
2003 GUILD DIGEST

A survey of independent pharmacy operations in Australia
financial year 2001-02

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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.

FOREWORD

This year marks the 31th edition of the Guild Digest. The *2003 Digest* presents a snapshot of pharmacy operations in Australia for the financial year 2001-02. In the process, it also imparts valuable management guidance 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 places pharmacists in a unique category of service providers in the community. Combining their professional and business 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.

Here are the key features of Australian community pharmacy:

- ✦ Community pharmacy is a \$9.6 billion health industry, including \$6.4 billion in prescription sales per year;
- ✦ Community pharmacies dispense 220 million prescriptions annually, including 169.2 million PBS/RPBS subsidised prescriptions;
- ✦ Total Dispensary Sales represent around 67.1% of all sales through pharmacies;
- ✦ The average community pharmacy dispenses 44,837 prescriptions per year; and
- ✦ There are now 4,926 community pharmacies, each serving on average a community of 3,980 people across Australia.

Reporting in the second year the New Agreement, and of the New Tax System, and buoyed by surging consumer confidence, community pharmacy recorded a robust growth of 10.9%. Significantly, for the first time in a decade, non-Prescription sales outperformed dispensary sales. As a result, the Dispensary to Sales ratio ended the year at 67.1%.

In line with our commitment to respond to the changing information needs of members, the *2003 Digest* has undergone significant changes in respect of Turnover categories to provide more meaningful comparisons to the full gamut of pharmacy operations. And continuing the digital evolution, the 2003 edition is again published entirely in digital format. The *2003 Digest CD* complements the web-based *Guild Digest On-line* and the *Guild Digest Interactive*. Together, they offer a formidable benchmarking tool chest. This year's CD includes further refinements designed to make benchmark comparisons easier for responding pharmacies - a feature only available to respondents.

Interest in the Digest remains encouragingly high notwithstanding respondents' more immediate priorities to deal with the challenges of the New Tax System. The analyses contained in the *2003 Digest* are based largely on the sample of over 412 participants. The Guild records its sincere appreciation to all participants in this most important and valuable annual survey during a period of 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 **Johnston Rorke Pharmacy Services, Saccasan Bailey Partners, Smith Peacock & Henshaw** and their pharmacy clients.

Special thanks are also extended to National Secretariat staff and, in particular, to Stephen Armstrong and Wendy Ellison for their tireless and outstanding work in the preparation of this unique publication.

VASKEN T DEMIRIAN
ECONOMIC ANALYSIS & IT

THE YEAR IN PHARMACY 2001-02

This edition of the Digest coincides with the second year of operation under the Third Guild/-Government Agreement which came into effect on 1 July 2000.

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 achievements 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.

In the wider context, the comparatively strong Australian economy continued to outperform nearly all industrialised economies and continued to grow during 2001-02 in terms of all major indicators. The conditions would have impacted favourably on pharmacy along with other small business.

Supported by continued solid growth in employment and income, Private Consumption posted a healthy growth of 3.7%, up from the previous year (2.4%). The Gross Domestic Product continued its growth (nearly doubling the previous year's 1.9%), against the backdrop of falling outputs in Asian trading partners.

Both business and private investment bounced back with a vengeance and the rate of inflation was brought back below the 3% band following the blow out caused by the GST.

Employment grew marginally resulting in an overall improvement in the Unemployment rate to 6.5% (down from 6.9% in the previous year).

Along with other small businesses, pharmacy was directly influenced by these external economic factors - many positive, some adverse. Among the challenges facing pharmacy were the ongoing implementation issues of the Goods & Services Tax and the Privacy Legislation, while the positives included the commencement of the Third Guild/Government Agreement and the satisfactory conclusion to the COAG Review. The following paragraphs chronicle some of the more significant developments during that period.

1. GUILD/GOVERNMENT AGREEMENT III

Signed on 16 May 2000, the Third Agreement represents a landmark in the financial arrangements between the Federal Government and the Guild. It is a breakthrough in that it returns to pharmacy those PBS savings which would normally disappear into consolidated revenue.

Importantly, it formally recognises the wider role of pharmacy as a health care provider by providing remuneration for a range of professional services and quality initiatives. It also provides a substantial package of assistance to pharmaceutical services in rural and remote Australia.

The second year of the Third Community Pharmacy Agreement saw the rollout of more programs and refinement of those already up and running.

The year witnessed improvements in the running of the Agreement through the Agreement Management Committee, and most of the initiatives are now operational. The second dispensing fee adjustment took place on 1 July 2002 with pharmacists receiving another four cents per ready-prepared prescription and seven cents for extemporaneously prepared medicines.

The first payment ('readiness payment') of \$3000 for the Medicines Information to Consumers (MIC) Program was received by all pharmacists who did not opt out of the program and details for the second phase of the Program were finalised. The second phase is now ready to be rolled out. A number of changes were made to the Australian Community Pharmacy Authority (ACPA) rules which took effect on 1 July 2002.

2. GOODS AND SERVICES TAX (GST)

The protracted saga of the GST and its impact on pharmacy drew closer to resolution. By May 2001, after countless representations, the government finally accepted the uniquely disadvantaged position of community pharmacies in respect of the GST. This would in turn pave the way for an interim financial recognition which took effect from 1 October 2001.

The only viable and long-term solution, as stated in every discussion and correspondence with the government over the past three years, is the removal of the GST on these items before they arrive into pharmacies. The removal of the GST at the point of manufacture or at the wholesale level will simplify the current processes with respect to these supplies but also with Doctors' Bags, Hospitals and Aged Care facilities. These simplifications will need to be addressed through legislative changes in the New Tax Act. The Guild's position on this issue is unchanged.

3. PRIVACY LEGISLATION

The new privacy legislation came into effect on 21 December 2001. Complying with the new Privacy Principles has greatly increased the administrative burden on pharmacists. The Guild produced a major package of material, including a CD, to assist pharmacists to comply with the new legislation. A further training CD was produced for sale and the Guild has provided numerous updates to members.

4. IMPROVED MONITORING OF ENTITLEMENTS (IME)

Pharmacists are now required to collect and record Medicare/Repatriation numbers from patients when dispensing PBS and RPBS medications. The measure finally became compulsory on 1 May 2002 after twice being postponed by former Health Minister, Michael Wooldridge.

These delays were necessary due to the difficulties encountered by pharmacists and the Health Insurance Commission (HIC) in obtaining and accurately matching name and number data. The Guild has devoted significant time and effort to sort out these problems whilst providing communication materials to pharmacists to assist them with the changes. The Guild also helped to obtain funding for software providers to make a number of changes to dispensing software aimed at improving the recording process. These changes are expected to be in place early in 2003.

At the end of the financial year, the Guild was still in negotiations with the Health Minister to secure continued funding for pharmacists to collect and record Medicare numbers. Funding ceased in February 2002 and despite a cost review study showing the work pharmacists were doing was costing them between 9 and 11 cents per prescription, no additional funding has yet been forthcoming. Negotiations are continuing with the Minister concerning ongoing payment arrangements for pharmacists' IME work.

5. BETTER MEDICATION MANAGEMENT SYSTEM (BMMS)

The Better Medication Management System (BMMS), now known as *MedConnect*, is essentially the electronic network which will connect prescribers and community pharmacists with the aim of improving medication management and ultimately health outcomes for the community. The central building block for the system will be the individual patient's medication record and participation by all three major stakeholders (doctors, pharmacists and consumers) will be voluntary. The BMMS Development Group is tasked with the responsibility of navigating through the many issues and options for the development of this far-reaching initiative.

For both health professionals and consumers who wish to participate, privacy and confidentiality will be paramount. Consumers who choose to participate will have access to their medication record – initially PBS and RPBS data only, later to extend to Private Prescriptions and OTC items.

Given the scale and dynamics of the proposal, progress has been slow. However, following the shelving of the BMMS Draft Bill in June 2001, the focus of the Development Group has shifted from a full rollout, as originally intended, to a more cautious 'field test' program. The results of the field test will ultimately determine the resource requirements of a full rollout or indeed whether such a rollout for both prescribers and pharmacies is viable. This would allow for the proper evaluation of the system, and its interaction with participants, before any permanent arrangements are put in place.

In the process, time lines have also shifted significantly. To be implemented over two phases, the *trial* will be completed by mid next year and the final evaluation is not expected until later that year.

Despite its initial difficulties, there is little doubt that the BMMS will be integral to the Guild's e-strategy.

A full copy of the BMMS vision is contained in the IT page of the Guild website – www.guild.org.au/guildit.

6. QUALITY CARE PHARMACY PROGRAM

A major boost to the Program came in the form of the Pharmacy Development Program negotiated as part of the Third Guild/Government Agreement.

The 2001 review of the Standards was completed in July and the new Standards became operative from 1 October 2001. The new Standards include three new Professional Practice Standards (DMMR, Distance Dispensing and Internet Pharmacy), the latter two of which also have special comprehensive checklists developed.

A Re-assessment Incentive of \$2,500 was introduced to offset any costs associated with the requirement that the new owner of an accredited pharmacy is required to undergo a full external assessment in order to continue the pharmacy's accreditation.

In October 2001, one last opportunity was given to pharmacies to register as a member of the Program and to be paid the Registration Incentive of \$2,500. The Registration Incentive was introduced to offset the purchase costs of compulsory QCPP materials and some of the initial implementation costs. The Parliamentary Secretary to the Minister for Health wrote to those pharmacies that had not registered and, at the time of closing off, this final opportunity, 4,747 pharmacies had registered for the Program. Pharmacies which subsequently register for the Program will now not be eligible for the Registration Incentive, although they will continue to be eligible for the Accreditation Incentive if they gain QCPP accreditation.

The year under review also saw the first pharmacies undergo the re-accreditation process, three years after their initial assessment. A total of 55 pharmacies were due to be accredited during the year. A new incentive of \$2,500 was introduced to offset any costs associated with the re-accreditation process.

The QCPP website was significantly upgraded during 2001-02, with the result that it is now a comprehensive source of information about the Quality Care Pharmacy Program. Log on at www.qcpp.com to browse the website.

A total of 2,000 pharmacies had gained accreditation by June 2002.

CONCLUSION

It is useful to review the combined effects of these developments in the context of their impact on community pharmacy operations.

The 2001-02 financial year marks the second year of the new Agreement. Helped by low interest rates and the strong pick-up in private consumption, pharmacy posted a healthy growth of 10.9%. While the trading figures represent a sustained growth over the past two years, the percentage growth in Expenses nearly outstripped the increase in Sales. As a percentage of Turnover, Expenses improved marginally to around 22.3%. While some of the increases were associated with business re-investment strategies, the lion's share of those cost increases is attributable to wage increases and, importantly, to strategies to deal with the administrative burden of the GST. Increases in Accounting and Interest expenses highlight the resource requirements to deal with the GST's unique impact on pharmacy: ie funding of the negative cash flow together with the burden of lodging not 4 but 12 BAS statements per year. The results

therefore highlight the need to safeguard against cost blow-out which may negate the gains and efficiencies made over the past six years.

On an encouraging note, the results point to a general improvement across both Dispensary and front-of-shop. Significantly, the growth in the latter has outstripped the rate of growth in Dispensary for the first time since 1991-92.



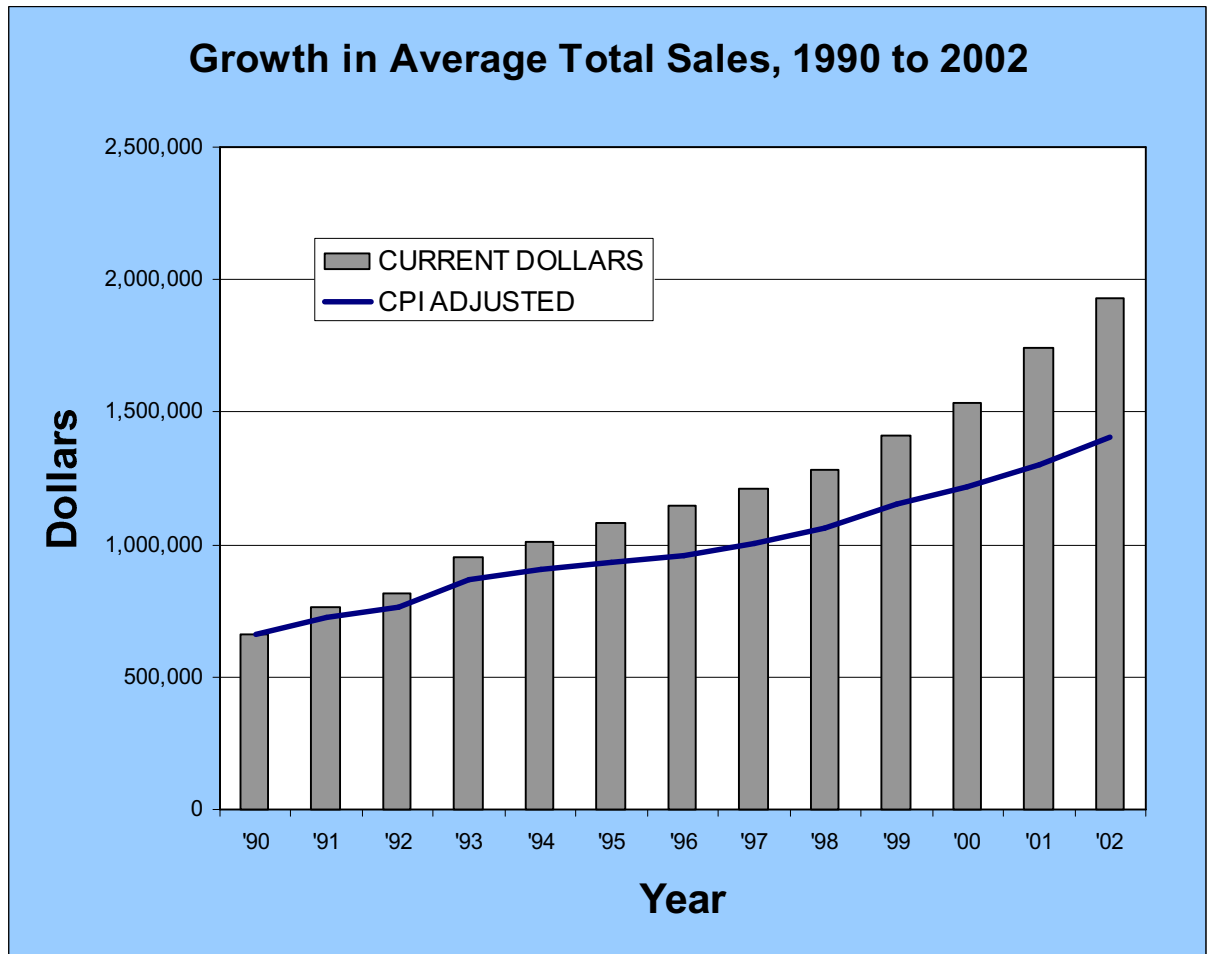
AUSTRALIAN PHARMACIES 1992 - 2002

(Based on all participating pharmacies)

Table 1

	1992 (244) \$	1993 (271) \$	1994 (273) \$	1995 (251) \$	1996 (447) \$	1997 (456) \$	1998 (421) \$	1999 (335) \$	2000 (353)	2001 (402)	2002 (408)
SALES	818,839	950,580	1,010,419	1,080,581	1,147,981	1,210,464	1,282,542	1,409,642	1,535,955	1,741,104	1,930,960
GROSS MARGIN	285,490	320,224	341,719	357,589	378,665	400,236	428,819	462,255	508,092	560,521	616,179
SALARIES & WAGES	93,199	105,791	107,978	116,956	127,467	130,383	138,242	155,845	170,301	187,324	210,770
RENT	34,067	35,690	36,045	37,172	37,992	37,758	41,393	46,169	50,075	53,838	60,566
OTHER EXPENSES	76,640	81,637	81,467	82,208	94,409	100,435	112,079	127,258	138,169	156,577	162,343
TOTAL EXPENSES	203,906	223,118	225,490	236,336	259,868	268,576	291,714	329,272	358,545	397,739	433,679
TRADING PROFIT	81,584	97,106	116,229	121,253	118,797	131,660	137,105	132,983	149,547	162,782	182,500
COMMISSION RECEIVED	10,347	8,470	7,264	7,894	8,802	7,052	6,373	6,521	11,118	14,623	17,966
TOTAL INCOME	91,931	105,576	123,493	129,147	127,599	138,712	143,479	139,502	160,665	177,406	200,466
PROPRIETORS' SALARIES	70,212	70,864	73,438	74,258	76,425	79,441	82,182	84,274	85,401	89,189	97,400
NET PROFIT/LOSS	21,719	34,712	50,055	54,889	51,174	59,271	61,297	55,228	68,261	81,973	95,401
STOCK CARRIED	103,744	125,746	117,452	128,995	132,835	126,199	139,513	147,734	153,862	156,662	183,802

Chart 1



METHODOLOGY FOR THE 2003 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 408 respondents weighted according to their stratification by prescription volume.

