



The Pharmacy  
Guild of Australia

# Guild Digest 2019

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

FINANCIAL YEAR 2017-18





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Supported by



## INTRODUCTION TO GUILD DIGEST

**This year marks the 47th edition of the *Guild Digest*. The 2019 Digest presents a snapshot of pharmacy operations in Australia for the financial year 2017-18. Community pharmacy plays a pivotal role in providing primary healthcare and delivers a wide range of services, including dispensing prescriptions; distributing pharmacy medicines, pharmacist-only medicines and over-the-counter products; medication management; advice on minor ailments, and preventive care services.**

The analyses contained in the *2019 Digest* are based largely on a sample of 341 community pharmacies.

### COMMUNITY PHARMACY INDUSTRY SNAPSHOT 2017-2018

The Australian community pharmacy industry is an \$18.7 billion health sector which comprises around 5,723 community pharmacies as of June 2018. It directly employs around 85,000 highly skilled staff (including proprietors). The average revenue per pharmacy is \$3.26 million and almost 73% of sales is derived from the sale of prescription medicines. The other 27% includes pharmacy professional services, pharmacy medicines, pharmacist-only medicines and over-the-counter products. The gross margin (sales less cost of goods sold) is \$1.25 million for the average pharmacy and average annual net profit equates to nearly \$100,148.

Rural pharmacies represent 14.1% of the total of 5,723 community pharmacies and there is one pharmacy for every 4,367 Australians. The accessibility of community pharmacy is a strong factor underpinning the high regard in which community pharmacy is held. On average, each community pharmacy is open 61.1 hours a week, and is open for an average of nine hours a day during the week.

Average Pharmacy	Industry
<b>\$100,148</b> Net Profit/Loss	<b>\$573.1 m</b> Net Profit/Loss
<b>\$1.25 m</b> Gross Margin	<b>\$7.16 b</b> Gross Margin
<b>\$3.26 m</b> Revenue	<b>\$18.66 b</b> Revenue
<b>59,771</b> Prescriptions	<b>342 m</b> Prescriptions

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## INDUSTRY TREND – LAST DECADE (2008 -2018)

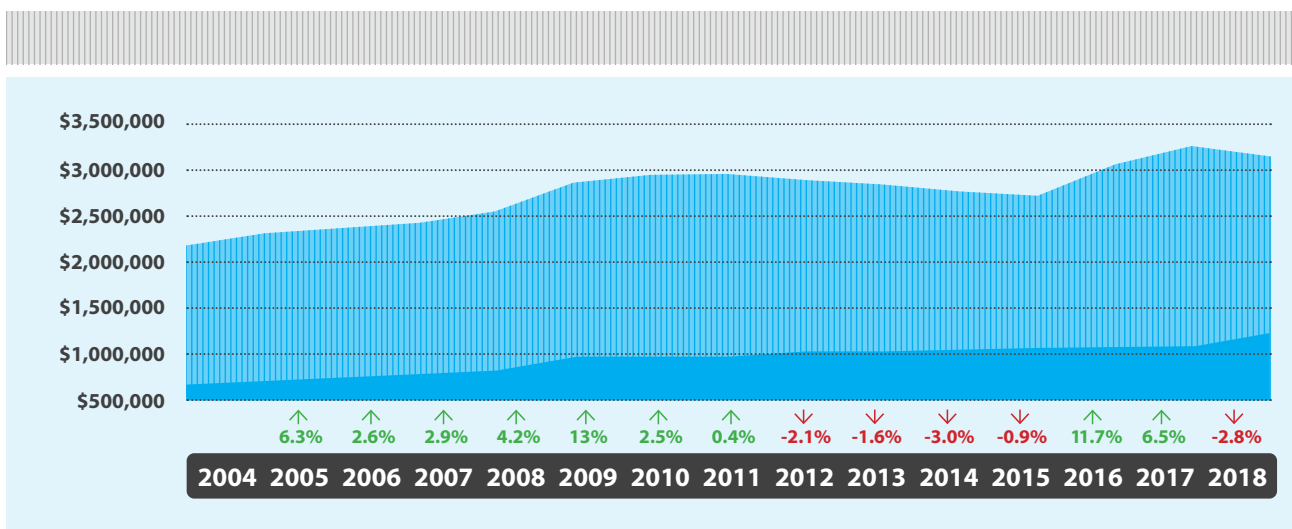
This section of the *Digest* includes the key industry trends of the past decade comparing the performance for pharmacies in the past 10 years. This is particularly important in highlighting the shift in key indicators.

There have been ongoing changes in the operating landscape of pharmacies over the past 10 years due to growing regulatory and competitive pressure from internal and external forces. The community pharmacy landscape has evolved from small, independent pharmacies to more sophisticated banner groups operating in a more competitive environment.

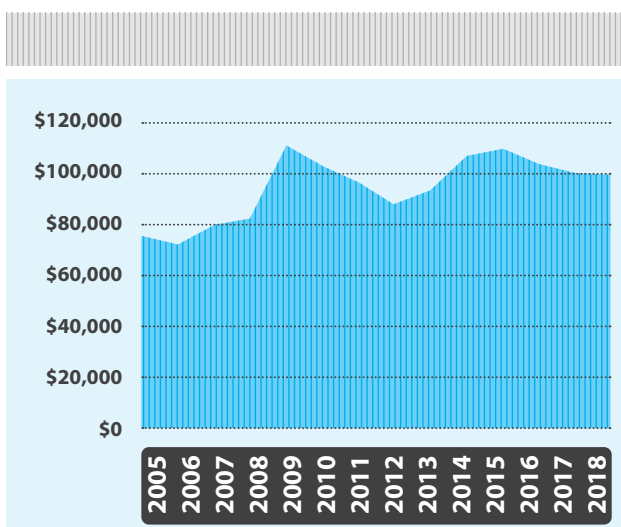
Industry sales have grown at 2.0% compounded annual growth rate (CAGR) over the past 10 years, with growth in two of the three most recent years reversing the trend of declining sales from 2012 to 2015. Historically, pharmacy sales were growing at the rate of 4.11% (CAGR) from 2005-2010, significantly higher compared to the 0.80% growth rate of 2010 to 2018. This reduction in revenue post-2010 is attributed to the dampening effect of Pharmaceutical Benefits Scheme (PBS) reforms introduced by the Government as a cost-saving measure, with the subsequent increase post 2015-16 in part due to the addition of high cost (but low margin) hepatitis C drugs on the PBS.

**Figure 1: Total Sales and Gross Margin**

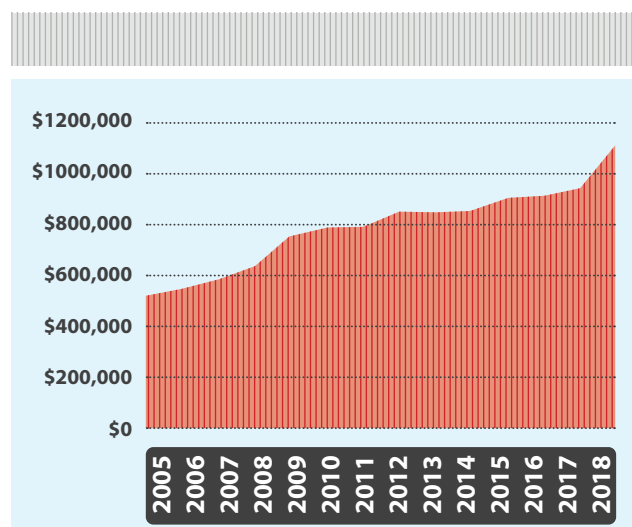
■ Sales ■ Gross Margin



**Figure 2: Net Profit/loss**



**Figure 3: Expenses**



Pharmacies are operating on a very small margin with an average pharmacy net profit of \$100,148. The industry has seen 1.79% annual growth rate (CAGR) over the past 10 years for net profit as compared to rising expenses of 5.13% (CAGR) per annum, exerting downward pressure on the viability of the industry.

# Guild Digest

2019

**A survey of independent pharmacy operations in Australia  
Financial year 2017-18**

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## FOREWORD

This year marks the 47th edition of the *Digest* – the pre-eminent publication examining the operation of Australian community pharmacies. The *Guild Digest 2019* presents a snapshot of pharmacy business conditions as they relate to operations in Australia for the financial year 2017-18.

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

Throughout the year, the Pharmacy Guild of Australia undertook extensive research through the Community Pharmacy 2025 project to understand the future needs of our sector. This important work will ensure that pharmacy plays an expanded role in serving the needs and preferences of both patients and consumers into the future.

It is pleasing to see that for 2017-18 there was a 12.5 per cent increase in gross margin and other income for the average community pharmacy, although total expenses increased by 17.1 per cent and, after allowing for proprietors' salary, net profit for the average pharmacy of \$100,148 was not significantly different to that in 2016-17.

The 2017-18 year was the third year of the *Sixth Community Pharmacy Agreement (6CPA)* between the Federal Government and the Pharmacy Guild of Australia as stewards of the Pharmaceutical Benefits Scheme (PBS). The 6CPA has seen the introduction of beneficial measures to assist in the sustainability and accessibility of the community pharmacy network, such as a new Administration, Handling and Infrastructure (AHI) fee, which replaced the previous pharmacy mark-up, dispensing remuneration indexed to the Consumer Price Index, and increased investment in community pharmacy programs and services.

In 2017-18, the aggregate number of PBS-subsidised prescriptions dispensed was flat relative to the year before, growing only 0.5 per cent from 2016-17. Moreover, the number of PBS-subsidised scripts dispensed in 2017-18 was 27.7 million (or 11.5 per cent) lower than anticipated for 2017-18 at the time of signing the 6CPA. As a result, importantly, 2017-18 saw the introduction of the additional AHI of \$0.32 per script, rising to \$0.35 per script in later years, negotiated between the Guild and the Federal Government in recognition of lower than anticipated prescription volumes.

