	12,870	0.49	6,844	0.37
Depreciation	15,247	1.06	13,809	0.53	6,090	0.33
Electricity, Water, Heating	4,285	0.30	7,727	0.29	7,402	0.40
Insurance	5,348	0.37	7,963	0.30	5,883	0.32
Interest Paid	16,285	1.13	18,658	0.71	6,584	0.35
Leasing Expenses	2,171	0.15	7,133	0.27	6,110	0.33
Motor Vehicle Expenses	6,138	0.43	1,001	0.04	0	0.00
Postage, Freight, Printing	7,038	0.49	7,778	0.30	4,200	0.23
Repairs, Maintenance, Service	2,371	0.16	7,162	0.27	3,114	0.17
Subs and Registrations	3,665	0.26	9,965	0.38	9,371	0.50
Superannuation	19,082	1.33	32,213	1.23	20,272	1.09
Telephone	6,647	0.46	8,229	0.31	5,707	0.31
Training	1,896	0.13	3,730	0.14	1,608	0.09
Abnormal Expenses	3,033	0.21	43,972	1.67	1,997	0.11
Payroll Tax	0	0.00	12,874	0.49	0	0.00
Workers' Compensation	587	0.04	2,740	0.10	1,885	0.10
Other Expenses	8,738	0.61	17,275	0.66	27,272	1.47
<b>TOTAL EXPENSES</b>	<b>360,535</b>	<b>25.09</b>	<b>710,433</b>	<b>27.06</b>	<b>448,359</b>	<b>24.11</b>
<b>TOTAL INCOME</b>	<b>112,305</b>	<b>7.82</b>	<b>188,115</b>	<b>7.16</b>	<b>198,814</b>	<b>10.69</b>
Less Proprietors' Salary (1) [ Full-Time-Equivalents ]	34,572 0.38	2.41	932 0.00	0.04	8,916 0.08	0.48
Less Return on Capital (2)	13,984	0.97	30,871	1.18	18,926	1.02
<b>NET PROFIT/LOSS</b>	<b>63,749</b>	<b>4.44</b>	<b>156,312</b>	<b>5.95</b>	<b>170,972</b>	<b>9.19</b>
<b>SALES ANALYSIS</b>						
Prescriptions	971,979	68.32	1,819,093	70.66	1,112,609	60.33
Other Sales	450,811	31.68	755,202	29.34	731,590	39.67
<b>INVENTORY ANALYSIS</b>						
Prescription	40,308	2.81	117,951	4.49	51,526	2.77
Other	88,999	6.19	73,623	2.80	103,843	5.58
<b>STOCK CARRIED (Total)</b>	<b>129,307</b>	<b>9.00</b>	<b>191,574</b>	<b>7.30</b>	<b>155,369</b>	<b>8.35</b>
<b>STOCK TURN (On Total Inventory)</b>	<b>7.51</b>		<b>8.39</b>		<b>7.16</b>	
<b>SALES PER INVENTORY DOLLAR</b>						
Prescription	24.11		15.42		21.59	
Other	5.07		10.26		7.05	
<b>STATISTICS</b>						
PHARMACY SIZE (square metres)	109		209		144	
PRESCRIPTIONS DISPENSED (Total)	30,235		57,317		31,427	
PRESCRIPTIONS DISPENSED WEEKLY	581		1,102		604	
TOTAL HOURS OPEN per WEEK	50		69		66	
AV HRS WORKED BY PROPRIETORS/WEEK	15		0		3	
<b>FUNDS RETAINED IN BUSINESS (3)</b>	<b>37,238</b>	<b>2.59</b>	<b>45,647</b>	<b>1.74</b>	<b>68,814</b>	<b>3.70</b>

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

(2) Return on Capital Employed is based on an opportunity interest rate of 6.5% (10 year Treasury Bonds), less interest paid on borrowed funds.

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

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

**Table 16**

	AUSTRALIA Owner Operated		NEW SOUTH WALES		VICTORIA	
SALES, EXPENSES & PROFITABILITY	\$	%	\$	%	\$	%
<b>SALES</b>	<b>2,442,870</b>		<b>2,705,721</b>		<b>2,279,566</b>	
<b>COST OF GOODS SOLD</b>	<b>1,679,519</b>	<b>68.75</b>	<b>1,878,275</b>	<b>69.42</b>	<b>1,562,853</b>	<b>68.56</b>
<b>GROSS MARGIN</b>	<b>763,351</b>	<b>31.25</b>	<b>827,446</b>	<b>30.58</b>	<b>716,713</b>	<b>31.44</b>
Commissions Received	23,952		26,984		9,839	
<b>GROSS MARGIN PLUS COMMISSIONS</b>	<b>787,303</b>		<b>854,430</b>		<b>726,552</b>	
<b>TOTAL REVENUE</b>	<b>2,466,822</b>	<b>100.00</b>	<b>2,732,705</b>	<b>100.00</b>	<b>2,289,405</b>	<b>100.00</b>
<b>EXPENSES</b>						
Salaries and Wages	256,926	10.42	295,914	10.83	226,510	9.89
Rent Paid	72,283	2.93	95,050	3.48	46,418	2.03
Outgoings - Rental & Rates	2,396	0.10	1,102	0.04	3,478	0.15
Accounting	7,640	0.31	9,060	0.33	6,723	0.29
Advertising	15,352	0.62	16,721	0.61	14,364	0.63
Bank Charges	7,009	0.28	8,172	0.30	6,007	0.26
Computer Expenses	7,295	0.30	7,535	0.28	6,632	0.29
Depreciation	14,041	0.57	16,942	0.62	10,392	0.45
Electricity, Water, Heating	5,550	0.22	5,908	0.22	5,169	0.23
Insurance	10,338	0.42	13,074	0.48	6,631	0.29
Interest Paid	30,982	1.26	42,312	1.55	19,464	0.85
Leasing Expenses	5,513	0.22	5,817	0.21	5,867	0.26
Motor Vehicle Expenses	5,562	0.23	6,073	0.22	6,076	0.27
Postage, Freight, Printing	8,075	0.33	8,844	0.32	8,086	0.35
Repairs, Maintenance, Service	4,379	0.18	5,096	0.19	4,484	0.20
Subs and Registrations	8,417	0.34	9,825	0.36	6,902	0.30
Superannuation	23,418	0.95	27,444	1.00	19,306	0.84
Telephone	5,406	0.22	5,856	0.21	4,877	0.21
Training	2,274	0.09	1,956	0.07	3,047	0.13
Abnormal Expenses	5,266	0.21	4,531	0.17	3,776	0.16
Payroll Tax	1,460	0.06	2,255	0.08	712	0.03
Workers' Compensation	3,630	0.15	5,707	0.21	1,532	0.07
Other Expenses	28,693	1.16	39,140	1.43	17,846	0.78
<b>TOTAL EXPENSES</b>	<b>531,905</b>	<b>21.56</b>	<b>634,334</b>	<b>23.21</b>	<b>434,299</b>	<b>18.97</b>
<b>TOTAL INCOME</b>	<b>255,398</b>	<b>10.35</b>	<b>220,096</b>	<b>8.05</b>	<b>292,253</b>	<b>12.77</b>
Less Proprietors' Salary (1) [ Full-Time-Equivalents ]	166,100 1.33	6.73	175,593 1.39	6.43	165,260 1.37	7.22
Less Return on Capital (2)	4,993	0.20	0	0.00	12,068	0.53
<b>NET PROFIT/LOSS</b>	<b>84,305</b>	<b>3.42</b>	<b>44,503</b>	<b>1.69</b>	<b>114,925</b>	<b>5.02</b>
<b>SALES ANALYSIS</b>						
Prescriptions	1,760,943	72.09	1,930,245	71.34	1,697,134	74.45
Other Sales	681,927	27.91	775,476	28.66	582,432	25.55
<b>INVENTORY ANALYSIS</b>						
Prescription	74,945	3.04	82,901	3.03	67,705	2.96
Other	121,522	4.93	120,887	4.42	147,128	6.43
STOCK CARRIED (Total)	196,467	7.96	203,788	7.46	214,833	9.38
STOCK TURN (On Total Inventory)	8.71		9.12		8.95	
<b>SALES PER INVENTORY DOLLAR</b>						
Prescription	23.50		23.28		25.07	
Other	5.61		6.41		3.96	
<b>STATISTICS</b>						
PHARMACY SIZE (square metres)	152		160		156	
PRESCRIPTIONS DISPENSED (Total)	50,668		53,992		50,189	
PRESCRIPTIONS DISPENSED WEEKLY	974		1,038		965	
TOTAL HOURS OPEN per WEEK	58		58		54	
AV HRS WORKED BY PROPRIETORS/WEEK	51		53		52	
<b>FUNDS RETAINED IN BUSINESS (3)</b>	<b>76,664</b>	<b>3.11</b>	<b>67,664</b>	<b>2.48</b>	<b>75,849</b>	<b>3.31</b>

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

(2) Return on Capital Employed is based on an opportunity interest rate of 6.5% (10 year Treasury Bonds), less interest paid on borrowed funds.