Table 3 is based on responses from participating pharmacists who submitted operating data for the two consecutive years - ie 2000-01 and 2001-02.

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:

	Prescription Volumes	Number of Pharmacies	Distribution National
Stratum 1	Less than 20,000	789	16.02%
Stratum 2	20,000 - 33,000	1,173	23.82%
Stratum 3	33,000 - 50,000	1,276	25.90%
Stratum 4	More than 50,000	1,688	34.26%
TOTAL		4,926	

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 - 2001-02

STATE	METROPOLITAN	NON-	TOTAL	
	%	METROPOLITAN	No.	%
		%		
NSW	73.3	26.7	1,727	35.1
VIC	74.3	25.7	1,159	23.5
QLD	54.7	45.3	948	19.2
SA	69.3	30.7	415	8.4
WA	74.2	25.8	480	9.7
TAS	38.1	61.9	140	2.8
ACT	100.0	---	57	1.2
TOTAL	69.0	31.0	4,926	100.0



SURVEY RESPONSE

A total of 420 questionnaires were received for the 2001-02 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 408. 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	78	62.4	47	37.6	125	30.6
VIC	43	55.8	34	44.2	77	18.9
QLD	55	45.5	66	54.5	121	29.7
SA/NT	26	66.7	13	33.3	39	9.6
WA	18	64.3	10	35.7	28	6.9
TAS	3	23.1	10	76.9	13	3.2
ACT	5	100.0		0.0	5	1.2
TOTAL	228	55.9	180	44.1	408	100.0

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 South Australia which enjoy higher than average response rates.

RESPONSE BY TURNOVER CATEGORY

TURNOVER GROUP	2000-01	2001-02
\$	%	%
Under 500,000	1.8	1.5
500,000 – 1.0 m	19.3	16.4
1.0 m – 1.5 m	21.0	20.3
1.5 m – 2.0 m	17.3	15.4
2.0 m – 2.5 m	15.5	15.9
2.5 m – 3.0 m	9.8	11.0
3.0 m – 3.5 m	5.3	6.6
Over 3.5 m	10.3	12.7

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 further evidence of this trend. Respondents who had annual turnovers greater than \$1.5million represented over 54% of the sample in 2001-02 compared with only 9% in 1991-92.

RESPONSE BY WEEKLY PRESCRIPTION VOLUMES

Rx Volume/Week	2001-01 %	2001-02 %
Under 275	4.3	4.4
276 – 375	5.8	6.1
376 – 450	6.0	3.9
451 – 550	9.8	8.8
551 – 650	8.5	11.5
651 – 750	9.5	8.1
751 – 850	11.3	9.8
Over 850	45.0	47.3

The gradual shift towards larger pharmacies is also evident in prescription volumes. In 2001-02 approximately 77% of respondents dispensed over 550 prescriptions per week compared with 46% of respondents in 1991-92.



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 408 Guild members responded to this year's survey. In an important departure from previous years' methodologies, 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 Dalenius-Hodges split – four for each State together with a national stratification. The resultant distribution by prescription volume was applied to the corresponding strata in the sample:

	Rx Volume	Weighting Factors National
Stratum 1	< 20,000	0.1602
Stratum 2	20,000 - 33,000	0.2382
Stratum 3	33,000 - 50,000	0.2590
Stratum 4	50,000 +	0.3426

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](#). 165 respondents fell into this category in 2001-02.

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
408	27
400	27
353	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 408 respondents) is 22.3%. The inter-quartile range is 7.73 (= 24.97 - 17.24), so the approximate standard error of this estimate is 0.29 (=7.73/27).

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 408 respondents, is 21.7% to 22.9% of Total Revenue.

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

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

USING THIS SURVEY

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

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



DEFINITION OF KEY INCOME AND EXPENSE ITEMS IN TABLES

(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 2003 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 calculation of a reasonable professional salary for hours worked by pharmacy proprietors based on actual manager wages. The underlying rationale is that a proprietor should receive 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 2001-02, the normal hourly rate was estimated at \$31.00 for the first 38 hours. The extra hours were calculated at time and a half rate to reflect overtime. A rate of 1.2447 was applied to reflect On-Cost provisions. (Refer to Section dealing with proprietors' notional salary in the *Analysis of Survey Results*)

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

It is worth noting that where a pharmacy was manager-operated, the 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 1.16 award weeks (see [Table 2](#)). The notional salary of \$97,400 is fully attributable to the single proprietor working 44 hours.

In a partnership, however, where two partners work 38 and 9 hours respectively, the notional salary of \$97,400 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. The Return on Capital Employed is based on an interest rate of 6.5% (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 2001 AND 2002
(Based on 12 Months of Trading to 30/06/02)

Table 2

	2001 AVERAGES		2002 AVERAGES		AMOUNT AND PERCENT OF CHANGE	
	\$	%	\$	%	\$	%
SALES, EXPENSES & PROFITABILITY						
SALES	1,741,104		1,930,960		189,856	10.90
COST OF GOODS SOLD	1,180,583	67.81	1,314,781	68.09	134,198	11.37
GROSS MARGIN	560,521	32.19	616,179	31.91	55,658	9.93
Commissions Received	14,623		17,966		3,343	22.86
GROSS MARGIN PLUS COMMISSIONS	575,144		634,145		59,001	10.26
TOTAL REVENUE	1,755,727	100.00	1,948,925	100.00	193,198	11.00
EXPENSES						
Salaries and Wages	187,324	10.67	210,770	10.81	23,446	12.52
Rent Paid	53,838	3.07	60,566	3.11	6,728	12.50
Outgoings - Rental & Rates	2,863	0.16	2,901	0.15	38	1.33
Accounting	6,075	0.35	6,559	0.34	484	7.97
Advertising	13,520	0.77	14,854	0.76	1,334	9.87
Bank Charges	7,105	0.40	7,065	0.36	-40	-0.56
Computer Expenses	5,503	0.31	5,385	0.28	-118	-2.14
Depreciation	9,976	0.57	11,216	0.58	1,240	12.43
Electricity, Water, Heating	4,448	0.25	4,822	0.25	374	8.41
Insurance	5,722	0.33	6,651	0.34	929	16.24
Interest Paid	20,841	1.19	22,436	1.15	1,595	7.65
Leasing Expenses	11,008	0.63	10,908	0.56	-100	-0.91
Motor Vehicle Expenses	4,345	0.25	4,313	0.22	-32	-0.74
Postage, Freight, Printing	6,465	0.37	7,549	0.39	1,084	16.77
Repairs, Maintenance, Service	3,270	0.19	3,220	0.17	-50	-1.53
Subs and Registrations	5,440	0.31	6,153	0.32	713	13.11
Superannuation	15,473	0.88	17,856	0.92	2,383	15.40
Telephone	4,391	0.25	4,812	0.25	421	9.59
Training	2,131	0.12	1,987	0.10	-144	-6.76
Abnormal Expenses	5,861	0.33	1,733	0.09	-4,128	-70.43
Payroll Tax	1,017	0.06	996	0.05	-21	-2.06
Workers' Compensation	2,942	0.17	3,185	0.16	243	8.26
Other Expenses	18,177	1.04	17,741	0.91	-436	-2.40
TOTAL EXPENSES	397,739	22.65	433,679	22.25	35,940	9.04
TOTAL INCOME	177,406	10.10	200,463	10.29	23,057	13.00
Less Proprietors' Salary (1) [Full-Time-Equivalents]	89,189 1.23	5.08	97,400 1.16	5.00	8,211	9.21
Less Return on Capital (2)	6,244	0.36	7,661	0.39	1,417	22.69
NET PROFIT/LOSS	81,973	4.67	95,401	4.90	13,428	16.38
SALES ANALYSIS						
Prescriptions	1,170,410	67.22	1,296,252	67.13	125,842	10.75
Other Sales	570,694	32.78	634,708	32.87	64,014	11.22
INVENTORY ANALYSIS						
Prescription	58,197	3.31	69,311	3.56	11,114	19.10
Other	98,465	5.61	114,491	5.87	16,026	16.28
STOCK CARRIED (Total)	156,662	8.92	183,802	9.43	27,140	17.32
STOCK TURN (On Total Inventory)	7.03		7.05		0.02	0.33
SALES PER INVENTORY DOLLAR						
Prescription	18.92		18.70		-0.22	-1.15
Other	5.60		5.54		-0.06	-1.00
STATISTICS						
PHARMACY SIZE (square metres)	145		149		4	2.56
PRESCRIPTIONS DISPENSED (Total)	42,259		44,837		2,578	6.10
PRESCRIPTIONS DISPENSED WEEKLY	813		861		48	5.90
TOTAL HOURS OPEN per WEEK	58.47		59.56		1.09	1.86
AV HRS WORKED BY PROPRIETORS/WEEK	46.90		43.95		-2.95	-6.29
FUNDS RETAINED IN BUSINESS (3)	64,955	3.70	77,049	3.95	12,094	18.62

(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 PHARMACY PERFORMANCE 2001-02

(Refer to [Table 2](#))

This section compares the results of the 2000-01 and 2001-02 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.

A major factor which has shaped the results of the past six years has been the restructuring of the industry. From a base total of 5,625 pharmacies in 1990, the number of pharmacies remaining in the industry in 2002 was 4,926 which represents a stabilisation of numbers following the first Agreement.

The restructuring process has produced higher average sales, larger prescription volumes and greater efficiencies in pharmacy management. Average turnover has nearly doubled since 1989-90.

However, caution should be exercised in interpreting these long term results in isolation from both the number and the characteristics of pharmacies which have remained in the industry. To a large extent, the early average increases may be attributed to the falling pharmacy numbers rather than any significant industry-wide growth. On the other hand, as pharmacy numbers have stabilised over the past four years, any recent increases in average indicators would be reasonably expected to reflect industry wide increases.

The following are a few key characteristics of Community Pharmacy in Australia:

- ✦ Community pharmacy is an \$9.6 billion industry, including \$6.4 billion in prescription sales per year;
- ✦ Community pharmacies dispense 220 million prescriptions annually, including 169.2 million PBS/RPBS subsidised prescriptions;
- ✦ Total Dispensary Sales represent around 67.1% of all sales through pharmacies;
- ✦ The average community pharmacy dispenses 44,837 prescriptions per year; and
- ✦ There are now 4,926 community pharmacies, each servicing on average 3,980 people across Australia.

Here are the salient results of the 2001-02 financial year:

- Average Total Sales increased strongly for the fourth year running by 10.9% ending the year on \$1,930,960.
- Most of the increases, however, were in the form of Cost of Goods Sold which increased markedly by 11.4%, underscoring the key role of COGS in pharmacy turnover.

-
- Average Gross Margins increased by 9.9% in dollar terms but slipped fractionally as a percentage of Sales to 31.9% (from 32.2% last year).
 - In dollar terms, Expenses jumped by 9% translating to 22.3% of Sales, an easing from 22.7% in the previous years.
 - The significant cost increases may be attributed to Wages (+12.52%), Occupancy Costs (+12.50%), Interest Paid (+23.7%), and wage related expenses. Collectively, wage, rental and interest expenses accounted for over three quarters of the increases recorded for the year.
 - Salaries and Wages grew by 12.5% representing over half of the overhead increases in 2001-02.
 - Rental and Outgoings have also increased by 12.5%, although the shop area adjusted increase is closer to 9.5%, well above the prevailing rate of inflation.
 - Significantly, both the Y2K and the GST capital expenditure have now been fully absorbed into operating expenses in the form of Interest Paid. Following last year's sharp growth (23.7%), a further increase of 8% this year is of concern.
 - Proprietors' Notional Salary increased marginally in line with increases in wages and on-costs but dropped marginally as a percentage of Total Revenue from 5.1% to 4.8%.
 - Consistent with the sizeable growth in Total Assets (by 11.1%), the imputed Return on Capital shows a corresponding increase of 9.3%.
 - Significantly, for the first time since 1991-92, Front-of-shop sales outstripped the growth in Dispensary Sales - 11.2% and 10.8% respectively – consolidating the gains made in recent years.
 - The comparative increase in non-Prescription Sales has in turn provided some respite from the relentless growth in the Dispensary Ratio. The ratio ended the year at 67.1% of Total Sales.
 - The average number of prescriptions dispensed in the year grew by 6.1% to 44,837, while the average prescription price rose by 4.4% from \$27.70 to \$28.93. Similar trends were also reported by the consecutive years' respondents (see [Table 3](#)).



AUSTRALIAN PHARMACIES REPORTING IN TWO CONSECUTIVE YEARS 2001 AND 2002
(Based on 12 Months of Trading to 30/06/02)

Table 3

	2001 AVERAGES		2002 AVERAGES		AMOUNT AND PERCENT OF CHANGE	
	\$	%	\$	%	\$	%
SALES, EXPENSES & PROFITABILITY						
SALES	1,718,852		1,897,065		178,213	10.37
COST OF GOODS SOLD	1,155,522	67.23	1,285,812	67.78	130,290	11.28
GROSS MARGIN	563,330	32.77	611,253	32.22	47,923	8.51
Commissions Received	12,682		14,306		1,624	12.81
GROSS MARGIN PLUS COMMISSIONS	576,012		625,559		49,547	8.60
TOTAL REVENUE	1,731,534	100.00	1,911,371	100.00	179,837	10.39
EXPENSES						
Salaries and Wages	177,810	10.27	203,126	10.63	25,316	14.24
Rent Paid	46,115	2.66	50,372	2.64	4,257	9.23
Outgoings - Rental & Rates	4,061	0.23	3,787	0.20	-274	-6.75
Accounting	5,016	0.29	5,599	0.29	583	11.62
Advertising	14,668	0.85	16,062	0.84	1,394	9.50
Bank Charges	7,169	0.41	6,271	0.33	-898	-12.53
Computer Expenses	6,871	0.40	6,995	0.37	124	1.80
Depreciation	8,572	0.50	9,637	0.50	1,065	12.42
Electricity, Water, Heating	4,505	0.26	4,905	0.26	400	8.88
Insurance	5,392	0.31	6,360	0.33	968	17.95
Interest Paid	14,802	0.85	13,556	0.71	-1,246	-8.42
Leasing Expenses	8,243	0.48	9,293	0.49	1,050	12.74
Motor Vehicle Expenses	4,130	0.24	4,648	0.24	518	12.54
Postage, Freight, Printing	6,282	0.36	7,009	0.37	727	11.57
Repairs, Maintenance, Service	3,838	0.22	3,637	0.19	-201	-5.24
Subs and Registrations	6,362	0.37	7,055	0.37	693	10.89
Superannuation	14,707	0.85	17,549	0.92	2,842	19.32
Telephone	4,103	0.24	4,635	0.24	532	12.97
Training	2,138	0.12	2,062	0.11	-76	-3.55
Abnormal Expenses	4,086	0.24	3,778	0.20	-308	-7.54
Payroll Tax	718	0.04	940	0.05	222	30.92
Workers' Compensation	2,463	0.14	2,711	0.14	248	10.07
Other Expenses	13,073	0.75	12,492	0.65	-581	-4.44
TOTAL EXPENSES	365,124	21.09	402,479	21.06	37,355	10.23
TOTAL INCOME	210,889	12.18	223,080	11.67	12,191	5.78
Less Proprietors' Salary (1) [Full-Time-Equivalents]	87,836 1.14	5.07	91,142 1.14	4.77	3,306	3.76
Less Return on Capital (2)	15,046	0.87	16,445	0.86	1,399	9.30
NET PROFIT/LOSS	108,007	6.24	115,493	6.04	7,486	6.93
SALES ANALYSIS						
Prescriptions	1,175,633	68.40	1,319,994	69.58	144,361	12.28
Other Sales	543,219	31.60	577,071	30.42	33,852	6.23
INVENTORY ANALYSIS						
Prescription	60,483	3.49	67,380	3.53	6,897	11.40
Other	98,758	5.70	106,182	5.56	7,424	7.52
STOCK CARRIED (Total)	159,241	9.20	173,562	9.08	14,321	8.99
STOCK TURN (On Total Inventory)	7.45		7.65		0.20	2.68
SALES PER INVENTORY DOLLAR						
Prescription	19.44		19.59		0.15	0.77
Other	5.5		5.43		-0.07	-1.27
STATISTICS						
PHARMACY SIZE (square metres)	144		151		8	5.22
PRESCRIPTIONS DISPENSED (Total)	42,252		45,741		3,489	8.26
PRESCRIPTIONS DISPENSED WEEKLY	813		880		67	8.24
TOTAL HOURS OPEN per WEEK	57.46		57.82		0.36	0.63
AV HRS WORKED BY PROPRIETORS/WEEK	43.20		43.14		-0.06	-0.14
FUNDS RETAINED IN BUSINESS (3)	72,169	4.17	87,336	4.57	15,167	21.02

(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.

COMPARISON OF PHARMACIES RESPONDING IN CONSECUTIVE YEARS

(Refer to [Table 3](#))

Over the past seventeen years, the Digest has included a comparison of performance for those who 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 165 pharmacies responded in both 2000-01 and 2001-02.