The prescription volumes results for 2017-18 point to the increasing movement of prescriptions from above to below co-payment categories (below co-payment script volumes increased 8.3 per cent in 2017-18) on the back of price reductions. This, again, highlights the need for pharmacies to diversify into services beyond dispensing prescriptions in order to maintain growth in their businesses. Indeed, this is what is occurring with many successful community pharmacies responding to the changing business landscape by moving to a greater services orientation through, for example, incorporating dedicated consultation rooms for the provision of professional health programs and services.

Other notable features of the community pharmacy network landscape in 2017-18 included ongoing cash flow challenges, particularly for smaller pharmacies, through the ongoing listing of high-cost medicines onto the PBS and continued net savings to the Government from the PBS Access and Sustainability Package reforms, some of which is being reinvested in new PBS listings.

It is worth noting that throughout the period, the Guild reconfigured its focus at a national level with respect to membership. As a result of this focus, financial membership with the Guild has increased by 2% throughout the year and member benefits have been added in line with providing operational support to the pharmacy without adding additional cost. Valuable financial assessment tools, such as ScriptMAP 2020 and the Opportunity Analysis, now present easily accessible ways for the member to assess specific financial performance locally and implement change.

The *Digest* provides valuable management information to pharmacy owners and managers as well as providing insight into this integral component of the broader health sector. The analyses contained in the *Guild Digest 2019* are based largely on the sample of 341 community pharmacies, lower than the previous year (397).

The Guild records its appreciation to all community pharmacy participants in this crucially important annual survey during a period of transition to the 7CPA. Without their contribution and support this edition of the *Digest* would not have been possible. The insights provide vital intelligence from which we can have a deeper understanding of the issues members face.

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

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**SENIOR VICE PRESIDENT**  
**THE PHARMACY GUILD OF AUSTRALIA**

## SURVEY RESPONSE

After excluding responses with incomplete information, the final number of responses analysed for the purposes of the main sample for 2017-18 was 341.

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

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

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

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

### Representativeness of the surveyed pharmacies

A sample of 341 pharmacies responded to this year's survey. The current analyses are based on weightings derived from the distribution of Australian pharmacies in accordance with their annual prescription volumes.

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

As the characteristics of the responding pharmacies change from one survey to the next, primarily because of the restructuring that has taken place over the past decade, **comparability of the main sample data over time may be a problem. Thus, care should be taken in comparing results reported for this year to previous years. This is of particular importance to note before reading this year, as Guild Digest has undergone a significant change in structure and methodology for 2019.**

### 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.

## PHARMACIES

Table 1. Number of respondents by PhARIA and State

STATE	PHARIA						TOTAL
	1	2	3	4	5	6	
AUSTRALIAN CAPITAL TERRITORY	5						5
NEW SOUTH WALES	90	3	11	6			110
NORTHERN TERRITORY	3	2			2		7
QUEENSLAND	33		1	2	3	6	45
SOUTH AUSTRALIA	11		1	2			14
TASMANIA	7		4		2		13
VICTORIA	75	8	13	2	2		100
WESTERN AUSTRALIA	12	3	1	1	2		19
NOT REPORTED							28
<b>TOTAL</b>	<b>236</b>	<b>16</b>	<b>31</b>	<b>13</b>	<b>11</b>	<b>6</b>	<b>341</b>

Table 2. Location characteristics of sample

LOCATION	ACT	NSW	NT	QLD	SA	TAS	VIC	WA	Not Reported	TOTAL
HOSPITAL PHARMACY			1	1		1		1		4
ISOLATED		1					2			3
SHOPPING CENTRE	1	24		6	3		7	3		44
SHOPPING STRIP	3	73	6	24	11	11	85	17		230
NOT REPORTED	1	17		31		2	7	1	1	59

## OWNERSHIP

Table 3. Method of operation of participating pharmacies

METHOD OF OPERATION	
OWNER OPERATED	108
MANAGER OPERATED	46
NOT REPORTED	187
<b>TOTAL</b>	<b>341</b>

Table 4. Method of operation of participating pharmacies by State/Territory

METHOD OF OPERATION	ACT	NSW	NT	QLD	SA	TAS	VIC	WA
OWNER OPERATED	n.p.	63%	n.p.	79%	75%	n.p.	76%	63%
MANAGER OPERATED	n.p.	37%	n.p.	21%	25%	n.p.	24%	38%

Table 5. Pharmacy size (m<sup>2</sup>) by State/Territory

STATE / TERRITORY	AREA (m <sup>2</sup> )
AUSTRALIAN CAPITAL TERRITORY	149.6
NEW SOUTH WALES	237.7
NORTHERN TERRITORY	124.5
QUEENSLAND	183.3
SOUTH AUSTRALIA	260.3
TASMANIA	177.9
VICTORIA	250.9
WESTERN AUSTRALIA	262.8
<b>NATIONAL AVERAGE</b>	<b>231.0</b>

## PRESCRIPTION SUMMARY

Table 6. Prescriptions dispensed by State/Territory

STATE / TERRITORY	LOWER QUARTILE	AVERAGE	UPPER QUARTILE
AUSTRALIAN CAPITAL TERRITORY	35,405	66,802	80,918
NEW SOUTH WALES	37,633	63,699	90,521
NORTHERN TERRITORY	32,716	40,172	52,224
QUEENSLAND	34,241	66,698	83,326
SOUTH AUSTRALIA	30,681	60,391	78,009
TASMANIA	24,952	52,701	66,766
VICTORIA*	25,367	53,864	72,943
WESTERN AUSTRALIA	22,955	61,718	66,336
<b>NATIONAL AVERAGE</b>	<b>32,003</b>	<b>59,771</b>	<b>78,611</b>

\*The characteristics of the Victorian sample has changed significantly compared to previous years. Accordingly the results for Victoria for this year should not be compared with previous years.

Table 7. Prescriptions dispensed by pharmacy location

LOCATION	LOWER QUARTILE	AVERAGE	UPPER QUARTILE
MEDICAL CENTRE	n.p.	n.p.	n.p.
SHOPPING CENTRE	38,588	59,649	88,137
SHOPPING STRIP	28,940	61,208	76,917
<b>NATIONAL AVERAGE</b>	<b>32,003</b>	<b>59,771</b>	<b>78,611</b>

## STAFFING AND HOURS

Table 8. Pharmacy staff numbers and hours worked

STAFF TYPE		LOWER QUARTILE	AVERAGE	UPPER QUARTILE
PROPRIETORS	<i>Number of staff</i>	1.0	1.8	2.0
	<i>Hours worked</i>	25.0	35.2	42.0
MANAGERS	<i>Number of staff</i>	1.0	1.8	2.0
	<i>Hours worked</i>	29.5	37.6	40.0
PHARMACISTS	<i>Number of staff</i>	1.0	2.0	3.0
	<i>Hours worked</i>	25.8	38.3	41.7
OTHER STAFF	<i>Number of staff</i>	5.0	9.3	13.0
	<i>Hours worked</i>	24.8	31.3	37.9
<b>TOTAL</b>	<b><i>Number of staff</i></b>	<b>8.0</b>	<b>15.0</b>	<b>20.0</b>
	<b><i>Hours worked</i></b>	<b>204.2</b>	<b>500.3</b>	<b>781.9</b>

(Includes Full-Time, Part-Time and Casual workers)

**Table 9. Pharmacy staff numbers and hours worked by State/Territory**

STAFF TYPE		PROPRIETORS	MANAGERS	PHARMACISTS	OTHER STAFF	TOTAL
AUSTRALIAN CAPITAL TERRITORY	<i>Number of staff</i>	1.5	1.0	n.p.	2.0	<b>4.5</b>
	<i>Hours worked</i>	42.3	32.0	n.p.	11.5	<b>85.8</b>
NEW SOUTH WALES	<i>Number of staff</i>	1.8	2.2	1.7	10.8	<b>16.5</b>
	<i>Hours worked</i>	32.8	38.4	39.6	35.3	<b>146.1</b>
NORTHERN TERRITORY	<i>Number of staff</i>	3.1	n.p.	n.p.	n.p.	<b>3.1</b>
	<i>Hours worked</i>	38.0	n.p.	n.p.	n.p.	<b>38.0</b>
QUEENSLAND	<i>Number of staff</i>	1.8	1.3	3.0	n.p.	<b>6.2</b>
	<i>Hours worked</i>	38.5	39.3	28.0	n.p.	<b>105.8</b>
SOUTH AUSTRALIA	<i>Number of staff</i>	1.4	1.0	n.p.	n.p.	<b>2.4</b>
	<i>Hours worked</i>	39.8	40.0	n.p.	n.p.	<b>79.8</b>
TASMANIA	<i>Number of staff</i>	2.0	n.p.	n.p.	n.p.	<b>2.0</b>
	<i>Hours worked</i>	30.5	n.p.	n.p.	n.p.	<b>30.5</b>
VICTORIA	<i>Number of staff</i>	1.6	1.5	2.3	n.p.	<b>5.5</b>
	<i>Hours worked</i>	38.0	33.8	35.9	n.p.	<b>107.7</b>
WESTERN AUSTRALIA	<i>Number of staff</i>	1.7	1.0	2.3	8.3	<b>13.3</b>
	<i>Hours worked</i>	28.3	33.3	41.4	18.5	<b>121.5</b>

(Includes Full-Time, Part-Time and Casual workers)