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

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

**Table 16**

	QUEENSLAND		SOUTH AUSTRALIA		WESTERN AUSTRALIA		TASMANIA	
SALES, EXPENSES & PROFITABILITY	\$	%	\$	%	\$	%	\$	%
<b>SALES</b>	<b>1,998,310</b>		<b>2,247,764</b>		<b>2,327,824</b>		<b>2,102,684</b>	
<b>COST OF GOODS SOLD</b>	<b>1,369,885</b>	<b>68.55</b>	<b>1,530,576</b>	<b>68.09</b>	<b>1,546,114</b>	<b>66.42</b>	<b>1,403,216</b>	<b>66.73</b>
<b>GROSS MARGIN</b>	<b>628,425</b>	<b>31.45</b>	<b>717,188</b>	<b>31.91</b>	<b>781,710</b>	<b>33.58</b>	<b>699,468</b>	<b>33.27</b>
Commissions Received	15,349		22,413		50,665		14,260	
<b>GROSS MARGIN PLUS COMMISSIONS</b>	<b>643,774</b>		<b>739,601</b>		<b>832,375</b>		<b>713,728</b>	
<b>TOTAL REVENUE</b>	<b>2,013,659</b>	<b>100.00</b>	<b>2,270,177</b>	<b>100.00</b>	<b>2,378,489</b>	<b>100.00</b>	<b>2,116,944</b>	<b>100.00</b>
<b>EXPENSES</b>								
Salaries and Wages	194,791	9.67	228,480	10.06	224,842	9.45	263,358	12.44
Rent Paid	49,690	2.47	51,132	2.25	57,962	2.44	44,137	2.08
Outgoings - Rental & Rates	4,608	0.23	2,909	0.13	3,557	0.15	2,905	0.14
Accounting	5,429	0.27	5,854	0.26	7,372	0.31	4,812	0.23
Advertising	11,717	0.58	17,591	0.77	13,262	0.56	17,996	0.85
Bank Charges	6,094	0.30	5,566	0.25	5,856	0.25	5,213	0.25
Computer Expenses	6,153	0.31	11,050	0.49	7,127	0.30	4,456	0.21
Depreciation	9,989	0.50	14,579	0.64	11,775	0.50	11,492	0.54
Electricity, Water, Heating	5,255	0.26	5,019	0.22	5,580	0.23	4,805	0.23
Insurance	6,363	0.32	8,096	0.36	10,005	0.42	10,576	0.50
Interest Paid	17,391	0.86	12,730	0.56	24,772	1.04	30,902	1.46
Leasing Expenses	3,559	0.18	5,443	0.24	4,745	0.20	10,704	0.51
Motor Vehicle Expenses	6,265	0.31	2,994	0.13	2,677	0.11	6,062	0.29
Postage, Freight, Printing	6,312	0.31	7,058	0.31	6,963	0.29	9,822	0.46
Repairs, Maintenance, Service	2,480	0.12	3,820	0.17	4,008	0.17	3,806	0.18
Subs and Registrations	6,675	0.33	6,995	0.31	7,295	0.31	9,162	0.43
Superannuation	17,770	0.88	20,028	0.88	20,837	0.88	24,164	1.14
Telephone	4,540	0.23	5,875	0.26	5,250	0.22	4,715	0.22
Training	2,381	0.12	2,151	0.09	2,131	0.09	3,673	0.17
Abnormal Expenses	3,882	0.19	18,611	0.82	5,662	0.24	0	0.00
Payroll Tax	0	0.00	1,838	0.08	225	0.01	2,297	0.11
Workers' Compensation	839	0.04	2,418	0.11	1,880	0.08	2,604	0.12
Other Expenses	9,853	0.49	17,671	0.78	28,535	1.20	29,908	1.41
<b>TOTAL EXPENSES</b>	<b>382,038</b>	<b>18.97</b>	<b>457,908</b>	<b>20.17</b>	<b>462,316</b>	<b>19.44</b>	<b>507,567</b>	<b>23.98</b>
<b>TOTAL INCOME</b>	<b>261,736</b>	<b>13.00</b>	<b>281,693</b>	<b>12.41</b>	<b>370,059</b>	<b>15.56</b>	<b>206,161</b>	<b>9.74</b>
Less Proprietors' Salary (1) [ Full-Time-Equivalents ]	153,025 1.22	7.60	161,519 1.32	7.11	154,318 1.26	6.49	125,289 1.06	5.92
Less Return on Capital (2)	10,847	0.54	22,711	1.00	14,711	0.62	13,130	0.62
<b>NET PROFIT/LOSS</b>	<b>97,864</b>	<b>4.86</b>	<b>97,463</b>	<b>4.29</b>	<b>201,030</b>	<b>8.45</b>	<b>67,742</b>	<b>3.20</b>
<b>SALES ANALYSIS</b>								
Prescriptions	1,481,268	74.13	1,683,913	74.92	1,570,559	67.47	1,537,558	73.12
Other Sales	517,042	25.87	563,850	25.08	757,265	32.53	565,125	26.88
<b>INVENTORY ANALYSIS</b>								
Prescription	62,987	3.13	96,467	4.25	78,382	3.30	44,378	2.10
Other	114,109	5.67	90,076	3.97	130,922	5.50	70,781	3.34
<b>STOCK CARRIED (Total)</b>	<b>177,096</b>	<b>8.79</b>	<b>186,543</b>	<b>8.22</b>	<b>209,304</b>	<b>8.80</b>	<b>115,159</b>	<b>5.44</b>
<b>STOCK TURN (On Total Inventory)</b>	<b>8.19</b>		<b>7.90</b>		<b>8.49</b>		<b>8.92</b>	
<b>SALES PER INVENTORY DOLLAR</b>								
Prescription	23.52		17.46		20.04		34.65	
Other	4.53		6.26		5.78		7.98	
<b>STATISTICS</b>								
PHARMACY SIZE (square metres)	131		156		134		154	
PRESCRIPTIONS DISPENSED (Total)	44,674		51,496		45,588		44,285	
PRESCRIPTIONS DISPENSED WEEKLY	859		990		877		852	
TOTAL HOURS OPEN per WEEK	57		54		64		57	
AV HRS WORKED BY PROPRIETORS/WEEK	46		50		48		40	
<b>FUNDS RETAINED IN BUSINESS (3)</b>	<b>97,827</b>	<b>4.86</b>	<b>88,209</b>	<b>3.89</b>	<b>122,680</b>	<b>5.16</b>	<b>86,470</b>	<b>4.08</b>

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

(2) Return on Capital Employed is based on an opportunity interest rate of 6.5% (10 year Treasury Bonds), less interest paid on borrowed funds.

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

**AVERAGE NUMBER OF EMPLOYEES PER RESPONDENT AND AVERAGE HOURS WORKED**  
(Based on 12 months trading to 30/6/06)

**Table 17**

**STATE AVERAGES**

<b>EMPLOYEES</b>	<b>NSW</b>	<b>VIC</b>	<b>QLD</b>	<b>SA</b>	<b>WA</b>	<b>TAS</b>	<b>AUST</b>
<b>PROPRIETORS :</b>							
Full Time	0.9	0.8	0.8	0.7	0.8	0.7	0.8
Part Time & Casual	0.5	0.5	0.4	0.3	0.4	0.6	0.5
Hours worked per week	44.1	46.4	43.3	37.1	40.7	36.9	44.4
<b>MANAGERS :</b>							
Full Time	0.1	0.2	0.1	0.2	0.2	0.2	0.1
Part Time & Casual	0.1	0.1	0.2	0.1	0.0	0.1	0.1
Hours worked per week	7.7	8.2	7.5	9.9	9.4	10.6	8.1
<b>PHARMACISTS IN CHARGE :</b>							
Full Time	0.3	0.1	0.3	0.4	0.4	0.1	0.3
Part Time & Casual	1.0	0.8	0.4	0.5	0.9	0.9	0.8
Hours worked per week	26.3	14.1	18.7	22.4	25.7	24.3	22.0
<b>OTHER QUALIFIED :</b>							
Full Time	0.3	0.1	0.2	0.3	0.2	0.4	0.2
Part Time & Casual	0.3	0.5	0.3	0.1	0.4	1.2	0.4
Hours worked per week	12.9	11.6	10.5	9.7	10.9	32.5	12.6
<b>PHARMACY ASSISTANTS :</b>							
Full Time	0.7	0.6	0.7	0.7	0.9	0.5	0.7
Part Time & Casual	0.8	1.2	0.8	0.5	0.4	0.8	0.8
Hours worked per week	45.9	46.1	42.5	38.2	42.4	35.6	44.6
<b>SALES &amp; OTHER STAFF :</b>							
Full Time	1.5	1.3	1.8	2.1	1.5	0.8	1.6
Part Time & Casual	4.7	4.7	2.6	3.1	3.5	5.1	4.0
Hours worked per week	131.0	118.5	103.7	136.2	108.5	97.5	120.2
<b>TOTAL STAFF :</b>							
Full Time	3.8	3.1	3.9	4.4	4.0	2.7	3.7
Part Time & Casual	7.4	7.7	4.7	4.7	5.6	8.7	6.6
Hours worked per week	267.8	244.8	226.2	253.5	237.7	237.4	251.9

**AVERAGE NUMBER OF EMPLOYEES PER RESPONDENT AND AVERAGE HOURS WORKED**  
(Based on 12 months trading to 30/6/06)

**Table 18**

**BY TURNOVER CATEGORY (\$)**

<b>EMPLOYEES</b>	<b>UNDER 500,000</b>	<b>500,000 -1.0M</b>	<b>1.0M -1.5M</b>	<b>1.5M -2.0M</b>	<b>2.0M -2.5M</b>	<b>2.5M -3.0M</b>	<b>3.0M -3.5M</b>	<b>OVER 3.5M</b>
<b>PROPRIETORS :</b>								
Full Time		0.6	0.9	0.9	0.8	0.7	0.9	0.9
Part Time & Casual		0.4	0.3	0.6	0.5	0.4	0.4	0.7
Hours worked per week		33.6	43.2	45.9	43.9	39.2	48.6	47.7
<b>MANAGERS :</b>								
Full Time		0.0	0.0	0.2	0.2	0.2	0.1	0.2
Part Time & Casual		0.1	0.1	0.2	0.0	0.1	0.0	0.1
Hours worked per week		10.1	4.5	10.1	6.8	9.2	2.5	13.4
<b>PHARMACISTS IN CHARGE :</b>								
Full Time		0.2	0.0	0.1	0.3	0.4	0.4	0.7
Part Time & Casual		0.4	0.6	0.7	0.8	0.8	1.2	1.4
Hours worked per week		11.9	8.5	10.8	23.2	27.0	33.3	49.4
<b>OTHER QUALIFIED :</b>								
Full Time		0.1	0.1	0.1	0.3	0.4	0.2	0.4
Part Time & Casual		0.1	0.3	0.1	0.5	0.4	0.5	0.7
Hours worked per week		4.2	6.8	6.6	13.8	18.9	15.1	25.5
<b>PHARMACY ASSISTANTS :</b>								
Full Time		0.3	0.4	0.5	0.6	1.0	1.0	1.3
Part Time & Casual		0.2	0.6	0.6	0.8	0.8	0.8	1.7
Hours worked per week		15.8	28.1	34.5	39.5	56.7	55.1	86.2
<b>SALES &amp; OTHER STAFF :</b>								
Full Time		0.3	0.7	1.3	1.5	1.8	2.6	3.5
Part Time & Casual		1.8	2.3	3.2	3.9	4.4	6.1	8.0
Hours worked per week		33.7	58.1	106.1	119.5	133.9	202.9	247.9
<b>TOTAL STAFF :</b>								
Full Time		1.7	2.1	3.0	3.6	4.5	5.2	7.1
Part Time & Casual		2.9	4.2	5.4	6.5	6.9	8.9	12.6
Hours worked per week		109.4	149.2	214.1	246.7	285.0	357.5	470.1