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

- Total Sales increased strongly by 10.4% largely echoing the growth reported by the main sample (10.9%).
- Cost of Goods Sold also rose sharply by 11.3%, outstripping the rate of growth for Sales. This in turn produced a lower Gross Margin as a percentage of Sales - from 32.8% to 32.2%.
- Consistent with the main sample, Expenses continued their downward trend as a percentage of Total Revenue (to 21.1% in 2001-02).
- In dollar terms, the growth in Total Expenses were similar to those reported by the main sample (+10.2%) and the major contributors to the increase were common to both samples.
- The Salary and Wages bill for the average pharmacy in the comparative sample grew significantly by 14.2% - explaining almost two-thirds of the increase in overheads.
- In contrast with the main sample results, Rents and Outgoings grew marginally and, after adjusting for floor area, the growth rate appears consistent with the prevailing rate of inflation.
- Prescription revenue showed a strong growth (by 12.3%), mirroring the outcome reported for the main sample.
- Non-Prescription Sales, however, while posting an increase (+6.2%), fell short of the increase reported by the main sample.
- The number of prescriptions dispensed in 2001-02 grew strongly by 8.3% over the previous year's volume (from 42,252 to 45,741), while the average prescription price rose from \$27.82 to \$28.86 (by 3.7%).



AUSTRALIAN PHARMACIES – 2001-02
(Based on 12 Months of Trading to 30/06/02)

Table 4

NATIONAL AVERAGE	2002 AVERAGES		Low	Normal	High
SALES, EXPENSES & PROFITABILITY	\$	%			
SALES	1,930,960		1,138,129	1,858,785	2,671,300
COST OF GOODS SOLD	1,314,781	68.09	66.05	68.12	70.27
GROSS MARGIN	616,179	31.91	28.64	31.14	33.23
Commissions Received	17,966	0.92	0.25	0.55	1.29
GROSS MARGIN PLUS COMMISSIONS	634,145	32.54	29.39	31.59	33.64
TOTAL REVENUE	1,948,925	100.00	100.00	100.00	100.00
EXPENSES					
Salaries and Wages	210,770	10.81	8.20	10.51	12.46
Rent Paid	60,566	3.11	1.57	2.45	3.49
Outgoings - Rental & Rates	2,901	0.15	0.08	0.18	0.38
Accounting	6,559	0.34	0.14	0.27	0.49
Advertising	14,854	0.76	0.20	0.51	1.02
Bank Charges	7,065	0.36	0.26	0.33	0.44
Computer Expenses	5,385	0.28	0.14	0.26	0.46
Depreciation	11,216	0.58	0.20	0.42	0.72
Electricity, Water, Heating	4,822	0.25	0.15	0.22	0.31
Insurance	6,651	0.34	0.21	0.32	0.49
Interest Paid	22,436	1.15	0.39	1.23	2.54
Leasing Expenses	10,908	0.56	0.26	0.64	1.41
Motor Vehicle Expenses	4,313	0.22	0.13	0.31	0.54
Postage, Freight, Printing	7,549	0.39	0.20	0.33	0.48
Repairs, Maintenance, Service	3,220	0.17	0.06	0.12	0.23
Subs and Registrations	6,153	0.32	0.12	0.25	0.45
Superannuation	17,856	0.92	0.56	0.76	1.03
Telephone	4,812	0.25	0.17	0.24	0.32
Training	1,987	0.10	0.01	0.06	0.13
Abnormal Expenses	1,733	0.09	0.00	0.00	0.00
Payroll Tax	996	0.05	0.00	0.00	0.00
Workers' Compensation	3,185	0.16	0.05	0.08	0.26
Other Expenses	17,741	0.91	0.20	0.46	0.92
TOTAL EXPENSES	433,679	22.25	17.24	21.29	24.97
TOTAL INCOME	200,466	10.29	6.58	10.13	13.86
Less Proprietors' Salary (1)	97,400	5.00	3.30	5.16	7.90
[Full-Time-Equivalents]	1.16		1.09	1.29	1.42
Less Return on Capital (2)	7,661	0.39	-0.47	0.77	1.38
NET PROFIT/LOSS	95,405	4.90	1.30	5.97	11.09
SALES ANALYSIS					
Prescriptions	1,296,252	67.13	825,480	1,252,801	1,873,520
Other Sales	634,708	32.87	261,019	524,971	889,626
INVENTORY ANALYSIS					
STOCK CARRIED (Total)	183,802	9.43	101,691	168,109	248,756
STOCK TURN (On Total Inventory)	7.05		6.34	7.69	9.25
SALES PER INVENTORY DOLLAR					
Prescription	18.70		15.31	19.71	24.32
Other	5.54		3.80	5.12	6.85
STATISTICS					
PHARMACY SIZE (square metres)	149		100	147	221
PRESCRIPTIONS DISPENSED (Total)	44,837		29,357	42,760	62,375
PRESCRIPTIONS DISPENSED WEEKLY	861		565	822	1,200
TOTAL HOURS OPEN per WEEK	60		50	55	66
AV HRS WORKED BY PROPRIETORS/WEEK	44		42	49	54
FUNDS RETAINED IN BUSINESS (3)	77,052	3.95	117	56,719	134,099

(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.

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 2001-02 continued to improve. 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. The economic conditions remained conducive to growth. While consumer confidence and spending provided much needed boost to Sales, 2001-02 saw a continuing need to reinvest in the business of pharmacy, particularly to cope with the ongoing administrative challenge of the GST. Importantly, however, while providing a valuable community service, a significant proportion of pharmacies were still unable to achieve a reasonable return on funds invested in their business.

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 1st quartile; normal or 2nd quartile (or median); and high or 3rd quartile. The first quartile simply means that 25% of respondents achieved results less than the value shown for the item. On the other hand, the 3rd or high quartile means that 75% achieved less and 25% achieved greater than the value indicated.

Similarly, the median or 2nd 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 (10.51%) bears no relationship to the Sales figure in the same quartile (\$1,858,785). The correct interpretation is that the Normal Quartile for Salaries and Wages is 10.51% of the Sales figure reported by that median respondent. The Sales figure of \$1,858,785 is independent of the 10.51%. Conversely, the median respondent who reported the Sales figure of \$1,858,785 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	30%	less than desirable
	38%	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 this level 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 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 29.39% to 33.64% (compared with 29.83% to 34.00% in 2000-01) suggests a slowing down of the decline in Gross Margins but is consistent with the decade-long downward trend. In 1984-85, Gross Margins ranged from 36.30% to 41.69%.

Total Expense results also show marginal improvements across all quartile ranges. Notwithstanding the aggressive cost control measures of recent years, the present results still point to greater spending possibly encouraged by improved economic conditions.

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.

Modest wage movements occurred in 2001-02, increasing the normal hourly rate for managers from \$29.40 to \$31.00 per hour for a 38 hour week. Additional hours worked were calculated at time and a half to reflect appropriate overtime. A rate of 1.2447 was applied to reflect on-cost provisions.

The on-costs were derived as follows:

\$61,256		Annual Salary (38 hour week)
	%	
\$4,712	7.69	Holiday (4 weeks)
\$ 825	1.35	Leave loading (17.5% of 4 weeks)
\$1,178	1.92	Sick leave (1 week)
\$1,021	1.67	Long service leave (3 mths/15 yr)
\$2,356	3.85	Public holidays (2 weeks)
\$4,900	8.00	Superannuation
\$14,992	24.47	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 \$1,741,104) was \$861,005. The variable expense ratio was 81.50% and the break-even sales level was achieved after 181 days.

This financial year (2001-02), using the same method, the variable expense ratio has increased slightly to 81.83%. Applied to a higher turnover level of \$1,930,960, the ratio produces a break-even result of \$926,125 achieved after only 175 days.

After the break-even point is reached, each extra dollar of revenue contributes to profits since all the 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)	\$1,930,960	
EXPENSES	(E)	\$433,679	
COST OF GOODS SOLD	(C)	\$1,314,781	
2. TOTAL EXPENSES	(T)		
T = E + C			\$1,748,460
3. VARIABLE EXPENSES	(V)		
* Cost of Goods Sold		\$1,314,781	
* Salaries & Related Costs ⁽¹⁾		\$ 232,807	
* Advertising		\$ 14,854	
* Other Expenses		<u>\$ 17,741</u>	
			\$1,580,183
4. FIXED EXPENSES	(F)		
F = T - V			\$168,277
5. VARIABLE EXPENSE RATIO (VER)			
VER = $\frac{V}{S}$		$\frac{\$1,580,183}{\$1,930,960}$	= 0.8183
6. FIXED EXPENSE RATIO (FER)			
FER = 1 - VER			= 0.1817
7. BREAK-EVEN SALES =	$\frac{F}{FER}$	=	$\frac{\$168,277}{0.1817}$
		=	\$926,125
BREAK-EVEN DAYS	=	$\frac{\$926,125}{\$1,930,960} \times 365$	= 175

Therefore, break even was achieved after 175 days.

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

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 \$4,784 to \$16,110.

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

On average, the results point to a 8.2% improvement in this indicator from \$12,120 last year to \$13,118 in 2001-02.

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 increased in 2001-02 (to approximately \$14.20) despite the trend for greater reliance on the Dispensary.

The average prescription generated between \$38 and \$47 in sales revenue. With an average value per prescription of about \$28.90, each prescription produced between \$9 and \$18 extra revenue in the non-prescription sector.

Turnover Group \$	Average Script Value \$	Sales/Script 2001-02 \$	Script Sales/ Total Sales 2001-02 %
Under 500,000	28.97	40.58	71.4
500,000 – 1.0 m	27.80	38.36	72.5
1.0 m – 1.5 m	28.86	38.54	74.9
1.5 m – 2.0 m	28.80	41.38	69.6
2.0 m – 2.5 m	29.25	43.33	67.5
2.5 m – 3.0 m	28.35	41.67	68.0
3.0 m – 3.5 m	29.36	43.65	67.3
Over 3.5 m	29.17	47.20	61.8
All pharmacies	28.91	43.07	67.1

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 45,000 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 \$7 and \$11 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 \$ 2001-02
Under 500,000	2.03
500,000 – 1.0 m	2.94
1.0 m – 1.5 m	2.65
1.5 m – 2.0 m	2.96
2.0 m – 2.5 m	3.04
2.5 m – 3.0 m	2.81
3.0 m – 3.5 m	2.95
Over 3.5 m	3.15
All Pharmacies	3.01

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 front-of-shop sales.

SALES PER FULL-TIME EMPLOYEE

The results of this year's survey show that each full-time employee generated between \$300,000 and \$400,000 in sales revenue. With minor exceptions, this indicator showed marginal improvement across most turnover categories and an average increase of around 6.8% on last year's results.

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

As with the previous section, it is a useful method to exclude dispensary turnover from the calculation to obtain the retail sector sales per full-time equivalent employee.

\$ Turnover Group	Retail Sales/Full-Time Employee \$ 2001-02
Under 500,000	73,531
500,000 – 1.0 m	113,477
1.0 m – 1.5 m	106,992
1.5 m – 2.0 m	122,885
2.0 m – 2.5 m	104,599
2.5 m – 3.0 m	111,739
3.0 m – 3.5 m	115,223
Over 3.5 m	120,874
All Pharmacies	118,579

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 7% improvement 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. Small turnover pharmacies paid on average \$200 per square metre per annum whereas the average rental for the over \$3m turnover category exceeded \$490 per square metre.

Country pharmacies generally enjoyed cheaper rents than their metropolitan counterparts.

Overall, pharmacy rents per square metre recorded a substantial increase from \$371.66 to \$407.66, although the bulk of the increase has occurred in metropolitan locations (up by 12.4%).

Also of interest is the fact that larger pharmacies, while paying high rents, do not necessarily benefit from commensurate margins. This is due to the higher proportions of non-prescription sales which have traditionally attracted lower margins.

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 2001-02 \$
Under 500,000	88.22
500,000 – 1.0 m	135.64
1.0 m – 1.5 m	155.79
1.5 m – 2.0 m	158.20
2.0 m – 2.5 m	137.60
2.5 m – 3.0 m	153.23
3.0 m – 3.5 m	151.24
Over 3.5 m	145.11
All Pharmacies	150.10

Overall, the results indicate a robust improvement in productivity of 8.8% with increases of varying magnitude reported across all categories.



Table 5**SUMMARY OF PRODUCTIVITY MEASURES – 2001-02**

TURNOVER RANGE	AVERAGE TURNOVER \$	TURNOVER PER \$ STAFF WAGES	TURNOVER PER FULL TIME EMPLOYEE	TURNOVER PER SQ M SHOP SPACE	RENT \$ PER SQ M SHOP SPACE
UNDER \$500,000	371,938	7.10	259,714	4,784	204.26
\$500,000 - \$1,000,000	801,466	10.87	421,591	9,785	257.56
\$1,000,000 - \$1,500,000	1,240,031	10.68	429,076	12,156	328.27
\$1,500,000 - \$2,000,000	1,757,183	9.81	406,780	11,186	335.78
\$2,000,000 - \$2,500,000	2,236,269	9.47	325,251	12,853	339.06
\$2,500,000 - \$3,000,000	2,697,977	8.85	351,095	13,347	404.71
\$3,000,000 - \$3,500,000	3,202,514	9.06	354,126	15,518	492.85
OVER \$3,500,000	4,532,655	8.30	318,534	16,110	585.32
AUSTRALIA					
ALL PHARMACIES - WEIGHTED	1,948,925	9.25	363,999	13,118	407.66
METROPOLITAN	2,086,858	9.08	417,723	14,999	541.59
COUNTRY	2,131,255	9.40	375,273	12,496	301.53

Chart 2

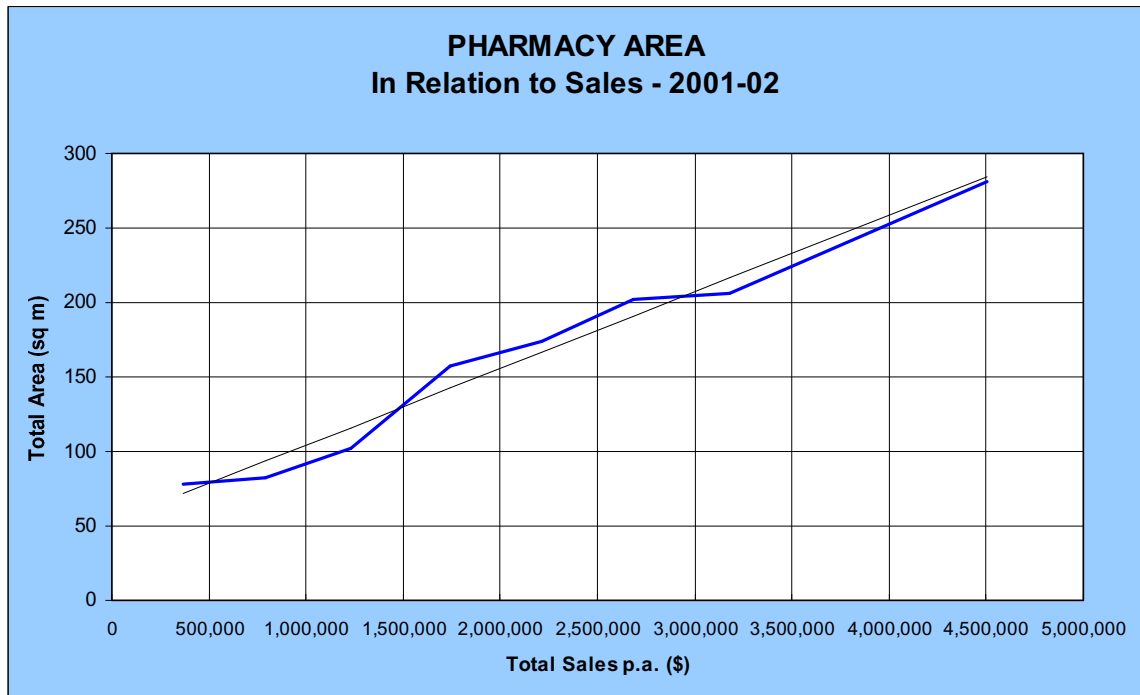
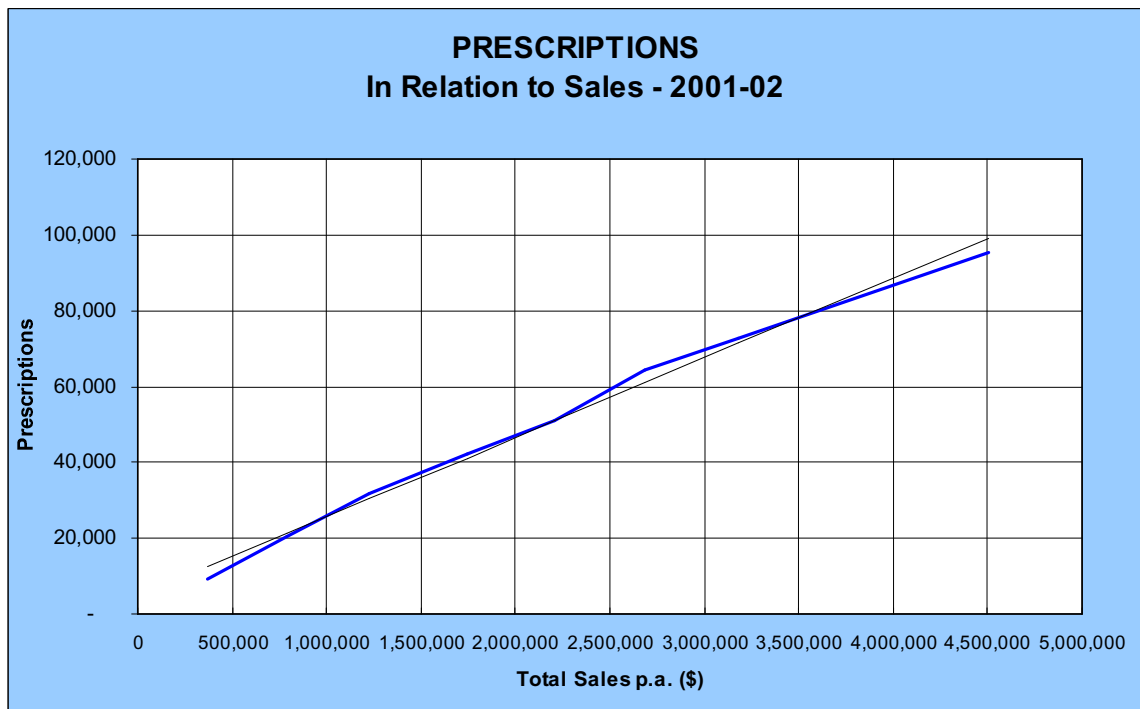