**Table 10. Pharmacy opening hours by State/Territory**

STATE / TERRITORY	LOWER QUARTILE	AVERAGE	UPPER QUARTILE
AUSTRALIAN CAPITAL TERRITORY	45.0	56.3	60.0
NEW SOUTH WALES	46.5	62.3	65.8
NORTHERN TERRITORY	46.3	57.2	61.8
QUEENSLAND	41.6	53.6	54.4
SOUTH AUSTRALIA	45.8	61.9	73.2
TASMANIA	42.7	52.9	54.8
VICTORIA	47.3	64.0	64.2
WESTERN AUSTRALIA	41.7	61.3	66.6
<b>NATIONAL AVERAGE</b>	<b>49.0</b>	<b>61.1</b>	<b>69.0</b>

**Table 11. Pharmacy opening hours by pharmacy location**

STATE / TERRITORY	LOWER QUARTILE	AVERAGE	UPPER QUARTILE
SHOPPING CENTRE	51.0	65.7	75.5
MEDICAL CENTRE	60.0	66.1	70.3
SHOPPING STRIP	49.0	60.7	69.0
<b>NATIONAL AVERAGE</b>	<b>49.0</b>	<b>61.1</b>	<b>69.0</b>

## TURNOVER AND PROFIT

Table 12. Turnover and Profit - Australia

	NATIONAL AVERAGE
<b>TOTAL TURNOVER</b>	<b>3,261,395</b>
<b>TOTAL GROSS PROFIT</b>	<b>1,251,924</b>
<i>TOTAL GROSS PROFIT %</i>	39.2%
<i>OTHER INCOME</i>	68,295
<b>GROSS PROFIT &amp; OTHER INCOME</b>	<b>1,320,219</b>
<i>DISPENSARY SALES</i>	2,325,900
<i>RETAIL SALES</i>	575,270
<i>OTC SALES/S2/S3 SALES</i>	263,186
<i>ALL OTHER SALES</i>	28,743
<b>TOTAL PHARMACY SALES</b>	<b>3,193,100</b>
<i>SALARIES AND WAGES</i>	431,107
<i>SALARIES AND WAGES %</i>	13.50%
<i>RENT</i>	166,305
<i>RENT %</i>	5.21%
<i>DEPRECIATION</i>	43,625
<i>DEPRECIATION %</i>	1%
<b>INTEREST PAID</b>	<b>52,639</b>
<i>INTEREST PAID %</i>	2%
<b>ALL OTHER EXPENSES</b>	<b>408,744</b>
<i>ALL OTHER EXPENSES %</i>	13%
<b>TOTAL EXPENSES</b>	<b>1,102,419</b>
<b>TOTAL INCOME</b>	<b>217,800</b>
<i>Less Proprietor's Salary</i>	117,652
<b>NET PROFIT / LOSS</b>	<b>100,148</b>
<b>EBITDA</b>	<b>196,412</b>
<b>TOTAL ASSETS</b>	<b>2,257,124</b>
<b>TOTAL LIABILITIES</b>	<b>1,344,270</b>
<b>NET ASSETS</b>	<b>1,107,193</b>

**Table 13. Turnover and Profit – By Location**

<b>METHOD OF OPERATION</b>	<b>MEDICAL CENTRE</b>	<b>SHOPPING STRIP*</b>	<b>SHOPPING CENTRE</b>
<b>TOTAL TURNOVER</b>	<b>3,207,811</b>	<b>4,669,381</b>	<b>4,417,843</b>
<b>TOTAL GROSS PROFIT</b>	<b>1,015,594</b>	<b>1,350,530</b>	<b>1,692,338</b>
<i>TOTAL GROSS PROFIT %</i>	<i>32%</i>	<i>29%</i>	<i>39%</i>
<i>OTHER INCOME</i>	<i>82,113</i>	<i>68,640</i>	<i>53,726</i>
<b>GROSS PROFIT &amp; OTHER INCOME</b>	<b>1,097,706</b>	<b>1,419,171</b>	<b>1,746,064</b>
<i>DISPENSARY SALES</i>	<i>1,572,143</i>	<i>2,630,374</i>	<i>2,417,538</i>
<i>RETAIL SALES</i>	<i>948,223</i>	<i>1,352,038</i>	<i>1,946,578</i>
<i>OTC SALES/S2/S3 SALES</i>	<i>240,378</i>	<i>441,749</i>	<i>n.p.</i>
<i>ALL OTHER SALES</i>	<i>364,955</i>	<i>176,581</i>	<i>n.p.</i>
<b>TOTAL PHARMACY SALES</b>	<b>3,125,698</b>	<b>4,600,741</b>	<b>4,364,116</b>
<i>SALARIES AND WAGES</i>	<i>n.p.</i>	<i>393,608</i>	<i>557,110</i>
<i>SALARIES AND WAGES %</i>	<i>n.p.</i>	<i>11%</i>	<i>12%</i>
<i>RENT</i>	<i>n.p.</i>	<i>101,959</i>	<i>432,628</i>
<i>RENT %</i>	<i>n.p.</i>	<i>3%</i>	<i>9%</i>
<i>DEPRECIATION</i>	<i>33,301</i>	<i>29,895</i>	<i>63,065</i>
<i>DEPRECIATION %</i>	<i>n.p.</i>	<i>1%</i>	<i>1%</i>
<i>INTEREST PAID</i>	<i>23,654</i>	<i>56,910</i>	<i>64,173</i>
<i>INTEREST PAID %</i>	<i>n.p.</i>	<i>2%</i>	<i>1%</i>
<i>ALL OTHER EXPENSES</i>	<i>120,671</i>	<i>198,705</i>	<i>400,662</i>
<i>ALL OTHER EXPENSES %</i>	<i>n.p.</i>	<i>6%</i>	<i>8%</i>
<b>TOTAL EXPENSES</b>	<b>n.p.</b>	<b>781,078</b>	<b>1,517,638</b>
<b>TOTAL INCOME</b>	<b>n.p.</b>	<b>428,596</b>	<b>228,426</b>
<b>EBITDA</b>	<b>n.p.</b>	<b>606,248</b>	<b>245,848</b>
<i>Less Proprietor's Salary (Notional)</i>	<i>101,378</i>	<i>118,650</i>	<i>109,806</i>
<b>NET PROFIT / LOSS</b>	<b>n.p.</b>	<b>309,946</b>	<b>118,619</b>
<b>TOTAL ASSETS</b>	<b>1,227,493</b>	<b>2,363,142</b>	<b>2,361,148</b>
<b>TOTAL LIABILITIES</b>	<b>1,225,972</b>	<b>1,309,682</b>	<b>1,459,046</b>
<b>NET ASSETS</b>	<b>522,500</b>	<b>1,217,487</b>	<b>1,035,949</b>

\* The characteristics of the Shopping Strip sample has changed significantly compared to previous years. Accordingly the results for Shopping Strip for this year should not be compared with previous years.

**Table 14. Turnover and Profit - By State / Territory\***

	ACT**	NSW	NT**	QLD	SA	TAS**	VIC	WA
<b>TOTAL TURNOVER</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
<b>TOTAL GROSS PROFIT</b>	<b>34%</b>	<b>31%</b>	<b>36%</b>	<b>37%</b>	<b>36%</b>	<b>36%</b>	<b>35%</b>	<b>31%</b>
<i>OTHER INCOME</i>	2%	2%	n.p.	2%	n.p.	n.p.	n.p.	n.p.
<b>GROSS PROFIT &amp; OTHER INCOME</b>	<b>36%</b>	<b>33%</b>	<b>n.p.</b>	<b>39%</b>	<b>38%</b>	<b>38%</b>	<b>35%</b>	<b>31%</b>
<i>DISPENSARY SALES</i>	79%	64%	65%	65%	n.p.	n.p.	70%	n.p.
<i>RETAIL SALES</i>	10%	28%	n.p.	30%	n.p.	n.p.	4%	n.p.
<i>OTC SALES/S2/S3 SALES</i>	5%	2%	29%	4%	n.p.	n.p.	18%	n.p.
<i>ALL OTHER SALES</i>	6%	3%	n.p.	1%	n.p.	n.p.	<1%	n.p.
<b>TOTAL PHARMACY SALES</b>	<b>100%</b>	<b>98%</b>	<b>94%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>92%</b>	<b>100%</b>
<i>SALARIES AND WAGES</i>	14%	11%	n.p.	12%	11%	15%	13%	10%
<i>RENT</i>	5%	6%	n.p.	4%	5%	2%	4%	4%
<i>DEPRECIATION</i>	n.p.	1%	n.p.	2%	n.p.	n.p.	1%	1%
<i>INTEREST PAID</i>	n.p.	1%	n.p.	1%	n.p.	n.p.	2%	1%
<i>ALL OTHER EXPENSES</i>	7%	9%	n.p.	6%	n.p.	n.p.	8%	5%
<b>TOTAL EXPENSES</b>	<b>n.p.</b>	<b>28%</b>	<b>n.p.</b>	<b>24%</b>	<b>16%</b>	<b>18%</b>	<b>28%</b>	<b>21%</b>
<b>TOTAL INCOME</b>	<b>n.p.</b>	<b>5%</b>	<b>n.p.</b>	<b>14%</b>	<b>n.p.</b>	<b>n.p.</b>	<b>8%</b>	<b>11%</b>
<b>EBITDA</b>	<b>n.p.</b>	<b>5%</b>	<b>n.p.</b>	<b>15%</b>	<b>n.p.</b>	<b>n.p.</b>	<b>7%</b>	<b>10%</b>
<i>Less Proprietor's Salary (Notional)</i>	4%	3%	5%	3%	3%	4%	4%	2%
<b>NET PROFIT / LOSS</b>	<b>n.p.</b>	<b>3%</b>	<b>n.p.</b>	<b>11%</b>	<b>n.p.</b>	<b>n.p.</b>	<b>4%</b>	<b>8%</b>

\* Values are as a percentage of Total Turnover

\*\* Caution should be used interpreting results for Tasmania, Northern Territory and the Australian Capital Territory due to low sample size

## SUMMARY OF PHARMACY PERFORMANCE 2017-18

This section examines the 2017-18 survey results, after applying weightings to remove any distortion caused by the responding sample being skewed towards larger pharmacies.