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

**Table 19**

	Up to 200		201 - 300		301 - 400		401 - 500	
SALES, EXPENSES & PROFITABILITY	\$	%	\$	%	\$	%	\$	%
<b>SALES</b>	<b>606,920</b>		<b>869,256</b>		<b>1,076,742</b>		<b>1,116,858</b>	
<b>COST OF GOODS SOLD</b>	<b>372,744</b>	<b>61.42</b>	<b>567,701</b>	<b>65.31</b>	<b>739,749</b>	<b>68.70</b>	<b>765,198</b>	<b>68.51</b>
<b>GROSS MARGIN</b>	<b>234,176</b>	<b>38.58</b>	<b>301,555</b>	<b>34.69</b>	<b>336,993</b>	<b>31.30</b>	<b>351,660</b>	<b>31.49</b>
Commissions Received	27,537		15,863		27,396		4,544	
<b>GROSS MARGIN PLUS COMMISSIONS</b>	<b>261,713</b>		<b>317,418</b>		<b>364,389</b>		<b>356,204</b>	
<b>TOTAL REVENUE</b>	<b>634,457</b>	<b>100.00</b>	<b>885,120</b>	<b>100.00</b>	<b>1,104,139</b>	<b>100.00</b>	<b>1,121,402</b>	<b>100.00</b>
<b>EXPENSES</b>								
Salaries and Wages	122,456	19.30	108,551	12.26	109,305	9.90	104,469	9.32
Rent Paid	26,688	4.21	47,353	5.35	44,771	4.05	36,578	3.26
Outgoings - Rental & Rates	1,866	0.29	1,460	0.16	995	0.09	2,630	0.23
Accounting	1,803	0.28	8,034	0.91	5,672	0.51	5,018	0.45
Advertising	17,639	2.78	10,845	1.23	8,762	0.79	4,614	0.41
Bank Charges	2,086	0.33	3,476	0.39	4,402	0.40	5,291	0.47
Computer Expenses	3,788	0.60	3,714	0.42	4,774	0.43	4,346	0.39
Depreciation	19,736	3.11	11,324	1.28	12,158	1.10	7,835	0.70
Electricity, Water, Heating	1,313	0.21	3,618	0.41	3,371	0.31	3,089	0.28
Insurance	3,685	0.58	5,089	0.57	6,192	0.56	5,909	0.53
Interest Paid	19,878	3.13	20,975	2.37	7,918	0.72	18,721	1.67
Leasing Expenses	0	0.00	541	0.06	519	0.05	3,244	0.29
Motor Vehicle Expenses	641	0.10	2,310	0.26	5,001	0.45	3,685	0.33
Postage, Freight, Printing	2,990	0.47	3,506	0.40	4,005	0.36	3,173	0.28
Repairs, Maintenance, Service	2,277	0.36	3,158	0.36	2,765	0.25	3,758	0.34
Subs and Registrations	1,545	0.24	3,640	0.41	4,806	0.44	5,104	0.46
Superannuation	10,199	1.61	8,524	0.96	10,164	0.92	7,829	0.70
Telephone	3,276	0.52	3,794	0.43	3,716	0.34	3,035	0.27
Training	1,630	0.26	1,253	0.14	771	0.07	1,125	0.10
Abnormal Expenses	0	0.00	10,025	1.13	1,269	0.11	1,594	0.14
Payroll Tax	0	0.00	190	0.02	1,260	0.11	0	0.00
Workers' Compensation	1,208	0.19	754	0.09	1,832	0.17	1,222	0.11
Other Expenses	39,943	6.30	4,152	0.47	21,947	1.99	7,693	0.69
<b>TOTAL EXPENSES</b>	<b>284,644</b>	<b>44.86</b>	<b>266,284</b>	<b>30.08</b>	<b>266,375</b>	<b>24.13</b>	<b>239,960</b>	<b>21.40</b>
<b>TOTAL INCOME</b>	<b>-22,931</b>	<b>-3.61</b>	<b>51,134</b>	<b>5.78</b>	<b>98,014</b>	<b>8.88</b>	<b>116,244</b>	<b>10.37</b>
Less Proprietors' Salary (1) [ Full-Time-Equivalents ]	123,698	19.50	153,310	17.32	131,319	11.89	148,855	13.27
	0.95		1.18		1.04		1.19	
Less Return on Capital (2)	0	0.00	0	0.00	14,877	1.35	0	0.00
<b>NET PROFIT/LOSS</b>	<b>-146,629</b>	<b>-23.11</b>	<b>-102,176</b>	<b>-10.70</b>	<b>-48,182</b>	<b>-4.36</b>	<b>-32,611</b>	<b>-2.83</b>
<b>SALES ANALYSIS</b>								
Prescriptions	272,823	44.95	483,063	55.57	599,051	55.64	833,121	74.60
Other Sales	334,097	55.05	386,194	44.43	477,691	44.36	283,737	25.40
<b>INVENTORY ANALYSIS</b>								
Prescription	45,975	7.25	34,609	3.91	33,907	3.07	49,756	4.44
Other	151,929	23.95	94,229	10.65	46,442	4.21	82,497	7.36
STOCK CARRIED (Total)	197,904	31.19	128,838	14.56	80,349	7.28	132,253	11.79
STOCK TURN (On Total Inventory)	2.05		5.30		6.71		7.21	
<b>SALES PER INVENTORY DOLLAR</b>								
Prescription	5.93		13.96		17.67		16.74	
Other	2.20		4.10		10.29		3.44	
<b>STATISTICS</b>								
PHARMACY SIZE (square metres)	86		81		102		88	
PRESCRIPTIONS DISPENSED (Total)	6,956		13,492		17,979		23,570	
PRESCRIPTIONS DISPENSED WEEKLY	134		259		346		453	
TOTAL HOURS OPEN per WEEK	55		53		50		53	
AV HRS WORKED BY PROPRIETORS/WEEK	36		45		40		45	
<b>FUNDS RETAINED IN BUSINESS (3)</b>	<b>-117,950</b>	<b>-18.59</b>	<b>-2,478</b>	<b>-0.28</b>	<b>23,172</b>	<b>2.10</b>	<b>34,209</b>	<b>3.05</b>

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

(2) Return on Capital Employed is based on an opportunity interest rate of 6.5% (10 year Treasury Bonds), less interest paid on borrowed funds.

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

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

**Table 19**

	501 - 600		601 - 700		701 - 800		801 - 900	
<b>SALES, EXPENSES &amp; PROFITABILITY</b>	\$	%	\$	%	\$	%	\$	%
<b>SALES</b>	<b>1,338,733</b>		<b>1,611,203</b>		<b>1,719,049</b>		<b>2,441,159</b>	
<b>COST OF GOODS SOLD</b>	<b>899,776</b>	<b>67.21</b>	<b>1,095,081</b>	<b>67.97</b>	<b>1,193,287</b>	<b>69.42</b>	<b>1,679,294</b>	<b>68.79</b>
<b>GROSS MARGIN</b>	<b>438,957</b>	<b>32.79</b>	<b>516,122</b>	<b>32.03</b>	<b>525,762</b>	<b>30.58</b>	<b>761,865</b>	<b>31.21</b>
Commissions Received	13,543		19,041		12,203		16,113	
<b>GROSS MARGIN PLUS COMMISSIONS</b>	<b>452,500</b>		<b>535,163</b>		<b>537,965</b>		<b>777,978</b>	
<b>TOTAL REVENUE</b>	<b>1,352,275</b>	<b>100.00</b>	<b>1,630,245</b>	<b>100.00</b>	<b>1,731,252</b>	<b>100.00</b>	<b>2,457,273</b>	<b>100.00</b>
<b>EXPENSES</b>								
Salaries and Wages	137,640	10.18	169,523	10.40	160,065	9.25	246,261	10.02
Rent Paid	44,098	3.26	58,515	3.59	55,821	3.22	100,259	4.08
Outgoings - Rental & Rates	2,283	0.17	1,265	0.08	4,878	0.28	4,863	0.20
Accounting	5,296	0.39	6,463	0.40	7,777	0.45	9,307	0.38
Advertising	7,496	0.55	9,400	0.58	9,572	0.55	15,079	0.61
Bank Charges	3,552	0.26	5,043	0.31	5,212	0.30	7,581	0.31
Computer Expenses	5,897	0.44	5,478	0.34	4,824	0.28	6,697	0.27
Depreciation	6,762	0.50	9,013	0.55	10,741	0.62	18,354	0.75
Electricity, Water, Heating	3,412	0.25	3,944	0.24	3,633	0.21	6,320	0.26
Insurance	7,762	0.57	6,914	0.42	8,415	0.49	10,228	0.42
Interest Paid	15,783	1.17	33,884	2.08	18,765	1.08	37,172	1.51
Leasing Expenses	2,856	0.21	4,412	0.27	1,808	0.10	2,886	0.12
Motor Vehicle Expenses	3,476	0.26	3,385	0.21	6,482	0.37	5,112	0.21
Postage, Freight, Printing	5,492	0.41	6,581	0.40	4,596	0.27	7,835	0.32
Repairs, Maintenance, Service	2,428	0.18	3,075	0.19	3,148	0.18	3,926	0.16
Subs and Registrations	6,530	0.48	7,405	0.45	4,431	0.26	7,376	0.30
Superannuation	12,573	0.93	15,519	0.95	14,113	0.82	21,049	0.86
Telephone	3,547	0.26	4,445	0.27	4,070	0.24	5,640	0.23
Training	1,076	0.08	1,548	0.09	2,359	0.14	2,421	0.10
Abnormal Expenses	1,719	0.13	5,075	0.31	4,830	0.28	6,450	0.26
Payroll Tax	32	0.00	948	0.06	0	0.00	4	0.00
Workers' Compensation	1,657	0.12	2,283	0.14	1,818	0.11	3,499	0.14
Other Expenses	13,655	1.01	23,840	1.46	9,505	0.55	29,907	1.22
<b>TOTAL EXPENSES</b>	<b>295,022</b>	<b>21.82</b>	<b>387,956</b>	<b>23.80</b>	<b>346,861</b>	<b>20.04</b>	<b>558,227</b>	<b>22.72</b>
<b>TOTAL INCOME</b>	<b>157,478</b>	<b>11.65</b>	<b>147,207</b>	<b>9.03</b>	<b>191,104</b>	<b>11.04</b>	<b>219,751</b>	<b>8.94</b>
Less Proprietors' Salary (1) [ Full-Time-Equivalents ]	141,400	10.46	140,618	8.63	165,619	9.57	164,086	6.68
Less Return on Capital (2)	4,932	0.36	0	0.00	8,562	0.49	7,144	0.29
<b>NET PROFIT/LOSS</b>	<b>11,146</b>	<b>0.82</b>	<b>6,589</b>	<b>1.27</b>	<b>16,923</b>	<b>0.98</b>	<b>48,521</b>	<b>1.97</b>
<b>SALES ANALYSIS</b>								
Prescriptions	954,711	71.31	1,136,450	70.53	1,290,674	75.08	1,525,517	62.49
Other Sales	384,021	28.69	474,754	29.47	428,375	24.92	915,642	37.51
<b>INVENTORY ANALYSIS</b>								
Prescription	55,921	4.14	50,558	3.10	53,833	3.11	83,582	3.40
Other	91,009	6.73	76,003	4.66	71,468	4.13	163,412	6.65
<b>STOCK CARRIED (Total)</b>	<b>146,930</b>	<b>10.87</b>	<b>126,561</b>	<b>7.76</b>	<b>125,301</b>	<b>7.24</b>	<b>246,994</b>	<b>10.05</b>
<b>STOCK TURN (On Total Inventory)</b>	<b>6.49</b>		<b>8.05</b>		<b>9.10</b>		<b>7.86</b>	
<b>SALES PER INVENTORY DOLLAR</b>								
Prescription	17.07		22.48		23.98		18.25	
Other	4.22		6.25		5.99		5.60	
<b>STATISTICS</b>								
PHARMACY SIZE (square metres)	106		115		120		148	
PRESCRIPTIONS DISPENSED (Total)	28,681		33,317		38,396		44,486	
PRESCRIPTIONS DISPENSED WEEKLY	552		641		738		856	
TOTAL HOURS OPEN per WEEK	55		55		57		61	
AV HRS WORKED BY PROPRIETORS/WEEK	43		42		50		50	
<b>FUNDS RETAINED IN BUSINESS (3)</b>	<b>55,554</b>	<b>4.11</b>	<b>52,094</b>	<b>3.20</b>	<b>67,313</b>	<b>3.89</b>	<b>83,375</b>	<b>3.39</b>

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

(2) Return on Capital Employed is based on an opportunity interest rate of 6.5% (10 year Treasury Bonds), less interest paid on borrowed funds.