Chart 3



USER'S GUIDE TO THE PHARMACY 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 2002 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 2002, 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 these 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	\$ <input type="text"/>	**
Plus Purchases during the year*	\$ <input type="text"/>	
= Cost of Merchandise	\$ <input type="text"/>	
- Purchase Rebates and Trade Rebates	\$ <input type="text"/>	
- Goods taken for own use	\$ <input type="text"/>	
- Inventory at end of year	\$ <input type="text"/>	
= Cost of Goods Sold	\$ <input type="text"/>	
Sales	\$ <input type="text"/>	
- Cost of Goods Sold	\$ <input type="text"/>	
= Gross Margin	\$ <input type="text"/>	
* 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.

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.

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.

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 2001-02
(Based on 12 Months of Trading to 30/06/02)

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	\$	%	\$	%	\$	%	\$	%
SALES	370,681		787,165		1,227,289		1,742,331	
COST OF GOODS SOLD	248,804	67.12	529,117	67.22	843,614	68.74	1,189,317	68.26
GROSS MARGIN	121,877	32.88	258,048	32.78	383,675	31.26	553,014	31.74
Commissions Received	1,257		14,301		12,743		14,853	
GROSS MARGIN PLUS COMMISSIONS	123,134		272,349		396,418		567,867	
TOTAL REVENUE	371,938	100.00	801,466	100.00	1,240,031	100.00	1,757,183	100.00
EXPENSES								
Salaries and Wages	52,361	14.08	73,733	9.20	116,142	9.37	179,207	10.20
Rent Paid	15,881	4.27	21,097	2.63	33,487	2.70	52,747	3.00
Outgoings - Rental & Rates	892	0.24	1,475	0.18	1,099	0.09	2,986	0.17
Accounting	1,821	0.49	2,782	0.35	5,387	0.43	6,958	0.40
Advertising	2,791	0.75	3,379	0.42	5,534	0.45	12,090	0.69
Bank Charges	1,453	0.39	3,115	0.39	4,752	0.38	6,959	0.40
Computer Expenses	3,066	0.82	3,452	0.43	4,749	0.38	5,085	0.29
Depreciation	2,986	0.80	4,427	0.55	6,882	0.55	10,285	0.59
Electricity, Water, Heating	1,738	0.47	2,036	0.25	2,666	0.21	4,649	0.26
Insurance	3,450	0.93	4,242	0.53	5,217	0.42	5,959	0.34
Interest Paid	2,021	0.54	7,476	0.93	18,266	1.47	20,407	1.16
Leasing Expenses	0	0.00	1,724	0.22	5,486	0.44	7,651	0.44
Motor Vehicle Expenses	1,194	0.32	2,742	0.34	4,668	0.38	5,214	0.30
Postage, Freight, Printing	2,009	0.54	2,798	0.35	4,081	0.33	6,735	0.38
Repairs, Maintenance, Service	971	0.26	1,916	0.24	2,493	0.20	2,478	0.14
Subs and Registrations	2,547	0.68	3,707	0.46	4,085	0.33	5,371	0.31
Superannuation	2,962	0.80	6,483	0.81	11,655	0.94	13,160	0.75
Telephone	3,138	0.84	2,581	0.32	3,189	0.26	4,400	0.25
Training	148	0.04	657	0.08	1,237	0.10	1,464	0.08
Abnormal Expenses	0	0.00	348	0.04	852	0.07	197	0.01
Payroll Tax	0	0.00	0	0.00	62	0.01	0	0.00
Workers' Compensation	718	0.19	1,112	0.14	1,824	0.15	2,766	0.16
Other Expenses	2,562	0.69	8,403	1.05	9,922	0.80	17,165	0.98
TOTAL EXPENSES	104,708	28.15	159,684	19.92	253,735	20.46	373,935	21.28
TOTAL INCOME	18,426	4.95	112,665	14.06	142,683	11.51	193,932	11.04
Less Proprietors' Salary (1) [Full-Time-Equivalents]	57,929	15.57	85,485	10.67	90,464	7.30	103,435	5.89
	0.69		1.04		1.10		1.25	
Less Return on Capital (2)	7,529	2.02	7,583	0.95	457	0.04	7,834	0.45
NET PROFIT/LOSS	-47,032	-12.65	19,597	2.45	51,762	4.17	82,663	4.70
SALES ANALYSIS								
Prescriptions	264,612	71.39	570,365	72.46	918,984	74.88	1,212,631	69.60
Other Sales	106,069	28.61	216,800	27.54	308,305	25.12	529,700	30.40
INVENTORY ANALYSIS								
Prescription	35,783	9.62	38,576	4.81	69,643	5.62	64,313	3.66
Other	99,710	26.81	47,882	5.97	106,682	8.60	114,491	6.52
STOCK CARRIED (Total)	135,493	36.43	86,458	10.79	176,325	14.22	178,804	10.18
STOCK TURN (On Total Inventory)	3.57		6.48		5.57		7.15	
SALES PER INVENTORY DOLLAR								
Prescription	7.40		14.79		13.20		18.86	
Other	1.06		4.53		2.89		4.63	
STATISTICS								
PHARMACY SIZE (square metres)	78		82		102		157	
PRESCRIPTIONS DISPENSED (Total)	9,134		20,519		31,844		42,109	
PRESCRIPTIONS DISPENSED WEEKLY	176		395		612		810	
TOTAL HOURS OPEN per WEEK	50		51		52		60	
AV HRS WORKED BY PROPRIETORS/WEEK	26		39		42		48	
FUNDS RETAINED IN BUSINESS (3)	-8,332	-2.24	50,046	6.24	46,347	3.74	70,444	4.01

(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 2001-02
(Based on 12 Months of Trading to 30/06/02)

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	
SALES, EXPENSES & PROFITABILITY	\$	%	\$	%	\$	%	\$	%
SALES	2,209,466		2,681,971		3,180,405		4,506,221	
COST OF GOODS SOLD	1,501,502	67.96	1,814,701	67.66	2,131,526	67.02	3,055,310	67.80
GROSS MARGIN	707,964	32.04	867,270	32.34	1,048,879	32.98	1,450,911	32.20
Commissions Received	26,804		16,006		22,110		26,434	
GROSS MARGIN PLUS COMMISSIONS	734,768		883,276		1,070,989		1,477,345	
TOTAL REVENUE	2,236,269	100.00	2,697,977	100.00	3,202,514	100.00	4,532,655	100.00
EXPENSES								
Salaries and Wages	236,134	10.56	304,783	11.30	353,543	11.04	546,042	12.05
Rent Paid	58,993	2.64	81,809	3.03	101,710	3.18	164,685	3.63
Outgoings - Rental & Rates	2,863	0.13	3,841	0.14	3,919	0.12	7,679	0.17
Accounting	7,184	0.32	7,401	0.27	10,590	0.33	13,457	0.30
Advertising	19,872	0.89	24,022	0.89	27,018	0.84	40,195	0.89
Bank Charges	7,946	0.36	9,189	0.34	10,654	0.33	15,613	0.34
Computer Expenses	6,607	0.30	6,824	0.25	5,303	0.17	8,904	0.20
Depreciation	10,588	0.47	14,136	0.52	16,674	0.52	31,879	0.70
Electricity, Water, Heating	5,423	0.24	6,617	0.25	7,564	0.24	11,207	0.25
Insurance	7,127	0.32	8,324	0.31	9,678	0.30	11,900	0.26
Interest Paid	20,810	0.93	21,729	0.81	46,027	1.44	57,597	1.27
Leasing Expenses	14,588	0.65	14,976	0.56	18,997	0.59	30,696	0.68
Motor Vehicle Expenses	4,447	0.20	3,801	0.14	3,845	0.12	6,961	0.15
Postage, Freight, Printing	9,226	0.41	14,943	0.55	11,698	0.37	15,059	0.33
Repairs, Maintenance, Service	3,342	0.15	4,243	0.16	4,828	0.15	6,638	0.15
Subs and Registrations	6,800	0.30	6,819	0.25	12,722	0.40	12,015	0.27
Superannuation	19,484	0.87	26,732	0.99	26,604	0.83	47,108	1.04
Telephone	5,211	0.23	6,416	0.24	6,576	0.21	10,315	0.23
Training	2,201	0.10	3,308	0.12	3,254	0.10	5,284	0.12
Abnormal Expenses	2,128	0.10	7,163	0.27	3,789	0.12	2,061	0.05
Payroll Tax	337	0.02	652	0.02	4,226	0.13	6,794	0.15
Workers' Compensation	3,127	0.14	3,862	0.14	7,111	0.22	8,699	0.19
Other Expenses	18,537	0.83	29,253	1.08	28,324	0.88	38,902	0.86
TOTAL EXPENSES	472,975	21.15	610,842	22.64	724,652	22.63	1,099,691	24.26
TOTAL INCOME	261,793	11.71	272,434	10.10	346,337	10.81	377,654	8.33
Less Proprietors' Salary (1) [Full-Time-Equivalents]	100,541	4.50	92,253	3.42	125,938	3.93	118,794	2.62
	1.25		1.17		1.60		1.48	
Less Return on Capital (2)	11,886	0.53	16,045	0.59	2,734	0.09	13,457	0.30
NET PROFIT/LOSS	149,366	6.68	164,136	6.08	217,665	6.80	245,403	5.41
SALES ANALYSIS								
Prescriptions	1,491,587	67.51	1,824,525	68.03	2,139,157	67.26	2,784,721	61.80
Other Sales	717,878	32.49	857,446	31.97	1,041,248	32.74	1,721,500	38.20
INVENTORY ANALYSIS								
Prescription	77,604	3.47	126,910	4.70	108,967	3.40	119,056	2.63
Other	128,562	5.75	186,737	6.92	173,090	5.40	261,289	5.76
STOCK CARRIED (Total)	206,166	9.22	313,647	11.63	282,057	8.81	380,345	8.39
STOCK TURN (On Total Inventory)	7.76		6.82		7.96		7.32	
SALES PER INVENTORY DOLLAR								
Prescription	19.22		14.38		19.63		23.39	
Other	5.58		4.59		6.02		6.59	
STATISTICS								
PHARMACY SIZE (square metres)	174		202		206		281	
PRESCRIPTIONS DISPENSED (Total)	50,995		64,367		72,859		95,474	
PRESCRIPTIONS DISPENSED WEEKLY	981		1,238		1,401		1,836	
TOTAL HOURS OPEN per WEEK	64		63		67		75	
AV HRS WORKED BY PROPRIETORS/WEEK	48		45		61		56	
FUNDS RETAINED IN BUSINESS (3)	119,349	5.34	97,427	3.61	165,288	5.16	152,635	3.37

(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, 1985 – 2002

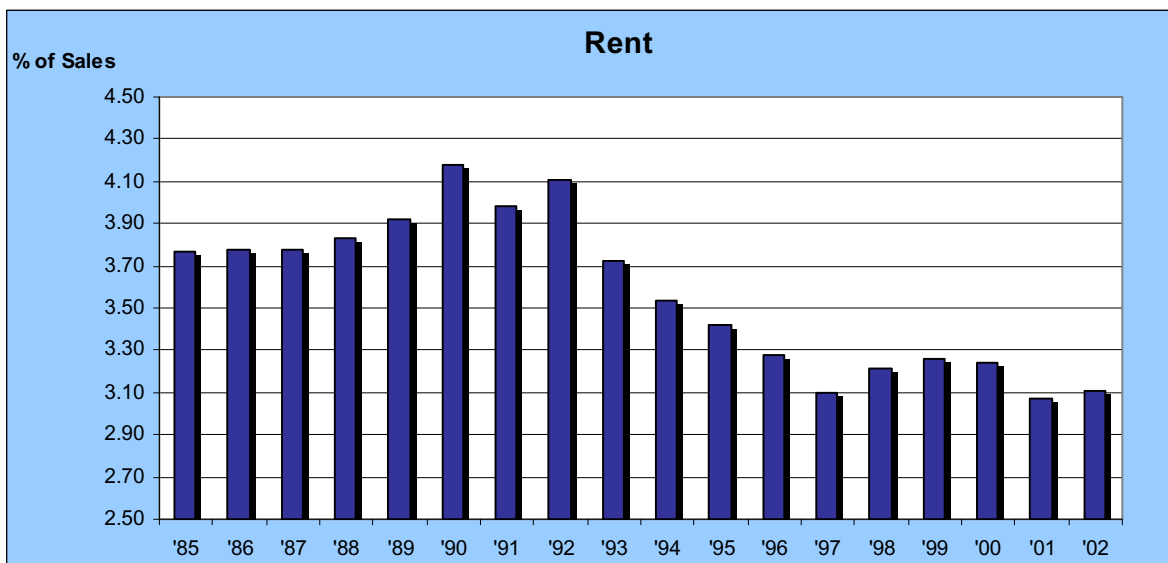
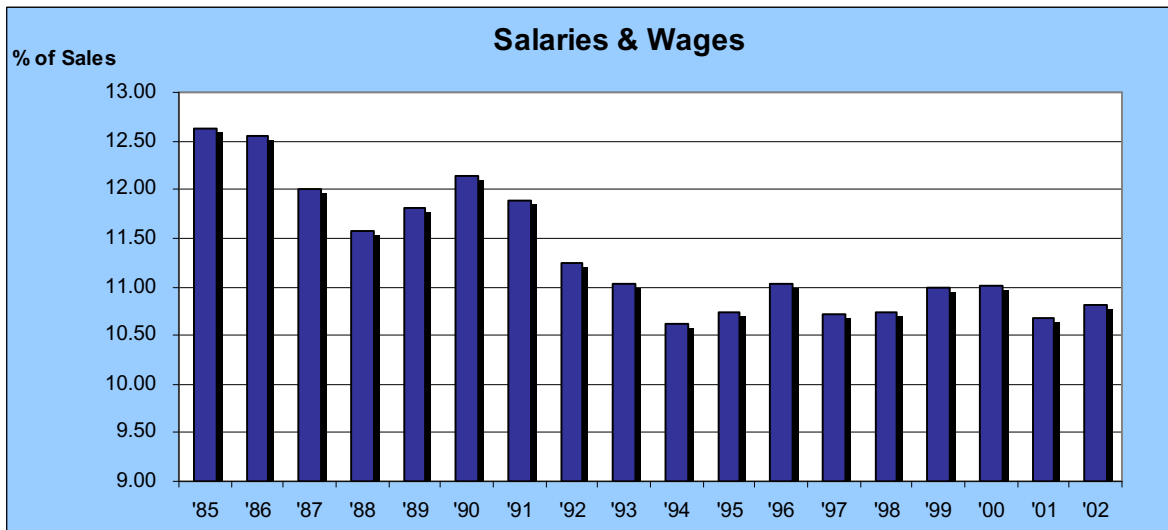
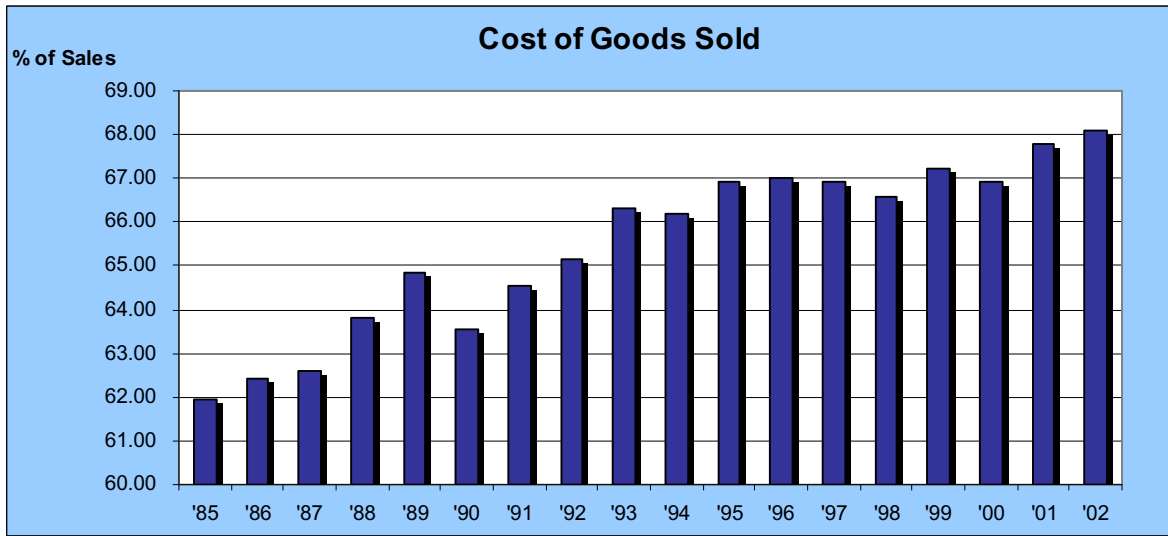