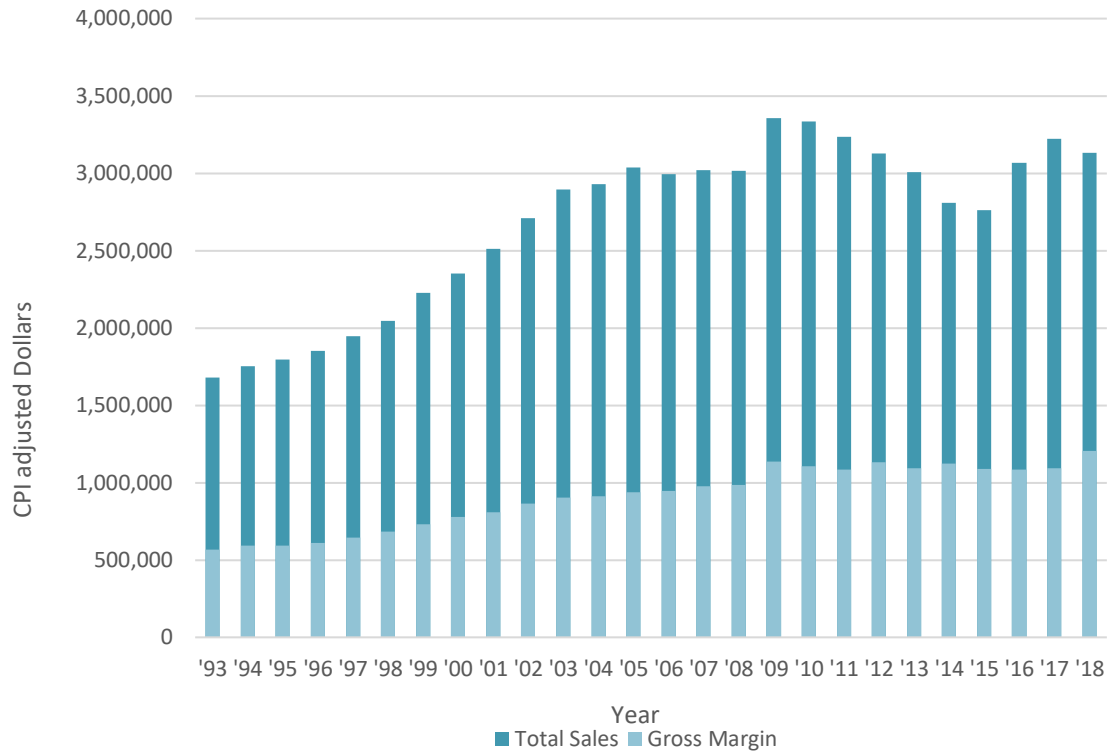
The following are a few key characteristics of community pharmacy in Australia:

- + Community pharmacy is a \$18.66 billion health sector, including \$13.31 billion in prescription sales per year.
- + Community pharmacies dispense around 342 million prescriptions annually, including ~ 213 million PBS/RPBS subsidised prescriptions and ~ 89 million under co-payment prescriptions.
- + Community pharmacy employs around 85,000 highly skilled staff (including proprietors), the majority of whom are women.
- + Total dispensary sales represent around 72.8% of all sales through pharmacies.
- + The average community pharmacy dispenses 59,771 prescriptions per year.
- + As of 30 June 2018 there were 5,723 community pharmacies, each serving on average a community of 4,367 people across Australia.

The key results of the 2017-18 financial year based on the national weighted averages:

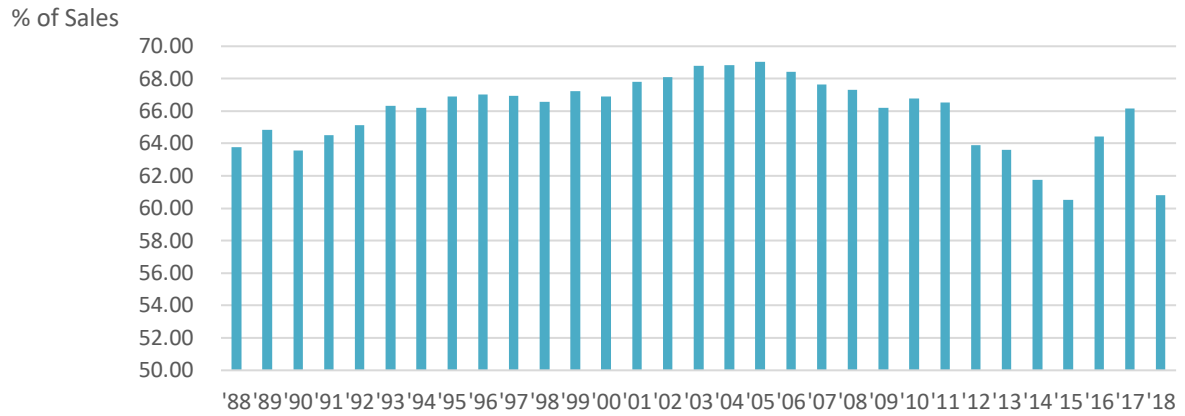
- + Average total sales are \$3,193,100 of which 72.8% is from prescriptions and the remaining 27.2% is from non-prescription sales.
- + Average gross margin as a percentage of sales is 39.2%, up from 33.86% in 2016-17.
- + Average revenue from other income increased from the previous year's figure of \$60,402 to \$68,295 in 2017-18.
- + Expenses ended the year at 33.8% of revenue, up from 28.14% in 2016-17. Expenses have significantly grown at the rate of 5.1% (CAGR) a year for the past decade.
- + Salaries and wages as a percentage of sales increased from 11.8% to 13.5%.
- + Rent as a percentage of sales increased from 4.7% of sales to 5.2%.
- + Wages and rent combined make up 54.2% of total expenses (excluding cost of goods).
- + Proprietors' notional salary represented 3.6% of turnover, down from 3.9% in 2016-17.
- + The average prescription volume per pharmacy has marginally increased (0.04%) and has remained greater than one thousand per week (1,149), after reaching this milestone in 2008-09.