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

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

## Table 19

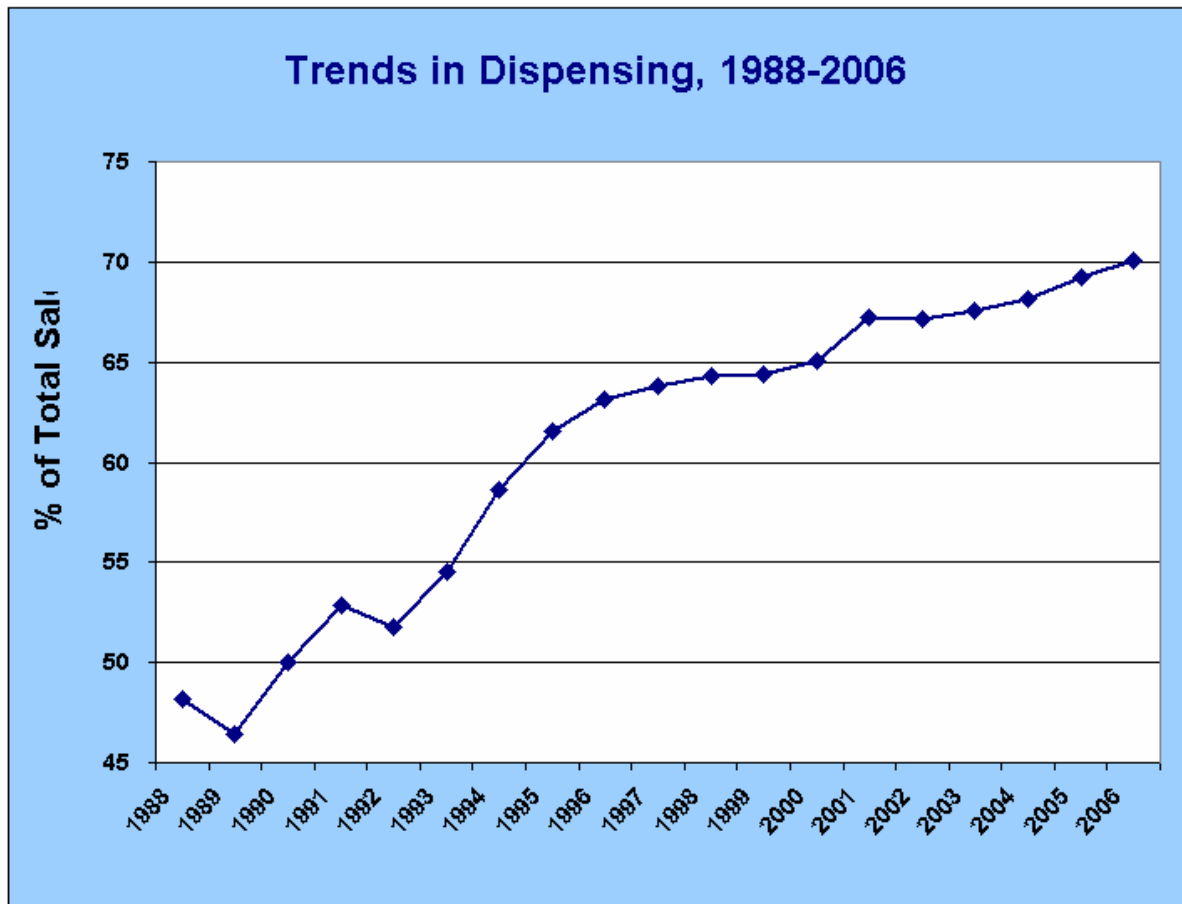
	901 – 1,000		1,000 – 1,100		1,100 – 1,200		OVER 1,200	
SALES, EXPENSES & PROFITABILITY	\$	%	\$	%	\$	%	\$	%
<b>SALES</b>	<b>2,308,839</b>		<b>2,764,223</b>		<b>2,805,860</b>		<b>4,235,172</b>	
<b>COST OF GOODS SOLD</b>	<b>1,594,321</b>	<b>69.05</b>	<b>1,920,702</b>	<b>69.48</b>	<b>1,898,052</b>	<b>67.65</b>	<b>2,898,542</b>	<b>68.44</b>
<b>GROSS MARGIN</b>	<b>714,518</b>	<b>30.95</b>	<b>843,521</b>	<b>30.52</b>	<b>907,808</b>	<b>32.35</b>	<b>1,336,630</b>	<b>31.56</b>
Commissions Received	20,922		29,865		24,664		44,413	
<b>GROSS MARGIN PLUS COMMISSIONS</b>	<b>735,440</b>		<b>873,386</b>		<b>932,472</b>		<b>1,381,043</b>	
<b>TOTAL REVENUE</b>	<b>2,329,760</b>	<b>100.00</b>	<b>2,794,088</b>	<b>100.00</b>	<b>2,830,524</b>	<b>100.00</b>	<b>4,279,584</b>	<b>100.00</b>
<b>EXPENSES</b>								
Salaries and Wages	256,878	11.03	290,100	10.38	328,935	11.62	487,964	11.40
Rent Paid	70,196	3.01	85,345	3.05	75,120	2.65	123,740	2.89
Outgoings - Rental & Rates	2,461	0.11	4,790	0.17	2,274	0.08	4,932	0.12
Accounting	8,632	0.37	8,929	0.32	11,568	0.41	12,700	0.30
Advertising	14,065	0.60	27,047	0.97	23,957	0.85	35,332	0.83
Bank Charges	5,604	0.24	9,809	0.35	8,938	0.32	11,151	0.26
Computer Expenses	5,724	0.25	5,137	0.18	8,864	0.31	9,135	0.21
Depreciation	11,428	0.49	18,944	0.68	19,283	0.68	24,501	0.57
Electricity, Water, Heating	5,712	0.25	5,803	0.21	6,800	0.24	9,970	0.23
Insurance	8,928	0.38	8,489	0.30	9,519	0.34	14,093	0.33
Interest Paid	33,394	1.43	45,696	1.64	31,412	1.11	47,633	1.11
Leasing Expenses	4,146	0.18	6,576	0.24	5,889	0.21	12,304	0.29
Motor Vehicle Expenses	5,486	0.24	8,340	0.30	6,201	0.22	5,803	0.14
Postage, Freight, Printing	8,355	0.36	9,193	0.33	12,477	0.44	13,678	0.32
Repairs, Maintenance, Service	2,928	0.13	3,242	0.12	4,709	0.17	6,926	0.16
Subs and Registrations	7,407	0.32	7,300	0.26	9,936	0.35	12,459	0.29
Superannuation	24,070	1.03	24,180	0.87	28,468	1.01	46,488	1.09
Telephone	5,538	0.24	6,218	0.22	7,058	0.25	8,716	0.20
Training	2,381	0.10	3,220	0.12	4,133	0.15	4,410	0.10
Abnormal Expenses	3,415	0.15	911	0.03	7,585	0.27	10,955	0.26
Payroll Tax	692	0.03	703	0.03	1,933	0.07	5,303	0.12
Workers' Compensation	2,941	0.13	4,138	0.15	3,530	0.12	6,530	0.15
Other Expenses	21,773	0.93	30,262	1.08	20,547	0.73	41,159	0.96
<b>TOTAL EXPENSES</b>	<b>512,154</b>	<b>21.98</b>	<b>614,372</b>	<b>21.99</b>	<b>639,137</b>	<b>22.58</b>	<b>955,884</b>	<b>22.34</b>
<b>TOTAL INCOME</b>	<b>223,286</b>	<b>9.58</b>	<b>259,014</b>	<b>9.27</b>	<b>293,335</b>	<b>10.36</b>	<b>425,159</b>	<b>9.93</b>
Less Proprietors' Salary (1) [ Full-Time-Equivalents ]	153,770	6.60	163,472	5.85	170,883	6.04	174,334	4.07
	1.28		1.32		1.33		1.40	
Less Return on Capital (2)	3,985	0.17	0	0.00	5,438	0.19	17,214	0.40
<b>NET PROFIT/LOSS</b>	<b>65,531</b>	<b>2.81</b>	<b>95,542</b>	<b>3.91</b>	<b>117,014</b>	<b>4.13</b>	<b>233,611</b>	<b>5.46</b>
<b>SALES ANALYSIS</b>								
Prescriptions	1,721,038	74.54	1,916,934	69.35	2,031,639	72.41	3,016,921	71.23
Other Sales	587,801	25.46	847,289	30.65	774,221	27.59	1,218,251	28.77
<b>INVENTORY ANALYSIS</b>								
Prescription	70,649	3.03	60,678	2.17	82,353	2.91	111,488	2.61
Other	148,935	6.39	145,513	5.21	160,896	5.68	203,601	4.76
<b>STOCK CARRIED (Total)</b>	<b>219,584</b>	<b>9.43</b>	<b>206,191</b>	<b>7.38</b>	<b>243,249</b>	<b>8.59</b>	<b>315,089</b>	<b>7.36</b>
<b>STOCK TURN (On Total Inventory)</b>	<b>7.59</b>		<b>9.50</b>		<b>8.06</b>		<b>9.44</b>	
<b>SALES PER INVENTORY DOLLAR</b>								
Prescription	24.36		31.59		24.67		27.06	
Other	3.95		5.82		4.81		5.98	
<b>STATISTICS</b>								
PHARMACY SIZE (square metres)	187		151		179		224	
PRESCRIPTIONS DISPENSED (Total)	49,378		54,808		60,000		87,134	
PRESCRIPTIONS DISPENSED WEEKLY	950		1,054		1,154		1,676	
TOTAL HOURS OPEN per WEEK	61		64		61		69	
AV HRS WORKED BY PROPRIETORS/WEEK	49		50		51		53	
<b>FUNDS RETAINED IN BUSINESS (3)</b>	<b>98,525</b>	<b>4.23</b>	<b>80,196</b>	<b>2.87</b>	<b>107,978</b>	<b>3.81</b>	<b>186,426</b>	<b>4.36</b>

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

(2) Return on Capital Employed is based on an opportunity interest rate of 6.5% (10 year Treasury Bonds), less interest paid on borrowed funds.