Chart 4 (continued)

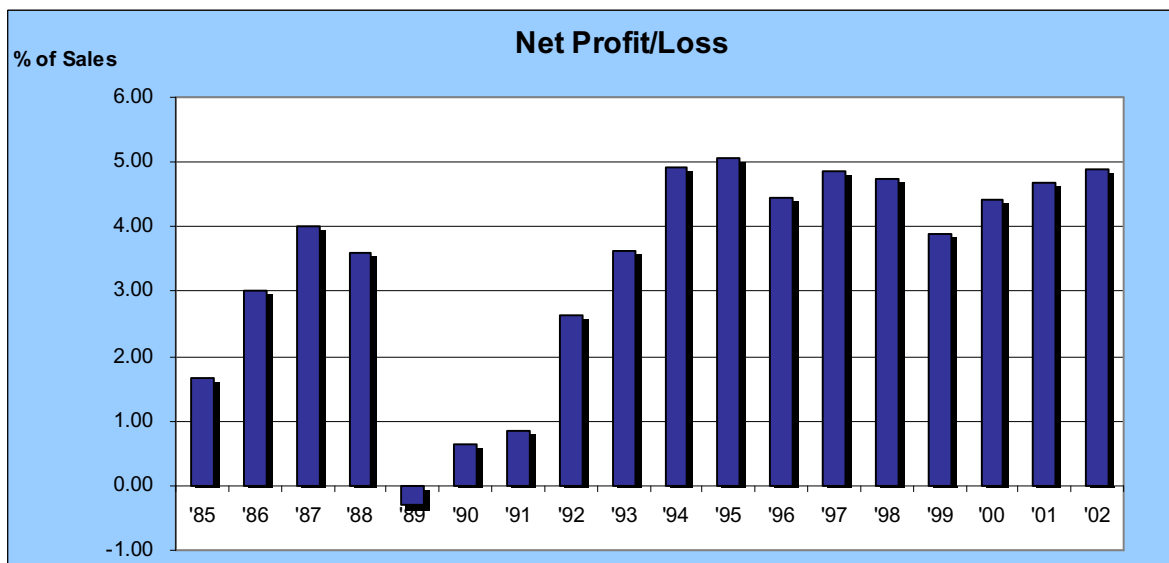
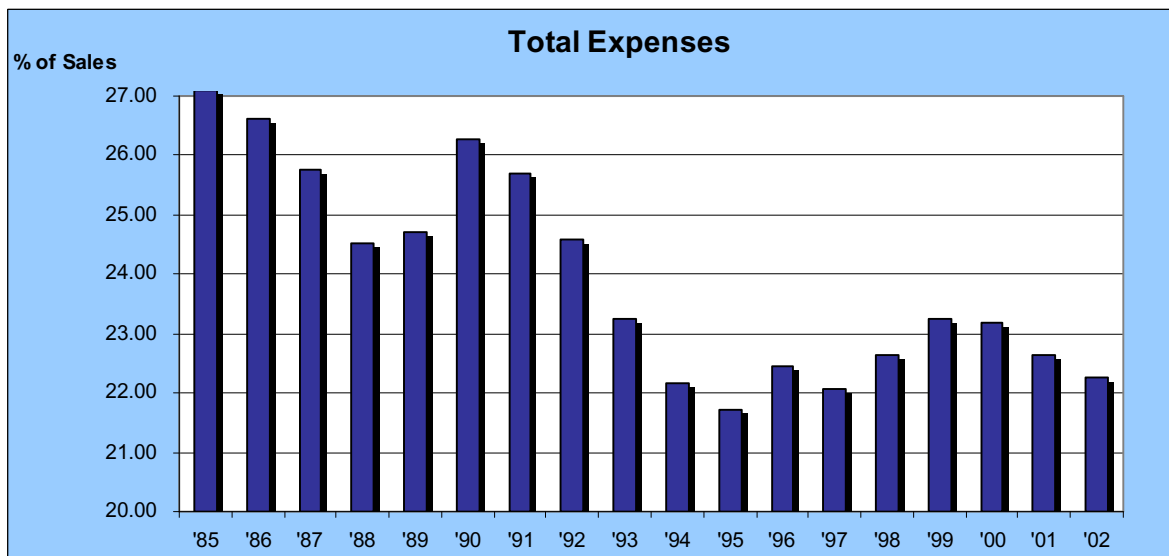
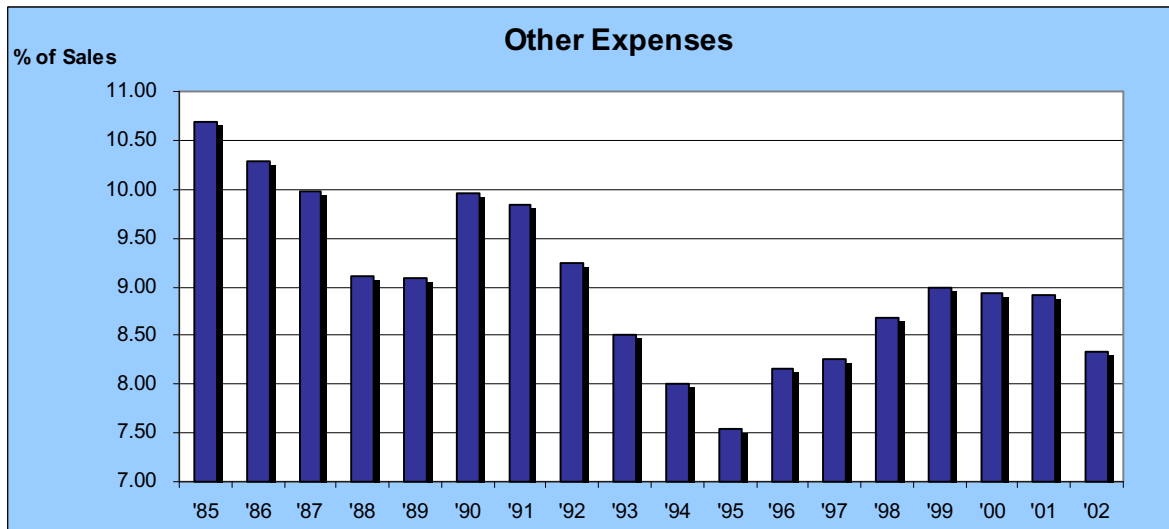


Table 7

COMPARISON OF PERFORMANCE – METROPOLITAN v COUNTRY (Based on 12 months trading to 30/6/02)

	NSW		VIC		QLD		SA		WA		TAS		AUSTRALIA	
	Metro	Country	Metro	Country	Metro	Country	Metro	Country	Metro	Country	Metro	Country	Metro	Country
MAIN INDICATORS														
1. SALES (\$ p.a.)	2,195,593	2,123,520	2,319,854	2,347,277	1,849,192	2,049,783	1,873,519	2,112,901	1,775,543	2,017,329	1,888,268	1,746,402	2,070,309	2,111,144
Percentage of Sales														
2. GROSS MARGIN (%)	31.00	33.84	31.71	30.56	34.07	32.74	31.83	31.46	32.31	35.35	30.13	29.42	32.01	32.46
3. RETAIL SALES (%)	36.26	32.34	30.95	30.66	32.32	32.65	24.12	38.94	33.86	36.88	25.32	27.26	32.65	32.58
4. TOTAL REVENUE (\$ p.a.)	2,218,278	2,142,429	2,332,294	2,363,209	1,863,741	2,067,614	1,882,956	2,148,005	1,791,168	2,042,709	1,919,005	1,776,661	2,086,858	2,131,255
Percentage of Total Revenue														
5. STAFF SALARIES & WAGES	10.85	11.05	11.37	10.28	10.6	10.91	11.60	9.47	10.92	10.46	9.58	9.80	11.01	10.63
6. RENT	4.36	2.55	2.90	1.47	3.84	3.08	2.82	1.62	2.86	2.35	1.35	2.12	3.61	2.41
7. ALL EXPENSE ITEMS	23.94	22.54	22.48	19.27	22.04	22.28	22.72	19.39	21.15	22.45	21.25	19.78	22.87	21.40
8. TOTAL INCOME	7.76	11.88	9.59	11.76	12.54	11.03	9.45	13.19	11.75	13.70	10.00	10.84	9.68	11.70
9. NET PROFIT/LOSS	3.33	6.45	5.30	6.54	6.75	5.63	4.82	6.57	6.32	9.38	4.56	4.77	4.90	6.27
10. TOTAL STOCK CARRIED	14.64	9.54	8.04	9.08	9.64	10.14	8.67	11.98	9.48	6.57	9.80	14.02	10.49	10.00
11. STOCK TURN (PER YEAR)	5.69	7.78	7.38	7.42	7.31	7.15	8.31	6.34	7.85	7.02	9.85	7.26	6.80	7.29
12. PRESCRIPTIONS DISPENSED (p.a.)	48,490	49,584	55,015	55,942	43,415	47,950	50,053	46,163	39,126	44,497	50,693	43,960	48,187	49,344
13. HOURS PHARMACY OPEN/WEEK	60	55	63	57	62	61	65	53	68	57	60	55	62	58
14. HOURS WORKED BY PROPRIETORS	46	47	49	50	44	48	36	54	42	44	50	47	45	48

Table 8

COMPARISON OF PERFORMANCE – REGIONAL SHOPPING CENTRE v NON-REGIONAL SHOPPING CENTRE (Based on 12 months trading to 30/6/02)

	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
MAIN INDICATORS														
1. SALES (\$ p.a.)	2,844,900	1,980,324	3,520,487	2,090,544	2,125,911	1,949,877	2,357,679	1,813,876	INTERNET SAMP LE TO PUB LIS H	1,786,423	2,058,291	1,695,396	2,800,269	1,793,488
Percentage of Sales														
2. GROSS MARGIN (%)	31.23	31.94	32.40	30.78	34.36	33.25	32.46	31.35		33.18	28.58	29.97	32.00	31.89
3. RETAIL SALES (%)	35.24	34.51	34.81	29.46	37.54	32.22	31.89	28.38		33.25	23.74	27.90	34.90	31.35
4. TOTAL REVENUE (\$ p.a.)	2,862,948	2,003,127	3,532,189	2,104,988	2,145,298	1,966,056	2,375,879	1,831,798		1,804,657	2,080,615	1,728,178	2,817,749	1,810,864
Percentage of Total Revenue														
5. STAFF SALARIES & WAGES	11.71	10.79	12.04	10.49	11.63	10.73	10.80	10.84		10.92	9.47	9.85	11.51	10.53
6. RENT	4.81	3.14	2.64	2.14	5.15	3.31	2.98	2.12		2.58	2.94	1.57	3.90	2.66
7. ALL EXPENSE ITEMS	25.9	22.33	21.75	20.81	23.19	22.12	22.66	21.00		21.46	18.62	20.69	23.82	21.27
8. TOTAL INCOME	5.77	10.39	10.87	10.45	11.76	11.68	10.32	11.02		12.39	10.72	10.61	8.60	11.28
9. NET PROFIT/LOSS	1.35	5.36	7.79	5.15	8.07	6.00	4.19	6.02		6.87	4.00	5.07	4.40	5.63
10. TOTAL STOCK CARRIED	37.88	12.30	5.24	9.70	8.57	10.03	9.12	10.17		9.11	6.15	14.40	13.18	10.47
11. STOCK TURN (PER YEAR)	5.60	6.62	7.80	7.27	7.04	7.23	7.87	7.31		7.62	9.15	7.34	6.57	7.04
12. PRESCRIPTIONS DISPENSED (p.a.)	65,489	44,240	77,721	50,895	46,217	45,871	58,220	45,493		40,698	50,587	43,992	63,652	42,572
13. HOURS PHARMACY OPEN/WEEK	59	57	70	58	54	62	57	62	64	58	55	61	58	
14. HOURS WORKED BY PROPRIETORS	53	45	54	48	25	47	59	36	43	62	44	52	43	

NEW SOUTH WALES PHARMACIES – SUMMARY BY LOCATION AND TYPE
(Based on 12 Months of Trading to 30/06/02)

Table 9

	State Averages New South Wales		Sydney Metropolitan		New South Wales Country		Newcastle Wollongong	
	\$	%	\$	%	\$	%	\$	%
SALES, EXPENSES & PROFITABILITY								
SALES	2,064,060		2,195,593		2,123,520		2,218,003	
COST OF GOODS SOLD	1,406,798	68.16	1,515,059	69.00	1,404,918	66.16	1,582,603	71.35
GROSS MARGIN	657,262	31.84	680,534	31.00	718,602	33.84	635,400	28.65
Commissions Received	20,019		22,685		18,908		12,049	
GROSS MARGIN PLUS COMMISSIONS	677,281		703,219		737,510		647,449	
TOTAL REVENUE	2,084,080	100.00	2,218,278	100.00	2,142,429	100.00	2,230,051	100.00
EXPENSES								
Salaries and Wages	226,764	10.88	240,651	10.85	236,709	11.05	214,623	9.62
Rent Paid	78,425	3.76	96,637	4.36	54,633	2.55	101,730	4.56
Outgoings - Rental & Rates	2,566	0.12	3,074	0.14	1,609	0.08	883	0.04
Accounting	7,073	0.34	7,493	0.34	7,324	0.34	4,596	0.21
Advertising	13,592	0.65	12,393	0.56	17,909	0.84	13,294	0.60
Bank Charges	6,827	0.33	7,749	0.35	6,151	0.29	5,451	0.24
Computer Expenses	5,473	0.26	5,293	0.24	6,260	0.29	4,807	0.22
Depreciation	11,007	0.53	11,509	0.52	12,327	0.58	9,523	0.43
Electricity, Water, Heating	4,051	0.19	3,964	0.18	4,801	0.22	2,676	0.12
Insurance	9,657	0.46	10,337	0.47	9,154	0.43	10,299	0.46
Interest Paid	29,024	1.39	36,191	1.63	17,527	0.82	44,484	1.99
Leasing Expenses	10,876	0.52	11,846	0.53	9,938	0.46	1,814	0.08
Motor Vehicle Expenses	4,612	0.22	4,557	0.21	5,287	0.25	4,916	0.22
Postage, Freight, Printing	7,348	0.35	6,116	0.28	10,098	0.47	6,154	0.28
Repairs, Maintenance, Service	3,581	0.17	3,317	0.15	4,447	0.21	4,046	0.18
Subs and Registrations	6,278	0.30	5,330	0.24	8,533	0.40	5,919	0.27
Superannuation	19,553	0.94	20,501	0.92	20,112	0.94	16,302	0.73
Telephone	4,884	0.23	5,068	0.23	5,127	0.24	3,736	0.17
Training	1,835	0.09	1,671	0.08	2,570	0.12	1,333	0.06
Abnormal Expenses	1,895	0.09	562	0.03	4,064	0.19	0	0.00
Payroll Tax	603	0.03	1,018	0.05	615	0.03	0	0.00
Workers' Compensation	7,216	0.35	7,601	0.34	7,642	0.36	6,668	0.30
Other Expenses	26,463	1.27	28,135	1.27	30,158	1.41	3,246	0.15
TOTAL EXPENSES	489,602	23.49	531,012	23.94	482,994	22.54	466,496	20.92
TOTAL INCOME	187,679	9.01	172,207	7.76	254,516	11.88	180,953	8.11
Less Proprietors' Salary (1) [Full-Time-Equivalents]	98,569	4.73	98,300	4.43	101,079	4.72	50,162	2.25
Less Return on Capital (2)	1.22		1.22		1.24		0.64	
	3,229	0.15	0	0.00	15,328	0.72	3,024	0.14
NET PROFIT/LOSS	85,881	4.12	73,907	3.44	138,109	6.45	127,767	5.73
SALES ANALYSIS								
Prescriptions	1,326,988	64.29	1,399,471	63.74	1,436,838	67.66	1,598,278	72.06
Other Sales	737,074	35.71	796,122	36.26	686,682	32.34	619,725	27.94
INVENTORY ANALYSIS								
Prescription	74,545	3.58	120,365	5.43	79,441	3.71	64,125	2.88
Other	106,674	5.12	204,447	9.22	124,920	5.83	122,238	5.48
STOCK CARRIED (Total)	181,219	8.70	324,812	14.64	204,361	9.54	186,363	8.36
STOCK TURN (On Total Inventory)	7.83		5.69		7.78		8.24	
SALES PER INVENTORY DOLLAR								
Prescription	17.80		11.63		18.09		24.92	
Other	6.91		3.89		5.50		5.07	
STATISTICS								
PHARMACY SIZE (square metres)	146		151		162		159	
PRESCRIPTIONS DISPENSED (Total)	45,862		48,490		49,584		54,444	
PRESCRIPTIONS DISPENSED WEEKLY	882		933		954		1,047	
TOTAL HOURS OPEN per WEEK	58		60		55		53	
AV HRS WORKED BY PROPRIETORS/WEEK	46		46		47		25	
FUNDS RETAINED IN BUSINESS (3)	56,642	2.72	49,018	2.21	98,068	4.58	146,633	6.58