**Chart 1: Revenue in Real Terms, 1993 to 2018**

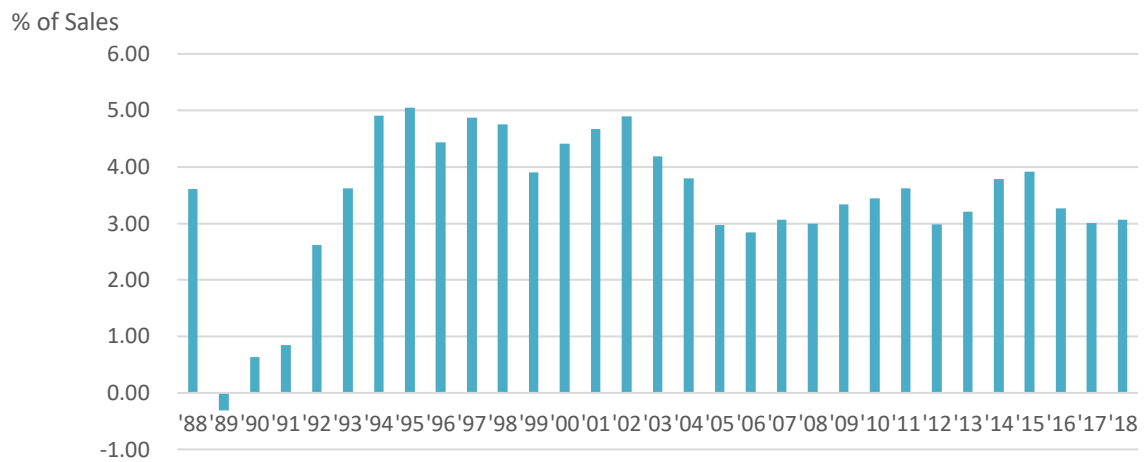


## Trends in pharmacy operations, 1988 – 2018

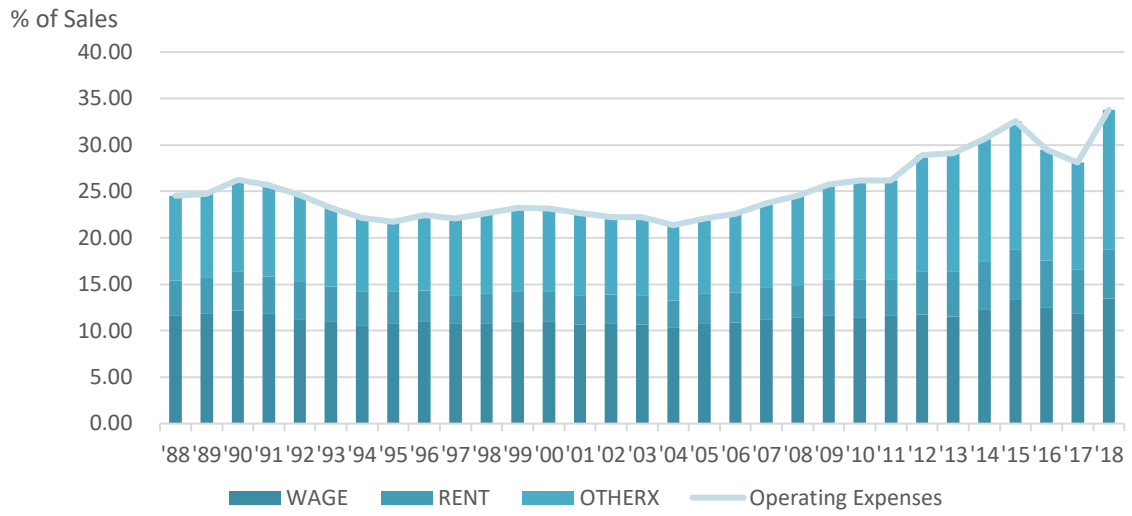
**Chart 2: Cost of Goods Sold**



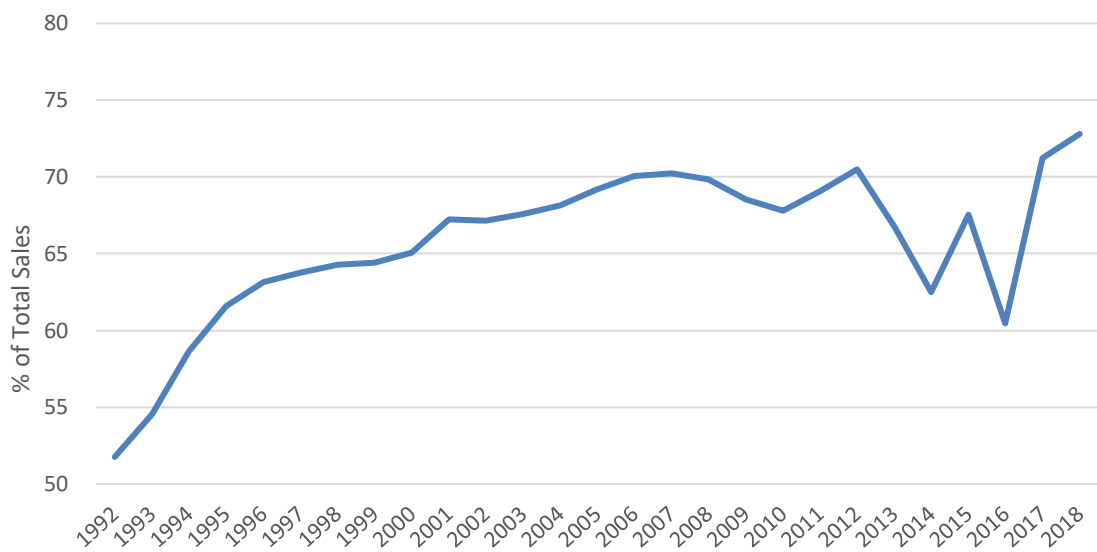
**Chart 3: Net Profit / Loss**



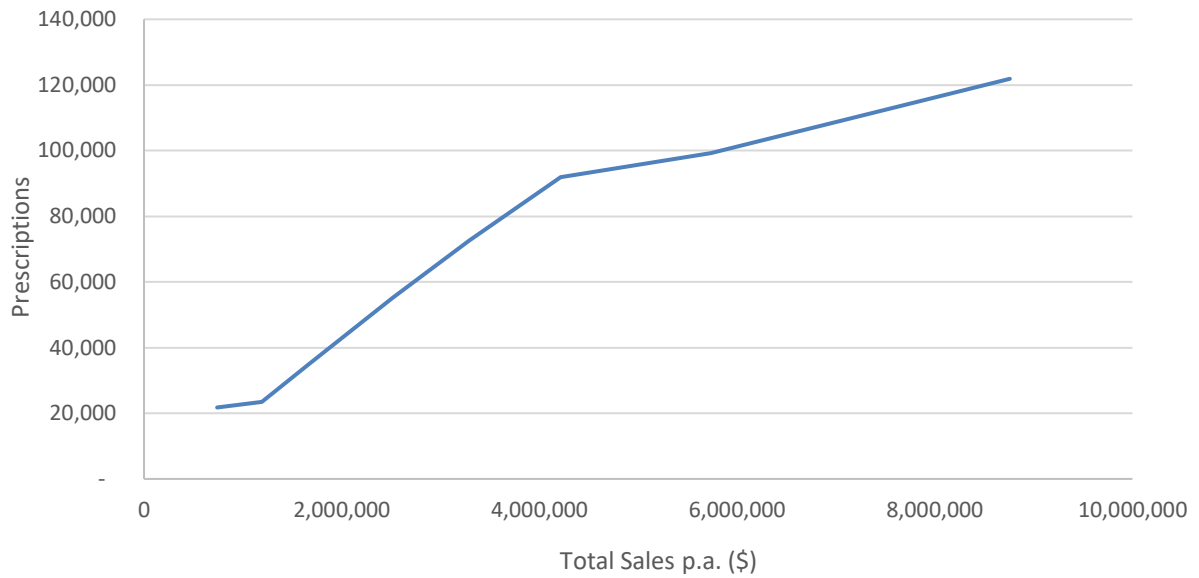
**Chart 4: Expenses**



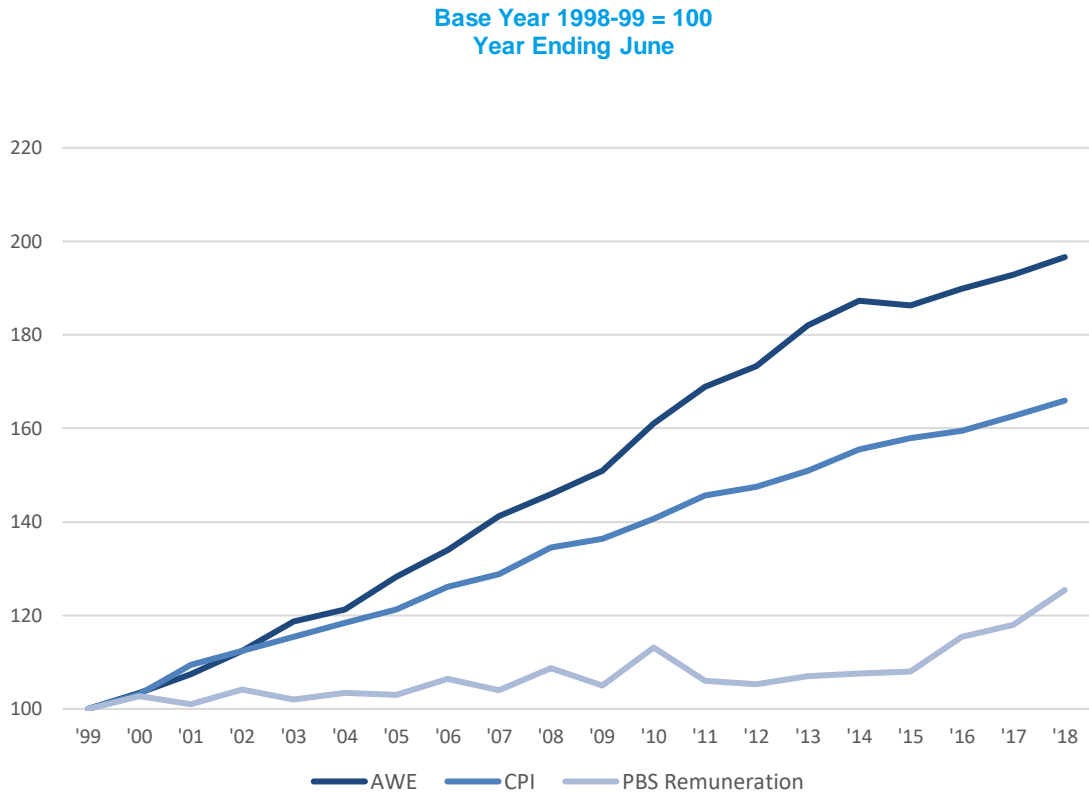
**Chart 5: Prescription Sales as a % of Total Sales**



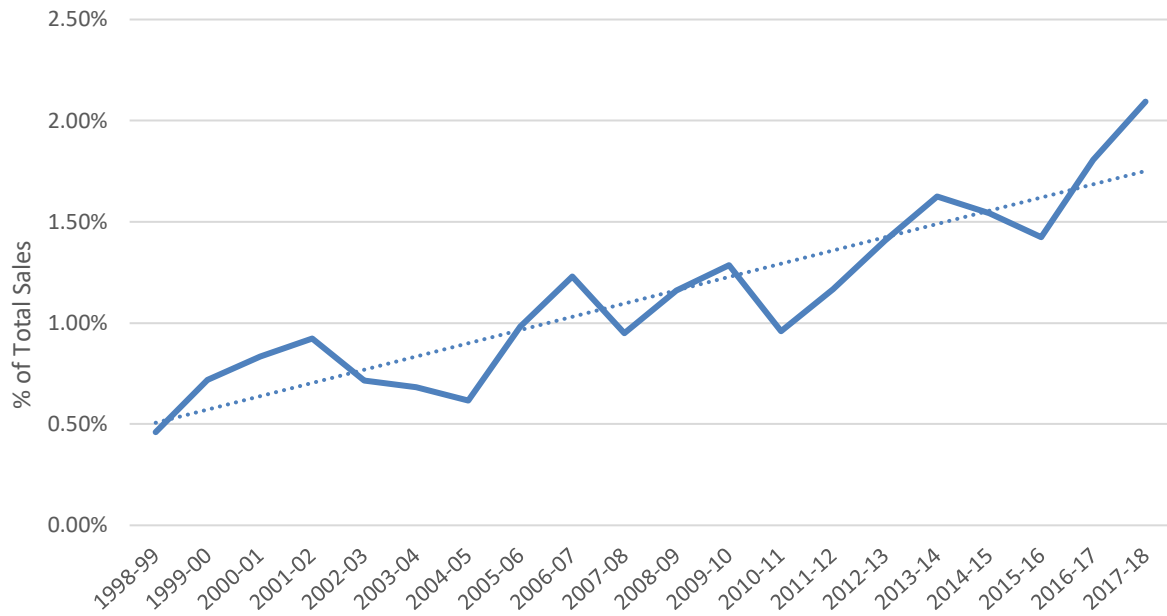
**Chart 6: Prescriptions in Relation to Sales – 2017 - 18**