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

**Chart 5**



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

## Table 20

	Less Than 50%		50 - 60%		60 - 70%		70 - 80%		80% or More	
<b>SALES, EXPENSES &amp; PROFITABILITY</b>	\$	%	\$	%	\$	%	\$	%	\$	%
<b>SALES</b>	<b>2,656,052</b>		<b>2,764,046</b>		<b>2,850,787</b>		<b>2,466,768</b>		<b>1,860,497</b>	
<b>COST OF GOODS SOLD</b>	<b>1,795,450</b>	<b>67.60</b>	<b>1,890,809</b>	<b>68.41</b>	<b>1,927,988</b>	<b>67.63</b>	<b>1,696,030</b>	<b>68.76</b>	<b>1,286,880</b>	<b>69.17</b>
<b>GROSS MARGIN</b>	<b>860,602</b>	<b>32.40</b>	<b>873,237</b>	<b>31.59</b>	<b>922,799</b>	<b>32.37</b>	<b>770,738</b>	<b>31.24</b>	<b>573,617</b>	<b>30.83</b>
Commissions Received	52,842		63,251		21,707		19,968		10,381	
<b>GROSS MARGIN PLUS COMMISSIONS</b>	<b>913,444</b>		<b>936,488</b>		<b>944,506</b>		<b>790,706</b>		<b>583,998</b>	
<b>TOTAL REVENUE</b>	<b>2,708,894</b>	<b>100.00</b>	<b>2,827,297</b>	<b>100.00</b>	<b>2,872,494</b>	<b>100.00</b>	<b>2,486,736</b>	<b>100.0</b>	<b>1,870,878</b>	<b>100.00</b>
<b>EXPENSES</b>										
Salaries and Wages	311,938	11.52	326,705	11.56	324,862	11.31	265,335	10.67	188,503	10.08
Rent Paid	183,604	6.78	117,674	4.16	100,358	3.49	60,751	2.44	37,657	2.01
Outgoings - Rental & Rates	8,656	0.32	4,850	0.17	3,852	0.13	2,146	0.09	2,754	0.15
Accounting	11,530	0.43	10,631	0.38	9,739	0.34	8,783	0.35	6,416	0.34
Advertising	27,731	1.02	24,469	0.87	24,785	0.86	18,118	0.73	8,979	0.48
Bank Charges	9,890	0.37	9,627	0.34	7,986	0.28	6,794	0.27	5,405	0.29
Computer Expenses	4,779	0.18	6,802	0.24	6,905	0.24	7,193	0.29	5,671	0.30
Depreciation	26,845	0.99	21,591	0.76	20,257	0.71	12,739	0.51	9,752	0.52
Electricity, Water, Heating	8,759	0.32	7,740	0.27	7,906	0.28	5,444	0.22	3,459	0.18
Insurance	9,415	0.35	11,064	0.39	9,914	0.35	9,326	0.38	8,649	0.46
Interest Paid	31,020	1.15	48,127	1.70	31,956	1.11	31,233	1.26	27,312	1.46
Leasing Expenses	2,157	0.08	4,164	0.15	10,849	0.38	6,402	0.26	1,982	0.11
Motor Vehicle Expenses	6,463	0.24	2,846	0.10	3,785	0.13	5,673	0.23	5,821	0.31
Postage, Freight, Printing	9,426	0.35	8,619	0.30	9,913	0.35	9,061	0.36	5,800	0.31
Repairs, Maintenance, Service	5,067	0.19	4,015	0.14	4,633	0.16	4,346	0.17	3,498	0.34
Subs and Registrations	6,401	0.24	6,751	0.24	9,009	0.31	9,081	0.37	6,741	0.36
Superannuation	31,092	1.15	31,357	1.11	27,787	0.97	23,880	0.96	17,705	0.95
Telephone	6,883	0.25	6,382	0.23	6,668	0.23	5,797	0.23	4,152	0.22
Training	3,068	0.11	2,681	0.09	3,775	0.13	2,670	0.11	1,422	0.08
Abnormal Expenses	3,046	0.11	6,531	0.23	6,078	0.21	7,606	0.31	2,861	0.15
Payroll Tax	3,906	0.14	1,806	0.06	2,612	0.09	1,517	0.06	733	0.04
Workers' Compensation	4,270	0.16	4,304	0.15	3,342	0.12	3,628	0.15	2,742	0.15
Other Expenses	32,690	1.21	43,433	1.54	31,340	1.09	21,225	0.85	15,029	0.80
<b>TOTAL EXPENSES</b>	<b>748,637</b>	<b>27.64</b>	<b>712,169</b>	<b>25.19</b>	<b>668,311</b>	<b>23.27</b>	<b>528,749</b>	<b>21.26</b>	<b>373,043</b>	<b>19.94</b>
<b>TOTAL INCOME</b>	<b>164,807</b>	<b>6.08</b>	<b>224,319</b>	<b>7.93</b>	<b>276,195</b>	<b>9.62</b>	<b>261,957</b>	<b>10.53</b>	<b>210,955</b>	<b>11.28</b>
Less Proprietors' Salary (1) [ Full-Time-Equivalents ]	171,389 1.34	6.33	165,525 1.30	5.85	153,425 1.23	5.34	162,851 1.30	6.55	147,715 1.20	7.90
Less Return on Capital (2)	0	0.00	0	0.00	13,781	0.48	6,775	0.27	0	0.00
<b>NET PROFIT/LOSS</b>	<b>-6,582</b>	<b>-0.24</b>	<b>58,794</b>	<b>2.48</b>	<b>108,989</b>	<b>3.79</b>	<b>92,331</b>	<b>3.71</b>	<b>63,240</b>	<b>3.40</b>
<b>SALES ANALYSIS</b>										
Prescriptions	1,025,891	38.62	1,585,539	57.36	1,878,875	65.91	1,867,491	75.71	1,600,797	86.04
Other Sales	1,630,161	61.38	1,178,507	42.64	971,912	34.09	599,277	24.29	259,699	13.96
<b>INVENTORY ANALYSIS</b>										
Prescription	68,829	2.54	71,231	2.52	84,468	2.94	78,028	3.14	60,859	3.25
Other	239,390	8.84	202,375	7.16	175,738	6.12	116,161	4.67	55,885	2.99
<b>STOCK CARRIED (Total)</b>	<b>308,219</b>	<b>11.38</b>	<b>273,606</b>	<b>9.68</b>	<b>260,206</b>	<b>9.06</b>	<b>194,189</b>	<b>7.81</b>	<b>116,744</b>	<b>6.24</b>
<b>STOCK TURN (On Total Inventory)</b>	<b>6.16</b>		<b>7.45</b>		<b>7.72</b>		<b>9.06</b>		<b>10.44</b>	
<b>SALES PER INVENTORY DOLLAR</b>										
Prescription	14.90		22.26		22.24		23.93		26.30	
Other	6.81		5.82		5.53		5.16		4.65	
<b>STATISTICS</b>										
PHARMACY SIZE (square metres)	162		164		200		153		111	
PRESCRIPTIONS DISPENSED (Total)	32,072		47,275		54,923		54,411		44,750	
PRESCRIPTIONS DISPENSED WEEKLY	617		909		1,056		1,046		861	
TOTAL HOURS OPEN per WEEK	64		66		66		58		54	
AV HRS WORKED BY PROPRIETORS/WEEK	51		50		47		49		46	
<b>FUNDS RETAINED IN BUSINESS (3)</b>	<b>82,585</b>	<b>3.05</b>	<b>89,566</b>	<b>3.17</b>	<b>127,511</b>	<b>4.44</b>	<b>77,153</b>	<b>3.10</b>	<b>69,765</b>	<b>3.73</b>

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

(2) Return on Capital Employed is based on an opportunity interest rate of 6.5% (10 year Treasury Bonds), less interest paid on borrowed funds.

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

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

## Table 21

	Less Than 50		50 - 70		70 - 84		84 or More	
<b>SALES, EXPENSES &amp; PROFITABILITY</b>	\$	%	\$	%	\$	%	\$	%
<b>SALES</b>	<b>1,505,628</b>		<b>2,346,742</b>		<b>3,580,959</b>		<b>3,874,560</b>	
<b>COST OF GOODS SOLD</b>	<b>1,026,834</b>	<b>68.20</b>	<b>1,610,411</b>	<b>68.62</b>	<b>2,449,612</b>	<b>68.41</b>	<b>2,620,786</b>	<b>67.64</b>
<b>GROSS MARGIN</b>	<b>478,794</b>	<b>31.80</b>	<b>736,331</b>	<b>31.38</b>	<b>1,131,347</b>	<b>31.59</b>	<b>1,253,774</b>	<b>32.36</b>
Commissions Received	16,318		22,817		27,935		73,905	
<b>GROSS MARGIN PLUS COMMISSIONS</b>	<b>495,112</b>		<b>759,148</b>		<b>1,159,282</b>		<b>1,327,679</b>	
<b>TOTAL REVENUE</b>	<b>1,521,945</b>	<b>100.00</b>	<b>2,369,559</b>	<b>100.00</b>	<b>3,608,894</b>	<b>100.00</b>	<b>3,948,466</b>	<b>100.00</b>
<b>EXPENSES</b>								
Salaries and Wages	151,854	9.98	249,135	10.51	429,504	11.90	452,510	11.46
Rent Paid	29,035	1.91	77,895	3.29	134,375	3.72	107,678	2.73
Outgoings - Rental & Rates	1,381	0.09	2,564	0.11	7,638	0.21	6,028	0.15
Accounting	5,481	0.36	7,886	0.33	14,981	0.42	11,584	0.29
Advertising	7,987	0.52	15,567	0.66	39,656	1.10	24,689	0.63
Bank Charges	4,332	0.28	7,063	0.30	11,051	0.31	8,720	0.22
Computer Expenses	5,966	0.39	6,637	0.28	6,180	0.17	9,988	0.25
Depreciation	8,342	0.55	14,017	0.59	26,084	0.72	26,496	0.67
Electricity, Water, Heating	3,634	0.24	5,222	0.22	9,741	0.27	10,732	0.27
Insurance	6,741	0.44	9,718	0.41	11,148	0.31	14,143	0.36
Interest Paid	16,132	1.06	32,153	1.36	52,340	1.45	36,200	0.92
Leasing Expenses	2,403	0.16	5,970	0.25	8,345	0.23	9,911	0.25
Motor Vehicle Expenses	3,973	0.26	5,648	0.24	5,136	0.14	4,551	0.12
Postage, Freight, Printing	5,552	0.36	7,960	0.34	13,073	0.36	10,261	0.26
Repairs, Maintenance, Service	3,053	0.20	4,260	0.18	5,268	0.15	5,630	0.14
Subs and Registrations	5,305	0.35	8,445	0.36	9,449	0.26	12,803	0.32
Superannuation	13,051	0.86	22,243	0.94	41,899	1.16	39,427	1.00
Telephone	3,817	0.25	5,505	0.23	8,162	0.23	8,210	0.21
Training	2,037	0.13	1,967	0.08	4,921	0.14	3,885	0.10
Abnormal Expenses	6,067	0.40	5,105	0.22	3,281	0.09	19,188	0.49
Payroll Tax	0	0.00	1,342	0.06	4,301	0.12	5,264	0.13
Workers' Compensation	1,962	0.13	3,337	0.14	5,598	0.16	4,375	0.11
Other Expenses	13,566	0.89	24,732	1.04	35,945	1.00	41,408	1.05
<b>TOTAL EXPENSES</b>	<b>301,674</b>	<b>19.82</b>	<b>524,374</b>	<b>22.13</b>	<b>888,076</b>	<b>24.61</b>	<b>873,681</b>	<b>22.13</b>
<b>TOTAL INCOME</b>	<b>193,438</b>	<b>12.71</b>	<b>234,774</b>	<b>9.91</b>	<b>271,206</b>	<b>7.51</b>	<b>453,998</b>	<b>11.50</b>
Less Proprietors' Salary (1) [ Full-Time-Equivalents ]	124,510	8.18	164,214	6.93	192,081	5.32	134,030	3.39
	1.05		1.30		1.51		1.10	
Less Return on Capital (2)	13,273	0.87	1,226	0.05	0	0.00	30,080	0.76
<b>NET PROFIT/LOSS</b>	<b>55,655</b>	<b>3.66</b>	<b>69,334</b>	<b>2.93</b>	<b>79,125</b>	<b>2.26</b>	<b>289,888</b>	<b>7.34</b>
<b>SALES ANALYSIS</b>								
Prescriptions	1,140,458	75.75	1,694,555	72.21	2,297,184	64.15	2,671,139	68.94
Other Sales	365,169	24.25	652,187	27.79	1,283,775	35.85	1,203,422	31.06
<b>INVENTORY ANALYSIS</b>								
Prescription	56,060	3.68	67,148	2.83	88,798	2.46	128,661	3.26
Other	84,816	5.57	121,629	5.13	202,283	5.61	166,373	4.21
<b>STOCK CARRIED (Total)</b>	<b>140,876</b>	<b>9.26</b>	<b>188,777</b>	<b>7.97</b>	<b>291,081</b>	<b>8.07</b>	<b>295,034</b>	<b>7.47</b>
<b>STOCK TURN (On Total Inventory)</b>	<b>7.44</b>		<b>8.57</b>		<b>8.59</b>		<b>9.03</b>	
<b>SALES PER INVENTORY DOLLAR</b>								
Prescription	20.34		25.24		25.87		20.76	
Other	4.31		5.36		6.35		7.23	
<b>STATISTICS</b>								
PHARMACY SIZE (square metres)	129		149		192		231	
PRESCRIPTIONS DISPENSED (Total)	33,571		49,456		65,891		75,850	
PRESCRIPTIONS DISPENSED WEEKLY	646		951		1,267		1,459	
TOTAL HOURS OPEN per WEEK	47		57		77		89	
AV HRS WORKED BY PROPRIETORS/WEEK	40		49		57		42	
<b>FUNDS RETAINED IN BUSINESS (3)</b>	<b>53,134</b>	<b>3.49</b>	<b>76,039</b>	<b>3.21</b>	<b>141,822</b>	<b>3.93</b>	<b>160,280</b>	<b>4.06</b>