(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 30/06/02)

Table 9

	Canberra		New South Wales North Coast		New South Wales South Coast		Group		No Group	
	\$	%	\$	%	\$	%	\$	%	%	\$
SALES, EXPENSES & PROFITABILITY										
SALES	2,595,770		1,714,327		2,926,712		2,848,648		1,781,752	
COST OF GOODS SOLD	1,756,111	67.65	1,121,702	65.43	2,033,969	69.50	1,937,566	68.02	1,210,439	67.94
GROSS MARGIN	839,659	32.35	592,625	34.57	892,743	30.50	911,082	31.98	571,313	32.06
Commissions Received	9,971		9,936		7,977		17,915		22,595	
GROSS MARGIN PLUS COMMISSIONS	849,630		602,561		900,720		928,997		593,908	
TOTAL REVENUE	2,605,741	100.00	1,724,263	100.00	2,934,689	100.00	2,866,563	100.00	1,804,347	100.00
EXPENSES										
Salaries and Wages	322,995	12.40	190,920	11.07	297,725	10.15	331,300	11.56	188,609	10.45
Rent Paid	81,845	3.14	41,641	2.42	59,872	2.04	110,905	3.87	62,720	3.48
Outgoings - Rental & Rates	0	0.00	1,250	0.07	1,616	0.06	3,442	0.12	1,811	0.10
Accounting	10,175	0.39	7,646	0.44	8,022	0.27	9,441	0.33	6,382	0.35
Advertising	20,402	0.78	13,395	0.78	25,875	0.88	23,504	0.82	9,366	0.52
Bank Charges	11,938	0.46	5,084	0.29	9,071	0.31	9,883	0.34	5,790	0.32
Computer Expenses	3,743	0.14	6,142	0.36	4,764	0.16	7,302	0.25	4,544	0.25
Depreciation	12,987	0.50	9,941	0.58	18,483	0.63	15,467	0.54	9,680	0.54
Electricity, Water, Heating	4,662	0.18	4,311	0.25	5,054	0.17	6,191	0.22	3,145	0.17
Insurance	7,484	0.29	5,641	0.33	10,498	0.36	12,650	0.44	8,076	0.45
Interest Paid	9,804	0.38	12,937	0.75	33,973	1.16	35,107	1.22	24,388	1.35
Leasing Expenses	18,570	0.71	8,582	0.50	12,095	0.41	18,199	0.63	7,311	0.41
Motor Vehicle Expenses	5,905	0.23	5,295	0.31	2,334	0.08	5,477	0.19	4,507	0.25
Postage, Freight, Printing	14,217	0.55	10,855	0.63	8,551	0.29	10,016	0.35	6,568	0.36
Repairs, Maintenance, Service	4,578	0.18	3,400	0.20	4,630	0.16	5,337	0.19	2,829	0.35
Subs and Registrations	6,615	0.25	6,256	0.36	18,720	0.64	10,677	0.37	4,033	0.22
Superannuation	18,026	0.69	13,931	0.81	29,071	0.99	26,980	0.94	16,203	0.90
Telephone	6,168	0.24	4,793	0.28	6,063	0.21	6,407	0.22	4,360	0.24
Training	3,766	0.14	3,472	0.20	3,033	0.10	2,886	0.10	1,587	0.09
Abnormal Expenses	0	0.00	0	0.00	779	0.03	4,185	0.15	367	0.02
Payroll Tax	6,035	0.23	0	0.00	393	0.01	2,153	0.08	407	0.02
Workers' Compensation	10,783	0.41	6,138	0.36	8,988	0.31	10,574	0.37	6,022	0.33
Other Expenses	39,789	1.53	13,085	0.76	18,930	0.65	40,866	1.43	22,326	1.24
TOTAL EXPENSES	620,487	23.81	374,717	21.73	588,541	20.05	708,948	24.73	401,032	22.23
TOTAL INCOME	229,143	8.79	227,844	13.21	312,179	10.64	220,049	7.68	192,876	10.69
Less Proprietors' Salary (1) [Full-Time-Equivalents]	108,962	4.18	96,745	5.61	88,312	3.01	108,529	3.79	94,382	5.23
Less Return on Capital (2)	1.34		1.17		1.10		1.35		1.16	
	27,721	1.06	11,039	0.64	11,488	0.39	10,273	0.36	2,193	0.12
NET PROFIT/LOSS	92,460	3.55	120,060	6.96	212,379	7.24	101,247	3.53	96,301	5.34
SALES ANALYSIS										
Prescriptions	1,739,198	67.00	1,218,679	71.09	1,980,807	67.68	1,861,678	65.35	1,162,517	65.25
Other Sales	856,572	33.00	495,648	28.91	945,905	32.32	986,969	34.65	619,235	34.75
INVENTORY ANALYSIS										
Prescription	94,312	3.62	78,790	4.57	64,124	2.19	92,563	3.23	112,484	6.23
Other	127,308	4.89	114,010	6.61	116,628	3.97	159,298	5.56	182,135	10.09
STOCK CARRIED (Total)	221,620	8.51	192,800	11.18	180,752	6.16	251,861	8.79	294,619	16.33
STOCK TURN (On Total Inventory)	9.74		7.73		8.89		7.59		5.56	
SALES PER INVENTORY DOLLAR										
Prescription	18.44		15.47		30.89		20.11		10.34	
Other	6.73		4.35		8.11		6.20		3.40	
STATISTICS										
PHARMACY SIZE (square metres)	167		157		211		202		116	
PRESCRIPTIONS DISPENSED (Total)	58,664		42,704		70,818		64,446		40,101	
PRESCRIPTIONS DISPENSED WEEKLY	1,128		821		1,362		1,239		771	
TOTAL HOURS OPEN per WEEK	67		54		61		60		57	
AV HRS WORKED BY PROPRIETORS/WEEK	51		44		42		51		44	
FUNDS RETAINED IN BUSINESS (3)	168,001	6.45	35,968	2.09	104,334	3.56	80,227	2.80	61,702	3.42

(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 30/06/02)

Table 10

	State Averages Victoria		Victoria Metropolitan		Victoria Country		Group		No Group	
	\$	%	\$	%	\$	%	\$	%	\$	%
SALES, EXPENSES & PROFITABILITY										
SALES	2,073,826		2,319,854		2,347,277		2,625,685		2,198,957	
COST OF GOODS SOLD	1,440,274	69.45	1,584,332	68.29	1,629,954	69.44	1,806,392	68.80	1,513,044	68.81
GROSS MARGIN	633,552	30.55	735,522	31.71	717,323	30.56	819,293	31.20	685,913	31.19
Commissions Received	12,868		12,439		15,931		15,287		13,390	
GROSS MARGIN PLUS COMMISSIONS	646,420		747,961		733,254		834,580		699,303	
TOTAL REVENUE	2,086,695	100.00	2,332,294	100.00	2,363,209	100.00	2,640,973	100.0	2,212,347	100.00
EXPENSES										
Salaries and Wages	223,123	10.69	265,118	11.37	242,877	10.28	292,162	11.06	238,604	10.79
Rent Paid	47,968	2.30	67,747	2.90	34,736	1.47	50,842	1.93	54,225	2.45
Outgoings - Rental & Rates	3,034	0.15	3,401	0.15	3,142	0.13	4,733	0.18	2,632	0.12
Accounting	6,772	0.32	7,050	0.30	8,622	0.36	5,679	0.22	8,679	0.39
Advertising	12,295	0.59	11,617	0.50	18,074	0.76	25,346	0.96	9,542	0.43
Bank Charges	7,650	0.37	9,291	0.40	7,528	0.32	8,125	0.31	8,688	0.39
Computer Expenses	6,817	0.33	6,741	0.29	8,459	0.36	10,703	0.41	6,049	0.27
Depreciation	11,396	0.55	10,801	0.46	14,848	0.63	13,976	0.53	11,959	0.54
Electricity, Water, Heating	5,323	0.26	5,576	0.24	6,202	0.26	7,007	0.27	5,330	0.24
Insurance	5,223	0.25	6,105	0.26	5,049	0.21	6,177	0.23	5,395	0.24
Interest Paid	22,954	1.10	36,171	1.55	18,382	0.78	14,224	0.54	34,697	1.57
Leasing Expenses	16,642	0.80	21,620	0.93	13,870	0.59	13,620	0.52	20,271	0.92
Motor Vehicle Expenses	4,054	0.19	3,671	0.16	4,748	0.20	5,161	0.20	3,687	0.17
Postage, Freight, Printing	6,844	0.33	6,963	0.30	9,046	0.38	10,384	0.39	6,750	0.31
Repairs, Maintenance, Service	3,338	0.16	3,015	0.13	4,374	0.19	4,784	0.18	3,085	0.39
Subs and Registrations	7,099	0.34	7,006	0.30	8,701	0.37	9,925	0.38	6,771	0.31
Superannuation	17,135	0.82	20,242	0.87	18,970	0.80	21,582	0.82	18,819	0.85
Telephone	5,373	0.26	6,161	0.26	5,343	0.23	6,608	0.25	5,434	0.25
Training	2,347	0.11	2,078	0.09	3,638	0.15	4,090	0.15	2,168	0.10
Abnormal Expenses	500	0.02	599	0.03	629	0.03	1,936	0.07	13	0.00
Payroll Tax	1,427	0.07	2,967	0.13	1,325	0.06	1,428	0.05	2,611	0.12
Workers' Compensation	1,905	0.09	2,154	0.09	2,155	0.09	2,670	0.10	1,921	0.09
Other Expenses	14,679	0.70	18,122	0.78	14,570	0.62	22,876	0.87	13,690	0.62
TOTAL EXPENSES	433,899	20.79	524,215	22.48	455,287	19.27	544,038	20.60	471,020	21.29
TOTAL INCOME	212,521	10.18	223,746	9.59	277,967	11.76	290,542	11.00	228,283	10.32
Less Proprietors' Salary (1) [Full-Time-Equivalents]	103,217	4.95	107,239	4.60	102,945	4.36	102,382	3.88	106,684	4.82
Less Return on Capital (2)	9,025	0.43	0	0.00	20,533	0.87	29,561	1.12	0	0.00
NET PROFIT/LOSS	100,279	4.81	116,507	5.30	154,489	6.54	158,599	6.01	121,599	5.91
SALES ANALYSIS										
Prescriptions	1,442,231	69.54	1,601,777	69.05	1,627,676	69.34	1,843,699	70.22	1,508,842	68.62
Other Sales	631,594	30.46	718,078	30.95	719,601	30.66	781,986	29.78	690,115	31.38
INVENTORY ANALYSIS										
Prescription	78,891	3.78	74,345	3.19	83,873	3.55	81,106	3.07	78,473	3.55
Other	122,914	5.89	113,176	4.85	130,604	5.53	128,883	4.88	117,387	5.31
STOCK CARRIED (Total)	201,805	9.67	187,521	8.04	214,477	9.08	209,989	7.95	195,860	8.85
STOCK TURN (On Total Inventory)	7.96		7.38		7.42		7.76		7.21	
SALES PER INVENTORY DOLLAR										
Prescription	18.28		21.55		19.41		22.73		19.23	
Other	5.14		6.34		5.51		6.07		5.88	
STATISTICS										
PHARMACY SIZE (square metres)	163		127		207		228		105	
PRESCRIPTIONS DISPENSED (Total)	49,445		55,015		55,942		62,776		52,095	
PRESCRIPTIONS DISPENSED WEEKLY	950		1,058		1,076		1,207		1,002	
TOTAL HOURS OPEN per WEEK	59		63		57		57		62	
AV HRS WORKED BY PROPRIETORS/WEEK	48		49		50		51		49	
FUNDS RETAINED IN BUSINESS (3)	71,478	3.43	100,785	4.32	93,310	3.95	113,423	4.29	97,737	4.42

(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 30/06/02)

Table 11

	State Averages Queensland		Brisbane Metropolitan		Queensland Country		Group		No Group	
	\$	%	\$	%	\$	%	\$	%	\$	%
SALES, EXPENSES & PROFITABILITY										
SALES	1,768,515		1,849,192		2,049,783		2,134,220		1,919,580	
COST OF GOODS SOLD	1,183,995	66.95	1,219,198	65.93	1,378,754	67.26	1,442,889	67.61	1,275,859	66.47
GROSS MARGIN	584,520	33.05	629,994	34.07	671,029	32.74	691,331	32.39	643,721	33.53
Commissions Received	16,291		14,549		17,831		24,495		14,526	
GROSS MARGIN PLUS COMMISSIONS	600,811		644,543		688,860		715,826		658,247	
TOTAL REVENUE	1,784,806	100.00	1,863,741	100.00	2,067,614	100.00	2,158,715	100.0	1,934,106	100.00
EXPENSES										
Salaries and Wages	193,727	10.85	197,480	10.60	225,524	10.91	238,050	11.03	207,161	10.71
Rent Paid	62,059	3.48	71,618	3.84	63,646	3.08	59,592	2.76	68,976	3.57
Outgoings - Rental & Rates	1,797	0.10	1,874	0.10	2,096	0.10	3,895	0.18	1,573	0.08
Accounting	5,928	0.33	5,721	0.31	6,979	0.34	5,726	0.27	6,559	0.34
Advertising	16,864	0.94	14,890	0.80	22,928	1.11	30,696	1.42	16,737	0.87
Bank Charges	6,954	0.39	7,947	0.43	7,326	0.35	7,123	0.33	7,716	0.40
Computer Expenses	3,533	0.20	3,040	0.16	3,844	0.19	5,178	0.24	3,101	0.16
Depreciation	12,104	0.68	13,462	0.72	13,221	0.64	11,223	0.52	13,799	0.71
Electricity, Water, Heating	5,304	0.30	5,170	0.28	6,261	0.30	6,881	0.32	5,517	0.29
Insurance	4,485	0.25	4,247	0.23	4,813	0.23	5,454	0.25	4,356	0.23
Interest Paid	18,588	1.04	16,015	0.86	24,562	1.19	20,852	0.97	20,638	1.07
Leasing Expenses	9,272	0.52	9,524	0.51	11,407	0.55	15,513	0.72	9,448	0.49
Motor Vehicle Expenses	4,115	0.23	3,617	0.19	5,066	0.25	6,357	0.29	3,974	0.21
Postage, Freight, Printing	8,030	0.45	9,074	0.49	9,029	0.44	6,603	0.31	9,593	0.50
Repairs, Maintenance, Service	2,454	0.14	2,021	0.11	3,022	0.15	3,464	0.16	2,368	0.34
Subs and Registrations	4,985	0.28	4,752	0.25	5,313	0.26	6,263	0.29	4,790	0.25
Superannuation	17,306	0.97	18,343	0.98	20,000	0.97	20,090	0.93	19,060	0.99
Telephone	4,347	0.24	4,219	0.23	4,959	0.24	5,257	0.24	4,481	0.23
Training	2,045	0.11	1,631	0.09	2,804	0.14	2,018	0.09	2,327	0.12
Abnormal Expenses	818	0.05	1,883	0.10	221	0.01	467	0.02	1,090	0.06
Payroll Tax	928	0.05	317	0.02	1,778	0.09	1,051	0.05	1,128	0.06
Workers' Compensation	907	0.05	909	0.05	1,070	0.05	1,023	0.05	991	0.05
Other Expenses	14,074	0.79	13,017	0.70	14,837	0.72	15,522	0.72	13,673	0.71
TOTAL EXPENSES	400,623	22.45	410,772	22.04	460,708	22.28	478,298	22.16	429,057	22.18
TOTAL INCOME	200,188	11.22	233,771	12.54	228,152	11.03	237,528	11.00	229,190	11.85
Less Proprietors' Salary (1) [Full-Time-Equivalents]	95,872	5.37	95,379	5.12	102,741	4.97	96,214	4.46	100,101	5.18
Less Return on Capital (2)	1.17		1.17		1.26		1.16		1.23	
	10,042	0.56	12,549	0.67	8,992	0.43	13,414	0.62	9,871	0.51
NET PROFIT/LOSS	94,274	5.28	125,843	6.75	116,419	5.63	127,900	5.92	119,218	6.16
SALES ANALYSIS										
Prescriptions	1,193,902	67.51	1,251,612	67.68	1,380,498	67.35	1,419,868	66.53	1,300,146	67.73
Other Sales	574,613	32.49	597,581	32.32	669,285	32.65	714,352	33.47	619,435	32.27
INVENTORY ANALYSIS										
Prescription	62,544	3.50	65,856	3.53	70,141	3.39	80,394	3.72	66,206	3.42
Other	118,047	6.61	113,818	6.11	139,509	6.75	143,953	6.67	125,750	6.50
STOCK CARRIED (Total)	180,591	10.12	179,674	9.64	209,650	10.14	224,347	10.39	191,956	9.92
STOCK TURN (On Total Inventory)	6.71		7.31		7.15		7.20		7.22	
SALES PER INVENTORY DOLLAR										
Prescription	18.00		19.01		19.68		17.66		19.64	
Other	4.73		5.25		4.80		4.96		4.93	
STATISTICS										
PHARMACY SIZE (square metres)	132		119		137		169		105	
PRESCRIPTIONS DISPENSED (Total)	41,531		43,415		47,950		48,988		45,200	
PRESCRIPTIONS DISPENSED WEEKLY	798		835		922		942		869	
TOTAL HOURS OPEN per WEEK	60		62		61		61		62	
AV HRS WORKED BY PROPRIETORS/WEEK	45		44		48		44		47	
FUNDS RETAINED IN BUSINESS (3)	101,305	5.68	134,959	7.24	123,709	5.98	139,289	6.45	124,447	6.43