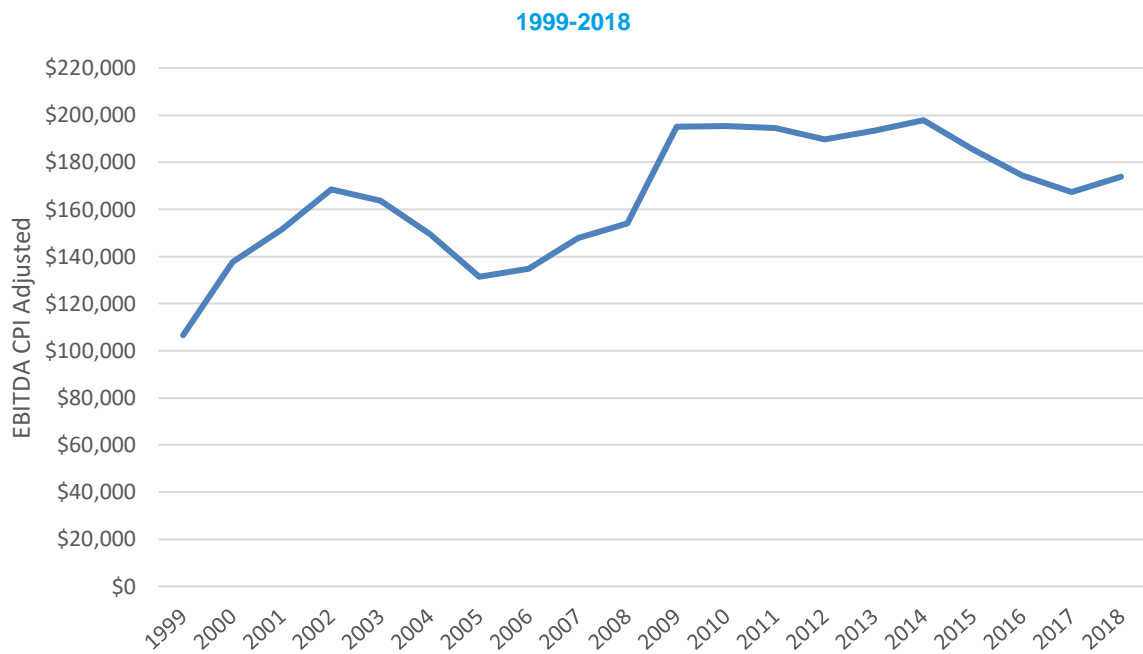
**Chart 7: Index of Average Remuneration, 1999 - 2018**



**Chart 8: Other Income as % of Total Revenue, 1999 - 2018**



**Chart 9: EBITDA Adjusted for CPI**



## METHODOLOGY FOR THE 2019 GUILD DIGEST

The analysis contained in this edition of the *Digest* is based largely on operating information supplied by 341 respondents weighted according to their stratification by prescription volume.

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

### *Distribution of prescription volume for weighting*

	<b>Prescription Volumes</b>	<b>Number of Pharmacies</b>	<b>Distribution National</b>
Stratum 1	Less than 39,279	1,994	34.8%
Stratum 2	39,280 – 67,336	1,761	30.8%
Stratum 3	67,337 – 106,616	1,442	25.2%
Stratum 4	More than 106,617	526	9.2%
<b>TOTAL</b>		<b>5,723</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.

## DEFINITION OF KEY INCOME AND EXPENSE ITEMS IN TABLES

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

**Cost of Goods Sold:** Refers to purchases of goods for re-sale at a profit.

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

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

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

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

**Salaries and Wages:** Include wages paid to all staff and locums but exclude proprietors' earnings (since the latter are represented by proprietors' notional salary).

**Expenses:** Costs incurred by the ordinary activity of business.

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

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

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

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

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

In 2017-18, the normal hourly rate was estimated at \$55.57 for the first 38 hours - equivalent to an annual salary of \$109,797. 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.

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

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

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

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

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

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

**Retail Sales:** Includes all retail sales but excludes other income.

**OTC Sales:** Includes all OTC sales but excludes other income.

**All Other Sales:** Includes all Other Sales but excludes other income.

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

**Funds Retained in Business:** These are necessary to refinance inflation-affected inventories 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.

(All financial values are exclusive of GST)

# STRUCTURE OF PHARMACISTS' REMUNERATION

## PHARMACEUTICAL BENEFITS SCHEME

Table 15.

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

From	To	Professional Fee (\$)	RP Items	Mark-up on Wholesale Price (%)	Professional Fee (\$)	EP Items
1 July 1996	30 June 1997	4.06		10 **	5.89	
1 July 1997	30 June 1998	4.27		10 **	6.10	
1 July 1998	30 June 1999	4.29		10 **	6.13	
1 July 1999	30 June 2000	4.34		10 **	6.20	
1 July 1999	30 June 2000	4.34		10 **	6.20	
1 July 2000	30 January 2001	4.39		10 **	6.27	
1 February 2001	30 June 2001	4.39		10 **	6.27	
1 July 2001	30 September 2001	4.40		10 ***	6.28	
1 October 2001	30 January 2002	4.50		10 ***	6.38	
1 February 2002	30 June 2002	4.53		10 ***	6.44	
1 July 2002	30 June 2003	4.68		10 ***	6.59	
1 July 2003	30 June 2004	4.58		10 ***	6.49	
1 July 2004	30 June 2005	4.62		10 ***	6.56	
1 July 2005	30 November 2005	4.66		10 ***	6.63	
1 December 2005	30 June 2006	4.70		10 ***	6.70	
1 July 2006	30 June 2007	4.75		10 ***	6.78	
1 July 2007	31 July 2007	4.94		10 ***	6.97	
1 August 2007	30 June 2008	5.15		10 ~	7.19	
1 July 2008	31 July 2008	5.32		10 ~	7.36	
1 August 2008	30 June 2009	5.44		10 ~	7.48	
1 July 2009	30 June 2012	5.81		10 ~	7.85	
1 July 2012	30 June 2013	5.99		~~	8.03	
1 July 2013	30 June 2014	6.42		~~	8.46	
1 July 2014	30 June 2015	6.52		~~	8.56	
1 July 2015	30 June 2016	6.63		~~	8.67	
1 July 2016	30 June 2017	6.76		~~	8.80	
1 July 2017	30 June 2018	6.93		~~~	8.97	
1 July 2018	30 June 2019	7.02		~~~	9.06	
1 July 2019		7.15		~~~	9.19	

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

\*\* 10% Mark-up applies to items with approved price to pharmacists of less than \$180.00.  
\$18.00 Mark-up applies to items with approved price to pharmacists of between \$180.00 and \$360.00.  
5% Mark-up applies to items with approved price to pharmacists of more than \$360.00.

\*\*\* 10% Mark-up applies to items with approved price to pharmacists of less than \$180.00.  
\$18.00 Mark-up applies to items with approved price to pharmacists of between \$180.00 and \$450.00.  
4% Mark-up applies to items with approved price to pharmacists of more than \$450.00.