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

(2) Return on Capital Employed is based on an opportunity interest rate of 6.5% (10 year Treasury Bonds), less interest paid on borrowed funds.

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

AUSTRALIAN PHARMACIES – BALANCE SHEET 2005-06

**Table 22**

	30 June 2005 (415 Pharmacies)		30 June 2006 (364 Pharmacies)		Amount and % of Change	
	\$	%	\$	%	\$	%
<b>Assets</b>	545,854	23.24	549,750	22.74	3,896	0.71
<b>Liabilities</b>	713,656	30.39	600,062	24.82	-113,594	-15.92
<b>Net Worth</b>	-167,802	-7.14	-50,312	-2.08	117,490	70.02
<b>Total Revenue</b>	2,348,591	100.00	2,417,751	100.00	69,160	2.94
<b>Trading Profit</b>	217,353	9.25	232,956	9.64	15,603	7.18

**AUSTRALIAN PHARMACIES – BALANCE SHEET 2005-06  
BY TURNOVER GROUP**

**Table 23**

	<b>Under \$500,000</b>		<b>\$500,000 - \$1.0M</b>		<b>\$1.0M - \$1.5M</b>		<b>\$1.5M - \$2.0M</b>	
	<b>\$</b>	<b>%</b>	<b>\$</b>	<b>%</b>	<b>\$</b>	<b>%</b>	<b>\$</b>	<b>%</b>
<b>Assets</b>			269,909	31.3	282,518	22.5	430,463	24.5
<b>Liabilities</b>	INSUFFICIENT		197,471	22.9	372,062	29.6	508,039	28.9
<b>Net Worth</b>			72,437	8.4	-89,544	-7.1	-77,576	-4.4
<b>Total Revenue</b>	SAMPLE TO PUBLISH		863,248	100.0	1,258,029	100.0	1,758,397	100.0
<b>Trading Profit</b>			87,551	10.1	141,350	11.2	216,493	12.3

	<b>\$2.0M - \$2.5M</b>		<b>\$2.5M - \$3.0M</b>		<b>\$3.0M - \$3.5M</b>		<b>OVER \$3.5M</b>	
	<b>\$</b>	<b>%</b>	<b>\$</b>	<b>%</b>	<b>\$</b>	<b>%</b>	<b>\$</b>	<b>%</b>
<b>Assets</b>	660,309	29.2	524,570	19.2	686,840	21.3	1,146,548	24.4
<b>Liabilities</b>	727,939	32.2	625,879	23.0	945,648	29.3	1,102,746	23.5
<b>Net Worth</b>	-67,630	-3.0	-101,309	-3.7	-258,808	-8.0	43,802	0.9
<b>Total Revenue</b>	2,260,690	100.0	2,725,794	100.0	3,225,068	100.0	4,702,120	100.0
<b>Trading Profit</b>	242,687	10.7	334,035	12.3	328,240	10.2	484,800	10.3

TABLE 24

## BENEFIT PRESCRIPTION STATISTICS, STATES AND TERRITORIES - 2005/2006

Benefit prescriptions	NSW	VIC	QLD	SA	WA	TAS	NT	ACT	AUSTRALIA
	(\$'000)								
<b>COMMONWEALTH GOVERNMENT</b>									
<b>PAYMENTS ON BENEFIT PRESCRIPTIONS</b>									
General	285,116	210,534	164,143	66,037	83,048	17,604	5,363	18,250	850,095
Concessional	1,151,465	854,556	626,460	295,740	289,183	93,735	11,999	38,591	3,361,729
Safety Net (a)	424,598	290,386	218,473	99,191	92,361	34,589	2,181	10,722	1,172,501
TOTAL (b)	1,861,179	1,355,476	1,009,076	460,968	464,592	145,928	19,543	67,563	5,384,325
<b>PATIENT CONTRIBUTION ON BENEFIT PRESCRIPTIONS</b>									
General	203,549	151,632	115,797	45,016	60,071	13,532	4,101	13,201	588,649
Concessional	175,591	131,976	96,400	45,144	44,953	15,170	1,778	5,356	534,618
TOTAL (b)	379,140	283,608	212,197	90,160	105,024	28,702	5,879	18,557	1,123,267
<b>TOTAL BENEFIT PRESCRIPTION COST</b>									
	2,240,319	1,639,084	1,221,273	551,128	569,616	174,630	25,422	86,120	6,507,592
<b>DISSECTION OF COSTS (c)</b>									
Cost of Ingredients and containers	1,790,929	1,307,105	976,503	439,809	456,030	137,012	20,841	71,210	5,199,441
Suppliers' remuneration	449,390	331,979	244,770	111,319	113,586	37,618	4,581	14,910	1,308,151
Total	2,240,319	1,639,084	1,221,273	551,128	569,616	174,630	25,422	86,120	6,507,592
<b>BENEFIT PRESCRIPTIONS ('000)</b>									
General	7,016	5,226	3,991	1,551	2,071	466	141	455	20,917
Concessional	37,767	28,383	20,735	9,709	9,673	3,261	383	1,153	111,064
Safety Net (a)	12,905	9,007	6,695	3,030	2,837	1,102	64	306	35,946
Total (b)	57,688	42,616	31,421	14,290	14,581	4,829	588	1,914	167,927
<b>AVERAGE TOTAL COST PER PRESCRIPTION</b>									
General	69.65	69.30	70.14	71.60	69.11	66.82	67.12	69.12	68.78
Concessional	35.14	34.76	34.86	35.11	34.54	33.40	35.97	38.12	35.08
Safety Net (a)	32.90	32.24	32.63	32.74	32.56	31.39	34.08	35.04	32.62
Total	38.84	38.46	38.87	38.57	39.07	36.16	43.23	44.99	38.75

(a) Safety Net figures include payments made for PBS prescriptions dispensed for holders of Pharmaceutical Benefits Entitlement Cards (Safety Net Cards).

(b) As per Department of Health and Ageing statistics on payments to approved persons.

(c) Estimate only. Actual dissection of costs by State was not prepared for 2005/06

Source: Commonwealth Department of Health and Ageing.

TABLE 25

## COST OF PHARMACEUTICAL BENEFITS, 1999-00 TO 2005-06

(\$'000)

Year ending June 30:	2000	2001	2002	2003	2004	2005	2006
<b>COMMONWEALTH GOVERNMENT PAYMENTS ON BENEFIT PRESCRIPTIONS (a)</b>							
General	521,014	662,096	691,204	750,544	824,131	850,691	850,095
Safety Net	107,013	128,174	148,499	169,805	190,683	222,668	216,247
Concessional (b)	2,000,633	2,359,645	2,569,368	2,747,330	2,972,332	3,077,034	3,145,480
Concessional Safety Net	547,829	660,301	778,412	907,524	1,004,523	1,145,497	1,172,502
<b>TOTAL COMMONWEALTH PAYMENTS</b>	<b>3,176,489</b>	<b>3,810,216</b>	<b>4,187,483</b>	<b>4,575,203</b>	<b>4,991,669</b>	<b>5,295,890</b>	<b>5,384,324</b>
<b>PATIENT CONTRIBUTIONS</b>							
General Benefit Prescriptions	345,585	392,430	426,973	470,555	524,763	572,963	606,898
Concessional Benefit Prescriptions	306,182	351,732	379,074	389,188	413,053	467,674	516,372
<b>TOTAL PATIENT CONTRIBUTIONS</b>	<b>651,768</b>	<b>744,162</b>	<b>806,048</b>	<b>859,744</b>	<b>937,816</b>	<b>1,040,637</b>	<b>1,123,270</b>
<b>Total cost of benefit prescriptions (including patients' contributions)</b>	<b>3,828,256</b>	<b>4,554,378</b>	<b>4,993,531</b>	<b>5,434,947</b>	<b>5,929,485</b>	<b>6,336,527</b>	<b>6,507,594</b>
Commonwealth Government payments through miscellaneous services	311,727	347,902	396,387	477,352	570,500	669,100	764,700
Total cost of pharmaceutical benefits	4,139,983	4,902,280	5,389,918	5,912,299	6,499,985	7,005,627	7,272,294
Total Commonwealth Government payments	3,488,216	4,186,000	4,583,870	5,052,555	5,562,169	5,964,990	6,149,024

(a) Sourced from PBS claims processing at Medicare Australia and Department of Health and Ageing

(b) Prescriptions supplied to persons eligible to receive Concessional pharmaceutical benefits.