(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 30/06/02)

Table 12

	State Averages South Australia		Adelaide Metropolitan		South Australia Country		Group		No Group	
	\$	%	\$	%	\$	%	\$	%	\$	%
SALES, EXPENSES & PROFITABILITY										
SALES	1,794,952		1,873,519		2,112,901		2,251,352		1,567,616	
COST OF GOODS SOLD	1,236,340	68.88	1,277,203	68.17	1,448,165	68.54	1,530,461	67.98	1,080,193	68.91
GROSS MARGIN	558,612	31.12	596,316	31.83	664,736	31.46	720,891	32.02	487,423	31.09
Commissions Received	17,115		9,436		35,105		14,441		22,588	
GROSS MARGIN PLUS COMMISSIONS	575,727		605,752		699,841		735,332		510,011	
TOTAL REVENUE	1,812,067	100.00	1,882,956	100.00	2,148,005	100.00	2,265,793	100.0	1,590,204	100.00
EXPENSES										
Salaries and Wages	196,005	10.82	218,391	11.60	203,503	9.47	243,831	10.76	174,085	10.95
Rent Paid	44,884	2.48	53,154	2.82	34,697	1.62	61,916	2.73	27,701	1.74
Outgoings - Rental & Rates	3,892	0.21	4,523	0.24	3,452	0.16	5,366	0.24	2,613	0.16
Accounting	5,843	0.32	6,461	0.34	5,232	0.24	5,888	0.26	6,263	0.39
Advertising	13,407	0.74	11,801	0.63	22,435	1.04	21,058	0.93	7,953	0.50
Bank Charges	6,053	0.33	6,034	0.32	8,164	0.38	7,732	0.34	5,465	0.34
Computer Expenses	7,592	0.42	8,447	0.45	7,952	0.37	10,597	0.47	5,287	0.33
Depreciation	7,811	0.43	7,578	0.40	11,603	0.54	9,096	0.40	8,691	0.55
Electricity, Water, Heating	4,471	0.25	4,379	0.23	6,006	0.28	6,042	0.27	3,471	0.22
Insurance	5,793	0.32	5,765	0.31	6,853	0.32	6,892	0.30	5,139	0.32
Interest Paid	12,116	0.67	15,211	0.81	11,752	0.55	9,757	0.43	19,623	1.23
Leasing Expenses	9,219	0.51	7,769	0.41	16,521	0.77	16,111	0.71	3,666	0.23
Motor Vehicle Expenses	4,967	0.27	5,240	0.28	5,287	0.25	6,300	0.28	3,904	0.25
Postage, Freight, Printing	7,030	0.39	5,884	0.31	11,442	0.53	8,077	0.36	7,296	0.46
Repairs, Maintenance, Service	3,571	0.20	3,833	0.20	4,101	0.19	5,822	0.26	1,463	0.39
Subs and Registrations	7,484	0.41	9,070	0.48	4,738	0.22	9,409	0.42	5,318	0.33
Superannuation	20,446	1.13	19,035	1.01	27,183	1.27	26,208	1.16	15,983	1.01
Telephone	4,497	0.25	4,577	0.24	5,582	0.26	5,811	0.26	3,749	0.24
Training	1,581	0.09	1,655	0.09	1,863	0.09	2,089	0.09	1,252	0.08
Abnormal Expenses	8,619	0.48	12,991	0.69	298	0.01	15,254	0.67	356	0.02
Payroll Tax	1,997	0.11	2,725	0.14	537	0.02	3,221	0.14	410	0.03
Workers' Compensation	1,249	0.07	1,366	0.07	1,344	0.06	1,550	0.07	1,112	0.07
Other Expenses	12,018	0.66	11,930	0.63	16,048	0.75	10,349	0.46	17,125	1.08
TOTAL EXPENSES	390,545	21.55	427,817	22.72	416,594	19.39	498,375	22.00	327,925	20.62
TOTAL INCOME	185,182	10.22	177,935	9.45	283,247	13.19	236,957	10.46	182,086	11.45
Less Proprietors' Salary (1) [Full-Time-Equivalents]	91,732	5.06	75,714	4.02	115,164	5.36	92,549	4.08	84,095	5.29
Less Return on Capital (2)	1,14		0.95		1.42		1.15		1.05	
	17,100	0.94	11,528	0.61	26,904	1.25	25,710	1.13	6,236	0.39
NET PROFIT/LOSS	76,350	4.21	90,693	4.82	141,179	6.57	118,698	5.24	91,755	5.77
SALES ANALYSIS										
Prescriptions	1,278,771	71.24	1,421,566	75.88	1,290,082	61.06	1,604,301	71.26	1,084,539	69.18
Other Sales	516,183	28.76	451,953	24.12	822,818	38.94	647,051	28.74	483,077	30.82
INVENTORY ANALYSIS										
Prescription	77,724	4.29	84,435	4.48	87,363	4.07	89,854	3.97	76,800	4.83
Other	96,632	5.33	78,806	4.19	169,907	7.91	123,527	5.45	75,312	4.74
STOCK CARRIED (Total)	174,356	9.62	163,241	8.67	257,270	11.98	213,381	9.42	152,112	9.57
STOCK TURN (On Total Inventory)	7.75		8.31		6.34		7.65		7.17	
SALES PER INVENTORY DOLLAR										
Prescription	16.09		16.84		14.77		17.85		14.12	
Other	5.47		5.74		4.84		5.24		6.41	
STATISTICS										
PHARMACY SIZE (square metres)	153		141		247		191		145	
PRESCRIPTIONS DISPENSED (Total)	45,303		50,053		46,163		56,489		38,750	
PRESCRIPTIONS DISPENSED WEEKLY	871		963		888		1,086		745	
TOTAL HOURS OPEN per WEEK	60		65		53		63		58	
AV HRS WORKED BY PROPRIETORS/WEEK	43		36		54		44		40	
FUNDS RETAINED IN BUSINESS (3)	72,181	3.98	66,256	3.52	137,644	6.41	102,996	4.55	80,080	5.04

(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 30/06/02)

Table 13

	State Averages Western Australia		Perth Metropolitan		Western Australian Country		Group		No Group	
	\$	%	\$	%	\$	%	\$	%	\$	%
SALES, EXPENSES & PROFITABILITY										
SALES	1,773,733		1,775,543		2,017,329		2,812,474		1,148,961	
COST OF GOODS SOLD	1,184,633	66.79	1,201,804	67.69	1,304,275	64.65	1,859,411	66.11	772,643	67.25
GROSS MARGIN	589,100	33.21	573,739	32.31	713,054	35.35	953,063	33.89	376,318	32.75
Commissions Received	19,096		15,625		25,380		19,354		18,925	
GROSS MARGIN PLUS COMMISSIONS	608,196		589,364		738,434		972,417		395,243	
TOTAL REVENUE	1,792,829	100.00	1,791,168	100.00	2,042,709	100.00	2,831,827	100.0	1,167,886	100.00
EXPENSES										
Salaries and Wages	193,949	10.82	195,544	10.92	213,672	10.46	312,037	11.02	119,504	10.23
Rent Paid	47,983	2.68	51,197	2.86	47,964	2.35	64,898	2.29	38,901	3.33
Outgoings - Rental & Rates	7,717	0.43	7,365	0.41	9,369	0.46	8,707	0.31	7,611	0.65
Accounting	6,503	0.36	4,150	0.23	11,492	0.56	10,684	0.38	3,838	0.33
Advertising	14,681	0.82	14,138	0.79	19,430	0.95	29,646	1.05	5,814	0.50
Bank Charges	6,972	0.39	7,229	0.40	7,348	0.36	10,687	0.38	4,710	0.40
Computer Expenses	6,158	0.34	6,648	0.37	5,434	0.27	8,117	0.29	4,787	0.41
Depreciation	9,785	0.55	9,119	0.51	14,226	0.70	15,931	0.56	7,202	0.62
Electricity, Water, Heating	5,175	0.29	5,811	0.32	4,738	0.23	7,797	0.28	3,651	0.31
Insurance	7,032	0.39	6,257	0.35	9,617	0.47	10,588	0.37	5,109	0.44
Interest Paid	23,951	1.34	15,458	0.86	37,868	1.85	31,546	1.11	17,399	1.49
Leasing Expenses	3,853	0.21	5,307	0.30	2,730	0.13	6,488	0.23	2,810	0.24
Motor Vehicle Expenses	3,515	0.20	3,051	0.17	4,643	0.23	4,657	0.16	2,842	0.24
Postage, Freight, Printing	6,728	0.38	6,073	0.34	8,622	0.42	11,281	0.40	3,760	0.32
Repairs, Maintenance, Service	3,539	0.20	3,203	0.18	4,261	0.21	5,148	0.18	2,405	0.33
Subs and Registrations	7,210	0.40	5,845	0.33	10,052	0.49	11,687	0.41	4,093	0.35
Superannuation	13,884	0.77	13,824	0.77	16,192	0.79	24,587	0.87	7,232	0.62
Telephone	4,972	0.28	4,582	0.26	6,115	0.30	7,268	0.26	3,526	0.30
Training	1,658	0.09	1,346	0.08	2,401	0.12	3,220	0.11	599	0.05
Abnormal Expenses	1,035	0.06	1,548	0.09	433	0.02	1,999	0.07	513	0.04
Payroll Tax	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
Workers' Compensation	1,900	0.11	1,708	0.10	2,696	0.13	3,518	0.12	968	0.08
Other Expenses	12,948	0.72	9,516	0.53	19,351	0.95	18,710	0.66	8,767	0.75
TOTAL EXPENSES	391,150	21.82	378,916	21.15	458,655	22.45	609,200	21.51	256,041	21.92
TOTAL INCOME	217,046	12.11	210,448	11.75	279,779	13.70	363,217	12.83	139,202	11.92
Less Proprietors' Salary (1) [Full-Time-Equivalents]	88,487	4.94	88,191	4.92	95,865	4.69	94,072	3.32	88,577	7.58
Less Return on Capital (2)	1,054	0.06	9,044	0.50	0	0.00	6,315	0.22	0	0.00
NET PROFIT/LOSS	127,505	7.11	113,213	6.32	183,914	9.38	262,830	9.28	50,625	4.40
SALES ANALYSIS										
Prescriptions	1,163,931	65.62	1,174,431	66.14	1,273,329	63.12	1,859,535	66.12	722,415	62.88
Other Sales	609,802	34.38	601,112	33.86	744,000	36.88	952,939	33.88	426,546	37.12
INVENTORY ANALYSIS										
Prescription	62,993	3.51	64,652	3.61	53,864	2.64	90,817	3.21	50,626	4.33
Other	101,344	5.65	105,174	5.87	80,283	3.93	145,623	5.14	81,665	6.99
STOCK CARRIED (Total)	164,337	9.17	169,826	9.48	134,147	6.57	236,440	8.35	132,291	11.33
STOCK TURN (On Total Inventory)	7.51		7.85		7.02		7.80		7.04	
SALES PER INVENTORY DOLLAR										
Prescription	18.48		18.17		23.64		20.48		14.27	
Other	6.02		5.72		9.27		6.54		5.22	
STATISTICS										
PHARMACY SIZE (square metres)	150		139		176		197		114	
PRESCRIPTIONS DISPENSED (Total)	39,792		39,126		44,497		61,569		25,651	
PRESCRIPTIONS DISPENSED WEEKLY	765		752		856		1,184		493	
TOTAL HOURS OPEN per WEEK	63		68		57		70		59	
AV HRS WORKED BY PROPRIETORS/WEEK	42		42		44		45		41	
FUNDS RETAINED IN BUSINESS (3)	83,797	4.67	62,216	3.47	137,651	6.74	139,710	4.93	59,415	5.09

(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 30/06/02)

Table 14

	State Averages Tasmania		Hobart Metropolitan		Tasmanian Country		Group		No Group	
	\$	%	\$	%	\$	%	\$	%		
SALES, EXPENSES & PROFITABILITY										
SALES	1,841,067		1,888,268		1,746,402		2,298,591		1,548,274	
COST OF GOODS SOLD	1,281,460	69.60	1,319,262	69.87	1,232,599	70.58	1,686,875	73.39	1,059,586	68.44
GROSS MARGIN	559,607	30.40	569,006	30.13	513,803	29.42	611,716	26.61	488,688	31.56
Commissions Received	22,115		30,737		30,259		21,445		34,336	
GROSS MARGIN PLUS COMMISSIONS	581,722		599,743		544,062		633,161		523,024	
TOTAL REVENUE	1,863,182	100.00	1,919,005	100.00	1,776,661	100.00	2,320,036	100.0	1,582,609	100.00
EXPENSES										
Salaries and Wages	197,015	10.57	183,764	9.58	174,141	9.80	194,847	8.40	168,146	10.62
Rent Paid	42,793	2.30	25,897	1.35	37,660	2.12	40,616	1.75	32,425	2.05
Outgoings - Rental & Rates	5,258	0.28	4,475	0.23	3,552	0.20	2,727	0.12	4,226	0.27
Accounting	7,079	0.38	12,790	0.67	5,328	0.30	6,623	0.29	7,239	0.46
Advertising	26,007	1.40	21,876	1.14	18,680	1.05	15,903	0.69	20,980	1.33
Bank Charges	7,072	0.38	8,460	0.44	5,847	0.33	7,292	0.31	6,076	0.38
Computer Expenses	7,968	0.43	1,812	0.09	8,038	0.45	9,018	0.39	5,527	0.35
Depreciation	15,866	0.85	17,324	0.90	13,556	0.76	14,289	0.62	14,486	0.92
Electricity, Water, Heating	4,421	0.24	3,569	0.19	3,734	0.21	3,663	0.16	3,711	0.23
Insurance	10,591	0.57	8,055	0.42	9,995	0.56	9,211	0.40	9,696	0.61
Interest Paid	24,342	1.31	48,708	2.54	15,385	0.87	13,789	0.59	27,202	1.72
Leasing Expenses	8,406	0.45	10,699	0.56	5,052	0.28	2,805	0.12	7,933	0.50
Motor Vehicle Expenses	2,841	0.15	776	0.04	3,798	0.21	4,889	0.21	2,306	0.15
Postage, Freight, Printing	10,580	0.57	7,806	0.41	8,812	0.50	9,410	0.41	8,211	0.52
Repairs, Maintenance, Service	4,384	0.24	903	0.05	4,541	0.26	1,980	0.09	4,466	0.46
Subs and Registrations	8,369	0.45	8,254	0.43	7,135	0.40	9,557	0.41	6,432	0.41
Superannuation	11,649	0.63	16,216	0.85	9,956	0.56	14,038	0.61	10,228	0.65
Telephone	5,739	0.31	4,274	0.22	5,398	0.30	5,122	0.22	5,146	0.33
Training	1,462	0.08	3,280	0.17	1,124	0.06	529	0.02	2,107	0.13
Abnormal Expenses	153	0.01	505	0.03	112	0.01	660	0.03	0	0.00
Payroll Tax	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
Workers' Compensation	1,940	0.10	1,856	0.10	1,726	0.10	1,963	0.08	1,664	0.11
Other Expenses	10,074	0.54	16,542	0.86	7,836	0.44	8,742	0.38	10,335	0.65
TOTAL EXPENSES	414,004	22.22	407,843	21.25	351,403	19.78	377,670	16.28	358,542	22.66
TOTAL INCOME	167,718	9.00	191,900	10.00	192,659	10.84	255,491	11.01	164,482	10.39
Less Proprietors' Salary (1) [Full-Time-Equivalents]	96,687	5.19	104,418	5.44	93,805	5.28	87,196	3.76	100,279	6.34
Less Return on Capital (2)	14,154	0.76	0	0.00	14,167	0.80	22,688	0.98	3,853	0.24
NET PROFIT/LOSS	56,877	3.05	87,482	4.84	84,687	4.77	145,607	6.28	60,350	3.81
SALES ANALYSIS										
Prescriptions	1,261,140	68.50	1,410,140	74.68	1,270,277	72.74	1,829,588	79.60	1,068,315	69.00
Other Sales	579,927	31.50	478,128	25.32	476,125	27.26	469,003	20.40	479,958	31.00
INVENTORY ANALYSIS										
Prescription	71,731	3.85	79,054	4.12	76,960	4.33	71,731	3.09	83,585	5.28
Other	102,986	5.53	109,021	5.68	172,119	9.69	102,986	4.44	199,187	12.59
STOCK CARRIED (Total)	174,717	9.38	188,075	9.80	249,079	14.02	174,717	7.53	282,772	17.87
STOCK TURN (On Total Inventory)	8.59		9.85		7.26		9.50		6.86	
SALES PER INVENTORY DOLLAR										
Prescription	17.58		17.84		16.51		25.51		12.78	
Other	5.63		4.39		2.77		4.55		2.41	
STATISTICS										
PHARMACY SIZE (square metres)	61		88		132		197		63	
PRESCRIPTIONS DISPENSED (Total)	43,967		50,693		43,960		66,618		36,134	
PRESCRIPTIONS DISPENSED WEEKLY	846		975		845		1,281		695	
TOTAL HOURS OPEN per WEEK	57		60		55		54		57	
AV HRS WORKED BY PROPRIETORS/WEEK	49		50		47		45		49	
FUNDS RETAINED IN BUSINESS (3)	32,479	1.74	79,202	4.13	63,104	3.55	61,338	2.64	86,420	5.46