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

~~ 15% Mark-up applied to items with approved price to pharmacists of less than \$30.00.  
\$4.50 Mark-up applies to items with approved price to pharmacists of between \$30.00 and \$45.00.  
10% Mark-up applies to items with approved price to pharmacists of between \$45.00 and \$180.00.  
\$18 Mark-up applies to items with approved price to pharmacists of between \$180.00 and \$450.00.  
4% Mark-up applies to items with approved price to pharmacists of between \$450.00 and \$1750.00.  
\$70 Mark-up applies to items with approved price to pharmacists of more than \$1750.00

~~~ From 1 July 2015, the pharmacy mark-up component of remuneration was replaced by an Administration, Handling & Infrastructure fee.  
Approved price to Pharmacist (wholesaler PBS list price) up to \$180.00: \$3.54 per prescription  
Approved price to Pharmacist between \$180.00 and \$2,277.21: \$3.49 plus 3.5% of the amount by which the price exceeds \$180.00  
Approved price to pharmacist is \$2,277.21 or above: \$70.00.

## CHANGES IN THE LEVEL OF PATIENT CONTRIBUTION

Table 16.

| Date of Change | Amount General | Percentage of average cost of general | Amount Concessional | Percentage of average cost of concessional |
|----------------|----------------|---------------------------------------|---------------------|--------------------------------------------|
| March 1960     | \$0.50         | 22 %                                  |                     |                                            |
| November 1971  | \$1.00         | 40 %                                  |                     |                                            |
| September 1975 | \$1.50         | 51 %                                  |                     |                                            |
| March 1976     | \$2.00         | 59 %                                  |                     |                                            |
| July 1978      | \$2.50         | 60 %                                  |                     |                                            |
| September 1979 | \$2.75         | 60 %                                  |                     |                                            |
| December 1981  | \$3.20         | 62 %                                  |                     |                                            |
| January 1983   | \$4.00         | 69 %                                  | \$2.00              | 34 %                                       |
| July 1985      | \$5.00         | 73 %                                  | \$2.00              | 32 %                                       |
| July 1986      | \$5.00         | 64 %                                  | \$2.00              | 29 %                                       |
| November 1986  | MAX \$10.00    | 54 %                                  | \$2.50              | 27 %                                       |
| July 1988      | MAX \$11.00    | 51 %                                  | \$2.50              | 27 %                                       |
| July 1989      | MAX \$11.00    | 53 %                                  | \$2.50              | 25 %                                       |
| July 1990      | MAX \$11.00    | 49 %                                  | \$2.50              | 23 %                                       |
| November 1990  | MAX \$15.00    | 55 %                                  | \$2.50              | 21 %                                       |
| August 1991    | MAX \$15.70    | 57 %                                  | \$2.50              | 21 %                                       |
| October 1991   | MAX \$15.70    | 57 %                                  | \$2.60              | 22 %                                       |
| August 1992    | MAX \$15.90    | 45 %                                  | \$2.60              | 20 %                                       |
| August 1993    | MAX \$16.00    | 47 %                                  | \$2.60              | 18 %                                       |
| August 1994    | MAX \$16.20    | 45 %                                  | \$2.60              | 16 %                                       |
| August 1995    | MAX \$16.80    | 45 %                                  | \$2.60              | 15 %                                       |
| August 1996    | MAX \$17.40    | 43 %                                  | \$2.70              | 14 %                                       |
| January 1997   | MAX \$20.00    | 44 %                                  | \$3.20              | 16 %                                       |
| January 1999   | MAX \$20.30    | 40 %                                  | \$3.20              | 14 %                                       |
| January 2000   | MAX \$20.60    | 40 %                                  | \$3.30              | 14 %                                       |
| January 2001   | MAX \$21.90    | 42 %                                  | \$3.50              | 14 %                                       |
| January 2002   | MAX \$22.40    | 42 %                                  | \$3.60              | 14 %                                       |
| January 2003   | MAX \$23.10    | 40 %                                  | \$3.70              | 13 %                                       |
| January 2004   | MAX \$23.70    | 39 %                                  | \$3.80              | 12 %                                       |
| January 2005   | MAX \$28.60    | 48 %                                  | \$4.60              | 14 %                                       |
| January 2006   | MAX \$29.50    | 46 %                                  | \$4.70              | 14 %                                       |
| January 2007   | MAX \$30.70    | 45 %                                  | \$4.90              | 14 %                                       |
| January 2008   | MAX \$31.30    | 46 %                                  | \$5.00              | 14 %                                       |
| January 2009   | MAX \$32.90    | 34 %                                  | \$5.30              | 13 %                                       |
| January 2010   | MAX \$33.30    | 37 %                                  | \$5.40              | 14 %                                       |
| January 2011   | MAX \$34.20    | 35 %                                  | \$5.60              | 15 %                                       |
| January 2012   | MAX \$35.40    | 35 %                                  | \$5.80              | 14 %                                       |
| January 2013   | MAX \$36.10    | 35 %                                  | \$5.90              | 15 %                                       |
| January 2014   | MAX \$36.90    | 35 %                                  | \$6.00              | 16 %                                       |
| July 2015      | MAX \$37.70    | 31 %                                  | \$6.10              | 17 %                                       |
| January 2016   | MAX \$38.30    | 21 %                                  | \$6.20              | 19 %                                       |
| January 2017   | MAX \$38.80    | 24 %                                  | \$6.30              | 16 %                                       |
| January 2018   | MAX \$39.50    | 25 %                                  | \$6.40              | 16 %                                       |

## PBS REMUNERATION PER PRESCRIPTION

Table 17.

| Year    | Average Price per Prescription (\$) | Mark-up* \$ | Average Professional Fee (\$) | Average other fees***\$ | Total remuneration\$ * | Remuneration as % of Average Price | Annual Volume of Prescriptions (000) |         |         |
|---------|-------------------------------------|-------------|-------------------------------|-------------------------|------------------------|------------------------------------|--------------------------------------|---------|---------|
| 1987/88 | 10.37                               | @@          | 1.57                          | 2.53                    | 4.10                   | 39.54                              | 100,901                              |         |         |
| 1988/89 | 11.51                               | @@          | 1.78                          | 2.64                    | 4.42                   | 38.40                              | 100,586                              |         |         |
| 1989/90 | 12.54                               | @@          | 1.99                          | 2.57                    | 4.56                   | 36.40                              | 104,979                              |         |         |
| 1990/91 | 13.82                               | @@          | 1.84                          | 2.84                    | 4.68                   | 33.86                              | 96,300                               |         |         |
| 1991/92 | 15.46                               | @@          | 1.10                          | **                      | 3.43                   | 29.30                              | 94,121                               |         |         |
| 1992/93 | 16.78                               | @@          | 1.20                          | 3.60                    | 4.79                   | 28.55                              | 105,953                              |         |         |
| 1993/94 | 18.18                               | @@          | 1.31                          | 3.85                    | 5.16                   | 28.38                              | 115,041                              |         |         |
| 1994/95 | 19.71                               | @@          | 1.43                          | 4.06                    | 5.49                   | 27.85                              | 118,046                              |         |         |
| 1995/96 | 21.49                               | @@          | 1.57                          | 4.27                    | 5.84                   | 27.18                              | 124,205                              |         |         |
| 1996/97 | 23.19                               | @@          | 1.72                          | 4.29                    | 6.01                   | 25.92                              | 123,434                              |         |         |
| 1997/98 | 24.88                               | @@          | 1.87                          | 4.34                    | 6.21                   | 24.96                              | 124,483                              |         |         |
| 1998/99 | 26.38                               | @@          | 1.95                          | 4.34                    | 6.29                   | 23.84                              | 128,348                              |         |         |
| 1999/00 | 27.82                               | @@          | 2.07                          | 4.39                    | 6.46                   | 23.23                              | 137,585                              |         |         |
| 2000/01 | 30.86                               | @@          | 2.34                          | 4.44                    | 6.78                   | 21.96                              | 147,571                              |         |         |
| 2001/02 | 32.32                               | @@          | 2.46                          | 4.53                    | 6.99                   | 21.62                              | 154,530                              |         |         |
| 2002/03 | 34.28                               | @@          | 2.62                          | 4.62                    | 7.24                   | 21.13                              | 158,548                              |         |         |
| 2003/04 | 35.84                               | @@          | 2.68                          | 4.66                    | 7.34                   | 20.48                              | 165,435                              |         |         |
| 2004/05 | 37.30                               | @@          | 2.79                          | 4.70                    | 7.49                   | 20.08                              | 169,877                              |         |         |
| 2005/06 | 38.75                               | @@          | 2.88                          | 4.86                    | 7.74                   | 19.97                              | 167,927                              |         |         |
| 2006/07 | 39.35                               | @@          | 2.86                          | 5.22                    | 8.08                   | 20.53                              | 168,536                              |         |         |
| 2007/08 | 41.54                               | @@          | 2.95                          | 5.50                    | 8.45                   | 20.34                              | 171,296                              |         |         |
| 2008/09 | 43.37                               | @@          | 3.42                          | **                      | 5.97                   | 0.85                               | 10.24                                | 23.61   | 181,836 |
| 2009/10 | 45.47                               | @@          | 3.57                          | 6.42                    | 1.04                   | 11.03                              | 24.26                                | 183,911 |         |
| 2010/11 | 46.18                               | @@          | 3.57                          | 6.42                    | 0.68                   | 10.67                              | 23.10                                | 188,144 |         |