TABLE 26

## PHARMACEUTICAL BENEFITS YEAR ENDED 30 JUNE 2006

### ANALYSIS OF PAYMENTS MADE TO APPROVED CHEMISTS, DOCTORS AND PRIVATE HOSPITALS FOR PRESCRIPTION BENEFITS (INCLUDING PATIENTS' CONTRIBUTIONS)

State	Ingredient and container cost	Suppliers' Remuneration	Total Cost
	(\$'000)	(\$'000)	(\$'000)
NSW	1,790,929	449,390	2,240,319
VIC	1,307,105	331,979	1,639,084
QLD	976,503	244,770	1,221,273
SA	439,809	111,319	551,128
WA	456,030	113,586	569,616
TAS	137,012	37,618	174,630
NT	20,841	4,581	25,422
ACT	71,210	14,910	86,120
<b>TOTAL</b>	<b>5,199,441</b>	<b>1,308,151</b>	<b>6,507,592</b>

- NOTE: (1) Estimated dissection between ingredient costs and remuneration by State.  
 (2) Includes mark-up on wholesale price and professional fees but does not include discounts allowed to pharmacists by wholesalers and manufacturers.  
 (3) All figures relate only to prescriptions which have been subsidised by the Government through the Pharmaceutical Benefits Scheme. Non PBS prescriptions are not included.

TABLE 27

## REPATRIATION PHARMACEUTICAL BENEFITS

Year	Cost \$	Number of prescriptions	Average cost per prescription \$	% Change
1971/72	19,046,307	6,629,477	2.87	
1972/73	20,016,887	6,518,103	3.07	6.89%
1973/74	21,121,909	6,357,947	3.32	8.18%
1974/75	22,761,634	6,538,902	3.48	4.78%
1975/76	29,991,915	7,089,899	4.23	21.52%
1976/77	31,253,962	7,786,899	4.01	-5.12%
1977/78	33,427,821	7,662,328	4.36	8.69%
1978/79	35,553,066	7,484,528	4.75	8.88%
1979/80	38,984,952	8,116,373	4.80	1.12%
1980/81	44,921,391	8,997,730	4.99	3.94%
1981/82	54,851,219	9,661,876	5.68	13.71%
1982/83	61,029,969	9,816,044	6.22	9.52%
1983/84	66,087,396	10,585,324	6.24	0.42%
1984/85	77,089,793	11,248,654	6.85	9.77%
1985/86	86,507,716	11,515,486	7.51	9.62%
1986/87	94,829,444	11,153,714	8.50	13.18%
1987/88	85,725,923	9,008,826	9.52	11.92%
1988/89	80,879,482	7,914,298	10.22	7.39%
1989/90	83,684,977	7,593,329	11.02	7.84%
1990/91	86,043,778	7,224,499	11.91	8.07%
1991/92	92,947,647	6,654,306	13.97	17.28%
1992/93	92,202,894	5,876,127	15.69	12.34%
1993/94	98,671,107	5,686,939	17.35	10.58%
1994/95	104,193,758	5,449,513	19.12	10.20%
1995/96	122,888,989	6,515,884	18.86	-1.36%
1996/97	197,146,559	9,208,882	21.41	13.51%
1997/98	204,715,632	9,928,485	20.62	-3.69%
1998/99	229,869,461	10,690,911	21.50	4.28%
1999/00	272,323,263	12,045,595	22.61	5.15%
2000/01	325,142,363	13,099,032	24.82	9.79%
2001/02	371,279,280	14,243,945	26.07	5.01%
2002/03	425,885,375	15,362,564	27.72	6.36%
2003/04	456,299,564	15,627,475	29.20	5.33%
2004/05	465,740,225	15,734,655	29.60	1.37%
2005/06	455,134,031	15,167,849	30.01	1.37%
2006/07	439,302,269	14,822,828	29.64	-1.23%

SOURCE: Commonwealth Department of Veterans' Affairs.

TABLE 28

**PHARMACEUTICAL BENEFITS**  
**PRESCRIPTIONS AND DERIVED STATISTICS FOR THE YEAR ENDED 30 JUNE 2006**

State	Number of Prescriptions			Average Cost Per Prescription				
	Total	For General Patients	For Concessional Patients	For Safety Net Patients	Total \$	For General Patients \$	For Concessional Patients \$	For Safety Net Patients \$
<b>NSW</b>	57,687,957	7,015,969	37,766,971	12,905,017	38.84	69.65	35.14	32.90
<b>VIC</b>	42,615,961	5,225,613	28,383,298	9,007,050	38.46	69.30	34.76	32.24
<b>QLD</b>	31,420,756	3,991,076	20,734,600	6,695,080	38.87	70.14	34.86	32.63
<b>SA</b>	14,289,672	1,551,236	9,708,569	3,029,867	38.57	71.60	35.11	32.74
<b>WA</b>	14,580,874	2,070,912	9,672,694	2,837,268	39.07	69.11	34.54	32.56
<b>TAS</b>	4,829,384	466,247	3,261,188	1,101,949	36.16	66.82	33.40	31.39
<b>NT</b>	588,293	141,444	383,113	63,736	43.23	67.12	35.97	34.08
<b>ACT</b>	1,913,630	455,026	1,152,881	305,723	44.99	69.12	38.12	35.04
<b>TOTAL</b>	167,926,527	20,917,523	111,063,314	35,945,690	38.75	68.78	35.08	32.62

Note: Concessional figures include Pensioner prescriptions which attract the co-payment.

TABLE 29

**STRUCTURE OF PHARMACISTS' REMUNERATION  
PHARMACEUTICAL BENEFITS SCHEME**

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
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		5.44	10 ~	7.48

\* 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.

TABLE 30

**CHANGES IN THE LEVEL OF PATIENT CONTRIBUTION**

Date of Change	Amount general	Percentage of average cost of a "general" benefit	Amount concessional	Percentage of average cost of a "concessional" benefit
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 %

TABLE 31

## P B S REMUNERATION PER PRESCRIPTION

Year	Average Price per prescription \$	Mark-up* \$	Average professional fee \$	Total remuneration * \$	Remuneration as % of Ave. Price	Annual Volume of prescriptions ( <sup>000</sup> )
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 @	0.66	1.30 1.42 @	1.96 2.08 @	43.27	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	2.48	3.74	42.55	102,762
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	39.33 @@	2.86	5.22	8.08	20.54	168,536

\* Excludes wholesalers' surcharges, discounts and rebates.

\*\* Percentage mark-up changed.

@ Adjusted for retrospective payments.

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

TABLE 32

HIGHEST GOVERNMENT COST PBS DRUGS BY GENERIC NAME  
(Year ended 30 June 2006)

Ranking	Drug Name	Prescriptions	% of Total Scripts	Government Cost (\$)	% of Total Cost
1	ATORVASTATIN CALCIUM	8,498,869	5.06	487,476,160	9.05
2	SIMVASTATIN	5,911,956	3.52	308,467,308	5.73
3	FLUTICASONE PROPIONATE with SALMETEF	2,698,851	1.61	156,244,566	2.90
4	ESOMEPRAZOLE MAGNESIUM TRIHYDRATE	3,413,518	2.03	155,787,449	2.89
5	OLANZAPINE	708,783	0.42	149,601,053	2.78
6	CLOPIDOGREL HYDROGEN SULFATE	1,893,034	1.13	146,814,709	2.73
7	OMEPRAZOLE	3,816,101	2.27	136,062,193	2.53
8	ALENDRONATE SODIUM	2,054,529	1.22	101,505,602	1.89
9	PANTOPRAZOLE SODIUM SESQUIHYDRATE	2,499,328	1.49	94,565,931	1.76
10	PRAVASTATIN SODIUM	1,861,803	1.11	94,553,341	1.76
11	VENLAFAXINE HYDROCHLORIDE	1,940,639	1.16	82,006,292	1.52
12	TIOTROPIUM BROMIDE MONOHYDRATE	1,025,874	0.61	74,100,445	1.38
13	PERINDOPRIL ERBUMINE	2,829,757	1.69	64,490,930	1.20
14	IRBESARTAN	2,798,745	1.67	60,319,601	1.12
15	RISPERIDONE	346,117	0.21	59,497,765	1.11
16	IRBESARTAN with HYDROCHLOROTHIAZIDE	2,810,638	1.67	58,690,806	1.09
17	RAMIPRIL	2,768,437	1.65	53,590,363	1.00
18	RITUXIMAB	28,440	0.02	52,613,723	0.98
19	RABEPRAZOLE SODIUM	1,388,346	0.83	51,568,805	0.96
20	SERTRALINE HYDROCHLORIDE	2,546,213	1.52	49,907,769	0.93
21	VALACICLOVIR HYDROCHLORIDE	279,688	0.17	49,659,613	0.92
22	AMLODIPINE BESYLATE	2,256,942	1.34	48,003,829	0.89
23	GOSERELIN ACETATE	54,397	0.03	45,759,268	0.85
24	QUETIAPINE FUMARATE	206,853	0.12	42,356,058	0.79
25	CARVEDILOL	477,137	0.28	41,641,679	0.77
26	SALBUTAMOL SULFATE	2,755,745	1.64	41,263,088	0.77
27	MELOXICAM	1,829,193	1.09	39,248,187	0.73
28	LATANOPROST	1,394,845	0.83	39,182,300	0.73
29	INTERFERON BETA-1b	33,642	0.02	39,079,525	0.73
30	CELECOXIB	1,698,931	1.01	38,859,491	0.72
31	RISEDRONATE SODIUM	743,495	0.44	37,016,496	0.69
32	PERINDOPRIL ERBUMINE with INDAPAMIDE I	1,703,190	1.01	36,115,384	0.67
33	ETANERCEPT	18,945	0.01	35,804,211	0.66
34	OXYCODONE HYDROCHLORIDE	1,087,412	0.65	35,703,079	0.66
35	INTERFERON BETA-1a	32,573	0.02	34,952,762	0.65
36	BUDESONIDE with EFORMOTEROL FUMARA	610,446	0.36	33,960,771	0.63
37	METFORMIN HYDROCHLORIDE	2,573,836	1.53	32,820,454	0.61
38	MORPHINE SULFATE	690,229	0.41	32,050,040	0.60
39	CITALOPRAM HYDROBROMIDE	1,133,668	0.68	31,832,085	0.59
40	INSULIN NEUTRAL-INSULIN ISOPHANE (N.P.I	155,523	0.09	31,795,929	0.59
41	EZETIMIBE	514,861	0.31	31,529,685	0.59
42	LANSOPRAZOLE	822,730	0.49	30,413,453	0.56
43	INSULIN ISOPHANE (N.P.H.)	158,206	0.09	29,701,642	0.55
44	OXALIPLATIN	17,982	0.01	28,965,149	0.54
45	LEUPRORELIN ACETATE	25,812	0.02	28,653,760	0.53
46	PACLITAXEL	14,619	0.01	28,352,937	0.53
47	FAMCICLOVIR	99,652	0.06	28,318,104	0.53
48	DONEPEZIL HYDROCHLORIDE	173,045	0.10	26,876,540	0.50
49	PAROXETINE HYDROCHLORIDE	1,131,211	0.67	26,454,800	0.49
50	TRAMADOL HYDROCHLORIDE	1,709,929	1.02	25,409,655	0.47
		<b>76,244,715</b>	<b>45.40</b>	<b>3,489,644,785</b>	<b>64.81</b>

TABLE 33

MOST FREQUENTLY PRESCRIBED PBS DRUGS BY GENERIC NAME  
(Year ended 30 June 2006)

Ranking	Drug Name	Prescriptions	% of Total Scripts	Government Cost (\$)	% of Total Cost
1	ATORVASTATIN CALCIUM	8,498,869	5.06	487,476,160	9.05
2	SIMVASTATIN	5,911,956	3.52	308,467,308	5.73
3	OMEPRAZOLE	3,816,101	2.27	136,062,193	2.53
4	PARACETAMOL	3,732,994	2.22	22,847,589	0.42
5	ESOMEPRAZOLE MAGNESIUM TRIHYDRATE	3,413,518	2.03	155,787,449	2.89
6	ATENOLOL	2,998,648	1.79	20,342,542	0.38
7	PERINDOPRIL ERBUMINE	2,829,757	1.69	64,490,930	1.20
8	IRBESARTAN with HYDROCHLOROTHIAZIDE	2,810,638	1.67	58,690,806	1.09
9	IRBESARTAN	2,798,745	1.67	60,319,601	1.12
10	RAMIPRIL	2,768,437	1.65	53,590,363	1.00
11	SALBUTAMOL SULFATE	2,755,745	1.64	41,263,088	0.77
12	FLUTICASONE PROPIONATE with SALMETEF	2,698,851	1.61	156,244,566	2.90
13	METFORMIN HYDROCHLORIDE	2,573,836	1.53	32,820,454	0.61
14	SERTRALINE HYDROCHLORIDE	2,546,213	1.52	49,907,769	0.93
15	PANTOPRAZOLE SODIUM SESQUIHYDRATE	2,499,328	1.49	94,565,931	1.76
16	CODEINE PHOSPHATE with PARACETAMOL	2,421,831	1.44	16,984,127	0.32
17	AMOXYCILLIN	2,343,485	1.40	15,711,406	0.29
18	AMLODIPINE BESYLATE	2,256,942	1.34	48,003,829	0.89
19	ALENDRONATE SODIUM	2,054,529	1.22	101,505,602	1.89
20	CEPHALEXIN	2,022,360	1.20	15,366,559	0.29
21	WARFARIN SODIUM	1,964,684	1.17	9,287,242	0.17
22	TEMAZEPAM	1,953,446	1.16	6,964,865	0.13
23	VENLAFAXINE HYDROCHLORIDE	1,940,639	1.16	82,006,292	1.52
24	CLOPIDOGREL HYDROGEN SULFATE	1,893,034	1.13	146,814,709	2.73
25	PRAVASTATIN SODIUM	1,861,803	1.11	94,553,341	1.76
26	MELOXICAM	1,829,193	1.09	39,248,187	0.73
27	TRAMADOL HYDROCHLORIDE	1,709,929	1.02	25,409,655	0.47
28	PERINDOPRIL ERBUMINE with INDAPAMIDE I	1,703,190	1.01	36,115,384	0.67
29	CELECOXIB	1,698,931	1.01	38,859,491	0.72
30	DIAZEPAM	1,615,417	0.96	5,785,888	0.11
31	AMOXYCILLIN with CLAVULANIC ACID	1,420,440	0.85	18,112,742	0.34
32	LATANOPROST	1,394,845	0.83	39,182,300	0.73
33	RABEPRAZOLE SODIUM	1,388,346	0.83	51,568,805	0.96
34	FELODIPINE	1,235,427	0.74	24,005,751	0.45
35	ASPIRIN	1,202,399	0.72	4,064,383	0.08
36	FRUSEMIDE	1,180,178	0.70	6,158,924	0.11
37	DILTIAZEM HYDROCHLORIDE	1,172,293	0.70	25,235,956	0.47
38	GLICLAZIDE	1,140,503	0.68	13,914,074	0.26
39	CANDESARTAN CILEXETIL	1,137,079	0.68	23,319,372	0.43
40	CITALOPRAM HYDROBROMIDE	1,133,668	0.68	31,832,085	0.59
41	PAROXETINE HYDROCHLORIDE	1,131,211	0.67	26,454,800	0.49
42	RANITIDINE HYDROCHLORIDE	1,128,215	0.67	21,161,373	0.39
43	OXAZEPAM	1,104,742	0.66	3,361,733	0.06
44	ROXITHROMYCIN	1,090,220	0.65	9,533,861	0.18
45	OXYCODONE HYDROCHLORIDE	1,087,412	0.65	35,703,079	0.66
46	METOPROLOL TARTRATE	1,083,455	0.65	8,375,306	0.16
47	TIOTROPIUM BROMIDE MONOHYDRATE	1,025,874	0.61	74,100,445	1.38
48	LERCANIDIPINE HYDROCHLORIDE	978,108	0.58	23,801,008	0.44
49	ISOSORBIDE MONONITRATE	941,780	0.56	12,954,656	0.24
50	VERAPAMIL HYDROCHLORIDE	936,474	0.56	12,740,562	0.24
		<b>104,835,718</b>	<b>62.43</b>	<b>2,891,074,541</b>	<b>53.69</b>

TABLE 34

## 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

TABLE 35

## TRENDS IN POPULATION TO PHARMACY RATIOS

30 JUNE 2006				30 JUNE 2007			
STATE OR TERRITORY	POPULATION ('000)	NUMBER OF PHARMACIES	POPULATION/ PHARMACY	POPULATION ('000)	NUMBER OF PHARMACIES	POPULATION/ PHARMACY	% Change in Population to Pharmacy Ratios
<b>NSW</b>	6,817.1	1,705	3,998	6,875.7	1,708	4,026	0.7
<b>VIC</b>	5,078.5	1,166	4,355	5,188.1	1,170	4,434	1.8
<b>QLD</b>	4,035.7	963	4,191	4,162.0	987	4,217	0.6
<b>SA</b>	1,552.3	399	3,890	1,581.4	400	3,954	1.6
<b>WA</b>	2,042.8	502	4,069	2,094.5	509	4,115	1.1
<b>TAS</b>	488.7	131	3,731	492.7	133	3,705	-0.7
<b>NT</b>	205.9	27	7,626	213.8	26	8,223	7.8
<b>ACT</b>	328.1	58	5,657	338.2	59	5,732	1.3
<b>AUSTRALIA</b>	20,551.9	4,951	4,151	20,948.9	4,992	4,196	1.1

TABLE 36

PHARMACIES DISPENSING PHARMACEUTICAL BENEFITS  
STATES AND TERRITORIES 1992 TO 2007

(Number at 30 June)

STATE OR TERRITORY	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
<b>NSW</b>	1,795	1,759	1,745	1,736	1,731	1,729	1,727	1,724	1,723	1,722	1,727	1,709	1,699	1,702	1,705	1,708
<b>VIC</b>	1,261	1,245	1,225	1,213	1,200	1,190	1,181	1,169	1,159	1,161	1,159	1,160	1,160	1,165	1,166	1,170
<b>QLD</b>	946	936	935	931	942	952	959	959	954	951	948	944	953	952	963	987
<b>SA</b>	399	392	390	386	386	385	383	386	386	387	385	386	389	391	399	400
<b>WA</b>	460	458	456	457	467	470	474	477	478	479	480	484	489	492	502	509
<b>TAS</b>	145	144	144	142	143	144	143	140	140	140	140	139	135	134	131	133
<b>NT</b>	25	25	26	26	26	27	27	28	28	28	30	28	28	27	27	26
<b>ACT</b>	60	59	59	58	58	57	58	59	57	57	57	57	57	58	58	59
<b>AUSTRALIA</b>	5,091	5,018	4,980	4,949	4,953	4,954	4,952	4,942	4,925	4,925	4,926	4,907	4,910	4,921	4,951	4,992

Source: Medicare Australia

TABLE 37

## PRICING AND EARNING INDICES

YEAR	CONSUMER PRICE INDEX (a)				AVERAGE (b) WEEKLY EARNINGS	
	ALL GROUPS		PHARMACEUTICALS		\$ AMOUNT	% CHANGE
	INDEX	% CHANGE	INDEX	% CHANGE		
1980-81	100.0		100.0		281.40	
JUNE 82	114.5	14.5	116.7	16.7	316.00	12.3
JUNE 83	127.3	11.2	137.3	17.7	347.30	9.9
JUNE 84	132.3	3.9	146.6	6.7	383.80	10.5
JUNE 85	141.1	6.7	154.0	5.1	397.20	3.5
JUNE 86	153.0	8.4	177.0	14.9	425.50	7.1
JUNE 87	167.2	9.3	202.4	14.4	450.90	6.0
JUNE 88	179.0	7.1	221.4	9.4	481.70	6.8
JUNE 89	192.6	7.6	233.5	5.4	519.10	7.8
JUNE 90	207.4	7.7	246.4	5.6	555.80	7.1
JUNE 91	214.4	3.4	261.0	5.9	569.90	2.5
JUNE 92	217.0	1.2	267.7	2.6	597.40	4.8
JUNE 93	221.1	1.9	274.2	2.4	612.50	2.5
JUNE 94	224.9	1.7	279.8	2.0	625.10	2.1
JUNE 95	235.0	4.5	287.9	2.9	652.70	4.4
JUNE 96	242.3	3.1	297.2	3.2	671.50	2.9
JUNE 97	243.1	0.3	311.5	4.8	687.10	2.3
JUNE 98	244.7	0.7	313.8	0.7	714.50	4.0
JUNE 99	247.3	1.1	311.8	-0.7	735.10	2.6
JUNE 00	255.3	3.2	314.5	0.9	760.00	3.4
JUNE 01	270.6	6.0	327.7	4.2	789.40	3.9
JUNE 02	278.3	2.8	331.2	1.1	826.10	4.6
JUNE 03	285.8	2.7	341.1	3.0	872.10	5.6
JUNE 04	292.8	2.5	349.2	2.4	891.20	2.2
JUNE 05	300.1	2.5	367.1	5.1	942.70	5.8
JUNE 06	312.0	4.0	378.9	3.2	985.10	4.5
JUNE 07	318.5	2.1	384.4	1.5	1038.40	5.4

(a) Weighted average of eight capital cities. (1980-81 = 100.0)

(b) All Males.

# Chart 6