| 2011/12 | 45.59                               | @@          | 3.47                          | 6.42                    | 0.71                   | 10.60                              | 23.25                                | 194,898 |         |
| 2012/13 | 42.90                               | @@          | 3.22                          | 6.52                    | 0.85                   | 10.59                              | 24.69                                | 211,407 |         |
| 2013/14 | 41.68                               | @@          | 3.07                          | 6.63                    | 0.95                   | 10.65                              | 25.55                                | 214,526 |         |
| 2014/15 | 40.05                               | @@          | 2.75                          | 6.76                    | 1.03                   | 10.54                              | 26.32                                | 215,406 |         |
| 2015/16 | 37.75                               | @@          | 3.82                          | 6.93                    | 0.51                   | 11.26                              | 29.83                                | 214,384 |         |
| 2016/17 | 40.68                               |             | 3.91                          | 7.02                    | 0.59                   | 11.52                              | 28.32                                | 209,283 |         |
| 2017/18 | 48.45                               |             | 4.47                          | 7.15                    | 0.62                   | 12.24                              | 25.26                                | 210,388 |         |

\* Excludes wholesalers' surcharges, discounts and rebates.

\*\* Percentage mark-up changed.

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

@ Adjusted for retrospective payments.

@@ Not adjusted for General category items under the maximum patient contribution. Excludes Doctor's Bag items

## POPULATION TO PHARMACY RATIOS IN AUSTRALIA

Table 18.

| Year (30 June) | Population * | Number of Pharmacies | Population : Pharmacy Ratio |
|----------------|--------------|----------------------|-----------------------------|
| 1970           | 12,663,469   | 5,876                | 2,155                       |
| 1975           | 13,893,000   | 5,566                | 2,496                       |
| 1980           | 14,695,400   | 5,417                | 2,713                       |
| 1985           | 15,788,300   | 5,484                | 2,879                       |
| 1986           | 16,018,400   | 5,549                | 2,887                       |
| 1987           | 16,263,300   | 5,559                | 2,926                       |
| 1988           | 16,532,200   | 5,609                | 2,947                       |
| 1989           | 16,814,400   | 5,612                | 2,996                       |
| 1990           | 17,065,100   | 5,625                | 3,034                       |
| 1991           | 17,284,000   | 5,351                | 3,230                       |
| 1992           | 17,489,100   | 5,091                | 3,435                       |
| 1993           | 17,656,400   | 5,018                | 3,519                       |
| 1994           | 17,847,400   | 4,980                | 3,584                       |
| 1995           | 18,063,300   | 4,949                | 3,650                       |
| 1996           | 18,310,714   | 4,953                | 3,697                       |
| 1997           | 18,532,247   | 4,954                | 3,741                       |
| 1998           | 18,730,359   | 4,952                | 3,782                       |
| 1999           | 18,871,800   | 4,942                | 3,819                       |
| 2000           | 19,080,200   | 4,925                | 3,874                       |
| 2001           | 19,334,200   | 4,925                | 3,926                       |
| 2002           | 19,657,400   | 4,926                | 3,991                       |
| 2003           | 19,757,900   | 4,907                | 4,026                       |
| 2004           | 20,009,000   | 4,910                | 4,075                       |
| 2005           | 20,281,400   | 4,921                | 4,121                       |
| 2006           | 20,551,500   | 4,951                | 4,151                       |
| 2007           | 20,948,900   | 4,992                | 4,196                       |
| 2008           | 21,282,600   | 5,005                | 4,252                       |
| 2009           | 21,779,100   | 5,046                | 4,316                       |
| 2010           | 22,271,900   | 5,088                | 4,377                       |
| 2011           | 22,475,100   | 5,167                | 4,350                       |
| 2012           | 22,485,340   | 5,240                | 4,291                       |
| 2013           | 23,032,700   | 5,350                | 4,305                       |
| 2014           | 23,319,400   | 5,456                | 4,274                       |
| 2015           | 23,714,300   | 5,511                | 4,303                       |
| 2016           | 24,123,900   | 5,587                | 4,318                       |
| 2017           | 24,594,400   | 5,665                | 4,341                       |
| 2018           | 24,992,400   | 5,723                | 4,367                       |

## TRENDS IN POPULATION TO PHARMACY RATIOS

Table 19.

| State or Territory | 30-Jun-17         |                      |                     | 30-Jun-18         |                      |                     | % Change in Population to Pharmacy Ratios |
|--------------------|-------------------|----------------------|---------------------|-------------------|----------------------|---------------------|-------------------------------------------|
|                    | Population ('000) | Number of Pharmacies | Population/Pharmacy | Population ('000) | Number of Pharmacies | Population/Pharmacy |                                           |
| NSW                | 7,861.1           | 1,864                | 4,217               | 7,987.3           | 1,878                | 4,253               | 0.8                                       |
| VIC                | 6,323.6           | 1,346                | 4,698               | 6,459.8           | 1,360                | 4,750               | 1.1                                       |
| QLD                | 4,928.5           | 1,130                | 4,362               | 5,012.2           | 1,138                | 4,404               | 1.0                                       |
| SA                 | 1,723.5           | 454                  | 3,796               | 1,736.4           | 454                  | 3,825               | 0.7                                       |
| WA                 | 2,580.4           | 611                  | 4,223               | 2,595.9           | 623                  | 4,167               | -1.3                                      |
| TAS                | 520.9             | 149                  | 3,496               | 528.1             | 153                  | 3,452               | -1.3                                      |
| NT                 | 246.1             | 36                   | 6,836               | 247.3             | 39                   | 6,341               | -7.2                                      |
| ACT                | 410.3             | 75                   | 5,471               | 420.9             | 78                   | 5,396               | -1.4                                      |
| <b>AUS</b>         | <b>24,594.4</b>   | <b>5,665</b>         | <b>4,341</b>        | <b>24,992.40</b>  | <b>5,723</b>         | <b>4,367</b>        | <b>0.6</b>                                |

Sources: Medicare Australia and Australian Bureau of Statistics

## PHARMACIES DISPENSING PHARMACEUTICAL BENEFITS STATES AND TERRITORIES 2008 TO 2018

Table 20.

| STATE OR TERRITORY | 2008         | 2009         | 2010         | 2011         | 2012         | 2013         | 2014         | 2015         | 2016         | 2017         | 2018         |
|--------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| NSW                | 1,722        | 1,731        | 1,731        | 1,738        | 1,762        | 1,794        | 1,820        | 1,831        | 1,853        | 1,864        | 1,878        |
| VIC                | 1,161        | 1,170        | 1,184        | 1,204        | 1,226        | 1,247        | 1,282        | 1,299        | 1,317        | 1,346        | 1,360        |
| QLD                | 987          | 1,011        | 1,017        | 1,052        | 1,048        | 1,070        | 1,088        | 1,100        | 1,118        | 1,130        | 1,138        |
| SA                 | 407          | 404          | 414          | 418          | 423          | 432          | 439          | 439          | 448          | 454          | 454          |
| WA                 | 508          | 508          | 516          | 521          | 540          | 556          | 574          | 584          | 591          | 611          | 623          |
| TAS                | 132          | 131          | 133          | 139          | 141          | 146          | 148          | 149          | 150          | 149          | 153          |
| NT                 | 27           | 29           | 30           | 31           | 32           | 33           | 33           | 34           | 35           | 36           | 39           |
| ACT                | 61           | 62           | 63           | 64           | 68           | 72           | 72           | 74           | 75           | 75           | 78           |
| <b>AUS</b>         | <b>5,005</b> | <b>5,046</b> | <b>5,088</b> | <b>5,167</b> | <b>5,240</b> | <b>5,350</b> | <b>5,456</b> | <b>5,510</b> | <b>5,587</b> | <b>5,665</b> | <b>5,723</b> |

Numbers as at 30 June 2018

## PRICING AND EARNING INDICES

Table 21.

| Year    | CONSUMER PRICE INDEX (a) |           |         |            | AVERAGE WEEKLY EARNINGS (b) |          |
|---------|--------------------------|-----------|---------|------------|-----------------------------|----------|
|         | Index*                   | % Change* | Index** | % Change** | \$ Amount                   | % Change |
| JUNE 88 | 49.30                    | 7.17      | 56.00   | 9.38       | 481.70                      | 6.83     |
| JUNE 89 | 53.00                    | 7.51      | 59.10   | 5.54       | 519.10                      | 7.76     |
| JUNE 90 | 57.10                    | 7.74      | 62.30   | 5.41       | 555.80                      | 7.07     |
| JUNE 91 | 59.00                    | 3.33      | 66.00   | 5.94       | 569.90                      | 2.54     |
| JUNE 92 | 59.70                    | 1.19      | 67.70   | 2.58       | 597.40                      | 4.83     |
| JUNE 93 | 60.80                    | 1.84      | 69.40   | 2.51       | 612.50                      | 2.53     |
| JUNE 94 | 61.90                    | 1.81      | 70.80   | 2.02       | 625.10                      | 2.06     |
| JUNE 95 | 64.70                    | 4.52      | 72.80   | 2.82       | 652.70                      | 4.42     |
| JUNE 96 | 66.70                    | 3.09      | 75.20   | 3.30       | 671.50                      | 2.88     |
| JUNE 97 | 66.90                    | 0.30      | 78.80   | 4.79       | 687.10                      | 2.32     |
| JUNE 98 | 67.40                    | 0.75      | 79.40   | 0.76       | 714.50                      | 3.99     |
| JUNE 99 | 68.10                    | 1.10      | 78.90   | -0.63      | 735.10                      | 2.60     |
| JUNE 00 | 70.20                    | 3.08      | 79.60   | 0.89       | 760.00                      | 3.39     |
| JUNE 01 | 74.50                    | 6.13      | 82.90   | 4.15       | 789.40                      | 3.87     |
| JUNE 02 | 76.60                    | 2.82      | 83.80   | 1.09       | 826.10                      | 4.65     |
| JUNE 03 | 78.60                    | 2.61      | 86.30   | 2.98       | 872.10                      | 5.57     |
| JUNE 04 | 80.60                    | 2.54      | 88.40   | 2.43       | 891.20                      | 2.19     |
| JUNE 05 | 82.60                    | 2.48      | 92.90   | 5.09       | 942.70                      | 5.78     |
| JUNE 06 | 85.90                    | 4.00      | 95.90   | 3.23       | 985.10                      | 4.50     |
| JUNE 07 | 87.70                    | 2.10      | 97.20   | 1.36       | 1038.40                     | 5.41     |
| JUNE 08 | 91.60                    | 4.45      | 98.60   | 1.44       | 1072.30                     | 3.26     |
| JUNE 09 | 92.90                    | 1.42      | 101.40  | 2.84       | 1109.80                     | 3.50     |
| JUNE 10 | 95.80                    | 3.12      | 102.60  | 1.18       | 1183.40                     | 6.63     |
| JUNE 11 | 99.20                    | 3.55      | 103.20  | 0.58       | 1241.80                     | 4.93     |
| JUNE 12 | 100.40                   | 1.21      | 103.80  | 0.58       | 1273.80                     | 2.58     |
| JUNE 13 | 102.80                   | 2.39      | 103.20  | -0.58      | 1338.13                     | 5.05     |
| JUNE 14 | 105.90                   | 3.02      | 104.60  | 1.36       | 1376.45                     | 2.86     |
| JUNE 15 | 107.50                   | 1.51      | 103.10  | -1.43      | 1369.50                     | -0.50    |
| JUNE 16 | 108.60                   | 1.02      | 104.40  | 1.26       | 1395.10                     | 1.87     |
| JUNE 17 | 110.70                   | 1.93      | 104.50  | 0.10       | 1417.20                     | 1.58     |
| JUNE 18 | 113.00                   | 2.08      | 106.20  | 1.63       | 1445.30                     | 1.98     |

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

(b) All Males.

\* All Groups

\*\* Pharmaceuticals





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