(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 30/06/02)

Table 15

	AUSTRALIA		NEW SOUTH WALES		VICTORIA	
	Manager Operated					
SALES, EXPENSES & PROFITABILITY	\$	%	\$	%	\$	%
SALES	1,749,915		1,274,361		2,588,445	
COST OF GOODS SOLD	1,157,442	66.14	820,141	64.36	1,759,863	67.99
GROSS MARGIN	592,473	33.86	454,220	35.64	828,582	32.01
Commissions Received	13,850		6,001		19,775	
GROSS MARGIN PLUS COMMISSIONS	606,323		460,221		848,357	
TOTAL REVENUE	1,763,764	100.00	1,280,361	100.00	2,608,219	100.00
EXPENSES						
Salaries and Wages	225,122	12.76	143,379	11.20	383,331	14.70
Rent Paid	64,271	3.64	46,837	3.66	75,175	2.88
Outgoings - Rental & Rates	3,483	0.20	334	0.03	7,640	0.29
Accounting	6,025	0.34	4,192	0.33	8,766	0.34
Advertising	12,236	0.69	6,046	0.47	14,046	0.54
Bank Charges	6,746	0.38	4,050	0.32	8,641	0.33
Computer Expenses	5,830	0.33	4,390	0.34	7,256	0.28
Depreciation	8,084	0.46	4,475	0.35	6,933	0.27
Electricity, Water, Heating	5,103	0.29	2,368	0.18	6,024	0.23
Insurance	6,094	0.35	5,995	0.47	6,627	0.25
Interest Paid	17,311	0.98	13,324	1.04	39,246	1.50
Leasing Expenses	10,304	0.58	5,583	0.44	25,016	0.96
Motor Vehicle Expenses	3,386	0.19	3,325	0.26	3,941	0.15
Postage, Freight, Printing	4,854	0.28	3,068	0.24	8,407	0.32
Repairs, Maintenance, Service	3,085	0.17	1,617	0.13	2,989	0.11
Subs and Registrations	6,035	0.34	5,243	0.41	6,557	0.25
Superannuation	16,291	0.92	9,046	0.71	28,947	1.11
Telephone	4,931	0.28	3,500	0.27	7,909	0.30
Training	1,573	0.09	832	0.06	3,367	0.13
Abnormal Expenses	6,120	0.35	1,717	0.13	3,929	0.15
Payroll Tax	1,881	0.11	0	0.00	4,063	0.16
Workers' Compensation	2,399	0.14	4,742	0.37	2,716	0.10
Other Expenses	12,483	0.71	11,336	0.89	20,679	0.79
TOTAL EXPENSES	433,651	24.59	285,397	22.29	682,201	26.16
TOTAL INCOME	172,672	9.79	174,824	13.65	166,156	6.37
Less Proprietors' Salary (1) [Full-Time-Equivalents]	21,051 0.22	1.19	14,470 0.19	1.13	46,078 0.09	1.77
Less Return on Capital (2)	12,034	0.68	10,436	0.82	17,933	0.69
NET PROFIT/LOSS	139,587	7.91	149,918	11.71	102,145	3.92
SALES ANALYSIS						
Prescriptions	1,179,412	67.40	939,860	73.75	1,855,324	71.68
Other Sales	570,503	32.60	334,500	26.25	733,121	28.32
INVENTORY ANALYSIS						
Prescription	67,380	3.82	67,515	5.27	67,232	2.58
Other	84,943	4.82	62,360	4.87	127,867	4.90
STOCK CARRIED (Total)	152,323	8.64	129,875	10.14	195,099	7.48
STOCK TURN (On Total Inventory)	7.18		7.43		6.25	
SALES PER INVENTORY DOLLAR						
Prescription	17.50		13.92		27.60	
Other	6.72		5.36		5.73	
STATISTICS						
PHARMACY SIZE (square metres)	142		104		175	
PRESCRIPTIONS DISPENSED (Total)	41,312		31,980		63,400	
PRESCRIPTIONS DISPENSED WEEKLY	794		615		1,219	
TOTAL HOURS OPEN per WEEK	61		55		63	
AV HRS WORKED BY PROPRIETORS/WEEK	8		7		3	
FUNDS RETAINED IN BUSINESS (3)	81,065	4.60	49,777	3.89	57,346	2.20

(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 30/06/02)

Table 15

	QUEENSLAND		SOUTH AUSTRALIA		WESTERN AUSTRALIA	
SALES, EXPENSES & PROFITABILITY	\$	%	\$	%	\$	%
SALES	1,460,965		2,098,385		1,904,932	
COST OF GOODS SOLD	945,134	64.69	1,416,548	67.51	1,290,069	67.72
GROSS MARGIN	515,831	35.31	681,837	32.49	614,863	32.28
Commissions Received	15,975		10,555		30,543	
GROSS MARGIN PLUS COMMISSIONS	531,806		692,392		645,406	
TOTAL REVENUE	1,476,940	100.00	2,108,940	100.00	1,935,475	100.00
EXPENSES						
Salaries and Wages	180,796	12.24	275,467	13.06	290,664	15.02
Rent Paid	68,758	4.66	75,065	3.56	65,356	3.38
Outgoings - Rental & Rates	2,050	0.14	4,203	0.20	10,603	0.55
Accounting	4,137	0.28	9,257	0.44	7,010	0.36
Advertising	13,465	0.91	11,996	0.57	21,450	1.11
Bank Charges	6,200	0.42	9,079	0.43	9,127	0.47
Computer Expenses	4,159	0.28	10,224	0.48	3,875	0.20
Depreciation	10,363	0.70	8,101	0.38	10,938	0.57
Electricity, Water, Heating	5,648	0.38	6,139	0.29	7,885	0.41
Insurance	4,567	0.31	6,958	0.33	6,405	0.33
Interest Paid	14,910	1.01	10,412	0.49	22,366	1.16
Leasing Expenses	5,859	0.40	19,637	0.93	2,763	0.14
Motor Vehicle Expenses	4,734	0.32	722	0.03	2,480	0.13
Postage, Freight, Printing	3,310	0.22	6,580	0.31	4,659	0.24
Repairs, Maintenance, Service	2,668	0.18	5,296	0.25	4,957	0.26
Subs and Registrations	5,243	0.35	9,812	0.47	2,689	0.14
Superannuation	12,446	0.84	21,434	1.02	22,919	1.18
Telephone	3,758	0.25	6,277	0.30	5,343	0.28
Training	1,680	0.11	1,297	0.06	1,524	0.08
Abnormal Expenses	0	0.00	29,530	1.40	0	0.00
Payroll Tax	589	0.04	6,664	0.32	0	0.00
Workers' Compensation	811	0.05	1,696	0.08	2,217	0.11
Other Expenses	14,145	0.96	9,499	0.45	4,915	0.25
TOTAL EXPENSES	370,294	25.07	545,341	25.86	510,143	26.36
TOTAL INCOME	161,512	10.94	147,051	6.97	135,263	6.99
Less Proprietors' Salary (1) [Full-Time-Equivalents]	13,270 0.18	0.90	17,807 0.23	0.84	42,929 0.56	2.22
Less Return on Capital (2)	10,059	0.68	21,564	1.02	10,587	0.55
NET PROFIT/LOSS	138,183	9.36	107,680	5.11	81,747	4.22
SALES ANALYSIS						
Prescriptions	923,375	63.20	1,493,181	71.16	938,728	49.28
Other Sales	537,590	36.80	605,204	28.84	966,204	50.72
INVENTORY ANALYSIS						
Prescription	46,151	3.12	93,432	4.43	70,197	3.63
Other	75,910	5.14	96,911	4.60	110,050	5.69
STOCK CARRIED (Total)	122,061	8.26	190,343	9.03	180,247	9.31
STOCK TURN (On Total Inventory)	7.07		7.86		7.30	
SALES PER INVENTORY DOLLAR						
Prescription	20.01		15.98		13.37	
Other	7.08		6.24		8.78	
STATISTICS						
PHARMACY SIZE (square metres)	116		168		167	
PRESCRIPTIONS DISPENSED (Total)	32,167		53,653		31,736	
PRESCRIPTIONS DISPENSED WEEKLY	619		1,032		610	
TOTAL HOURS OPEN per WEEK	60		64		77	
AV HRS WORKED BY PROPRIETORS/WEEK	7		9		21	
FUNDS RETAINED IN BUSINESS (3)	100,492	6.80	55,647	2.64	69,910	3.61

(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 30/06/02)

Table 16

	AUSTRALIA Owner Operated		NEW SOUTH WALES		VICTORIA	
SALES, EXPENSES & PROFITABILITY	\$	%	\$	%	\$	%
SALES	1,902,087		2,231,766		1,879,333	
COST OF GOODS SOLD	1,295,846	68.13	1,522,796	68.23	1,293,495	68.83
GROSS MARGIN	606,241	31.87	708,970	31.77	585,838	31.17
Commissions Received	18,565		22,722		10,416	
GROSS MARGIN PLUS COMMISSIONS	624,806		731,692		596,254	
TOTAL REVENUE	1,920,652	100.00	2,254,488	100.00	1,889,749	100.00
EXPENSES						
Salaries and Wages	193,519	10.08	237,671	10.54	178,040	9.42
Rent Paid	49,847	2.60	72,250	3.20	36,890	1.95
Outgoings - Rental & Rates	3,567	0.19	3,655	0.16	2,881	0.15
Accounting	5,418	0.28	6,278	0.28	4,509	0.24
Advertising	14,891	0.78	16,139	0.72	13,246	0.70
Bank Charges	5,942	0.31	6,370	0.28	6,079	0.32
Computer Expenses	6,737	0.35	6,360	0.28	7,573	0.40
Depreciation	9,775	0.51	10,826	0.48	9,905	0.52
Electricity, Water, Heating	4,478	0.23	4,252	0.19	4,902	0.26
Insurance	6,654	0.35	8,856	0.39	5,118	0.27
Interest Paid	16,429	0.86	17,714	0.79	14,968	0.79
Leasing Expenses	8,635	0.45	9,388	0.42	9,867	0.52
Motor Vehicle Expenses	4,682	0.24	4,382	0.19	3,982	0.21
Postage, Freight, Printing	6,770	0.35	7,703	0.34	6,350	0.34
Repairs, Maintenance, Service	3,511	0.18	4,092	0.18	3,498	0.19
Subs and Registrations	6,781	0.35	6,490	0.29	7,161	0.38
Superannuation	16,953	0.88	21,812	0.97	13,373	0.71
Telephone	4,405	0.23	4,727	0.21	4,257	0.23
Training	1,987	0.10	1,988	0.09	2,443	0.13
Abnormal Expenses	1,833	0.10	3,197	0.14	536	0.03
Payroll Tax	698	0.04	1,142	0.05	984	0.05
Workers' Compensation	3,233	0.17	7,545	0.33	1,635	0.09
Other Expenses	14,692	0.76	16,428	0.73	16,876	0.89
TOTAL EXPENSES	391,436	20.38	479,264	21.26	355,074	18.79
TOTAL INCOME	233,370	12.15	252,428	11.20	241,180	12.76
Less Proprietors' Salary (1) [Full-Time-Equivalents]	106,269 1.31	5.53	105,311 1.29	4.67	106,988 1.37	5.66
Less Return on Capital (2)	12,121	0.63	12,688	0.56	15,024	0.80
NET PROFIT/LOSS	114,980	5.99	134,429	5.96	119,168	6.31
SALES ANALYSIS						
Prescriptions	1,323,023	69.56	1,489,340	66.73	1,341,719	71.39
Other Sales	579,065	30.44	742,426	33.27	537,614	28.61
INVENTORY ANALYSIS						
Prescription	69,673	3.63	75,751	3.36	62,721	3.32
Other	106,716	5.56	114,271	5.07	96,670	5.12
STOCK CARRIED (Total)	176,389	9.18	190,022	8.43	159,391	8.43
STOCK TURN (On Total Inventory)	7.68		7.87		8.22	
SALES PER INVENTORY DOLLAR						
Prescription	18.99		19.66		21.39	
Other	5.43		6.50		5.56	
STATISTICS						
PHARMACY SIZE (square metres)	150		151		162	
PRESCRIPTIONS DISPENSED (Total)	45,560		50,697		46,121	
PRESCRIPTIONS DISPENSED WEEKLY	876		975		887	
TOTAL HOURS OPEN per WEEK	57		57		53	
AV HRS WORKED BY PROPRIETORS/WEEK	50		49		52	
FUNDS RETAINED IN BUSINESS (3)	92,062	4.79	96,269	4.27	77,298	4.09

(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 30/06/02)

Table 16

	QUEENSLAND		SOUTH AUSTRALIA		WESTERN AUSTRALIA		TASMANIA	
SALES, EXPENSES & PROFITABILITY	\$	%	\$	%	\$	%	\$	%
SALES	1,596,421		1,873,662		1,854,722		1,305,290	
COST OF GOODS SOLD	1,080,207	67.66	1,280,699	68.35	1,229,789	66.31	920,973	70.56
GROSS MARGIN	516,214	32.34	592,963	31.65	624,933	33.69	384,317	29.44
Commissions Received	20,839		13,364		17,203		36,468	
GROSS MARGIN PLUS COMMISSIONS	537,053		606,327		642,136		420,785	
TOTAL REVENUE	1,617,260	100.00	1,887,026	100.00	1,871,925	100.00	1,341,758	100.00
EXPENSES								
Salaries and Wages	163,268	10.10	190,596	10.10	187,244	10.00	117,925	8.79
Rent Paid	41,677	2.58	38,908	2.06	47,490	2.54	28,799	2.15
Outgoings - Rental & Rates	2,144	0.13	3,864	0.20	7,660	0.41	1,502	0.11
Accounting	4,789	0.30	4,979	0.26	6,732	0.36	4,515	0.34
Advertising	14,806	0.92	16,040	0.85	15,124	0.81	9,743	0.73
Bank Charges	4,892	0.30	5,835	0.31	6,962	0.37	4,962	0.37
Computer Expenses	5,706	0.35	8,164	0.43	6,604	0.35	6,369	0.47
Depreciation	8,479	0.52	8,424	0.45	10,944	0.58	9,026	0.67
Electricity, Water, Heating	4,638	0.29	4,257	0.23	5,018	0.27	2,552	0.19
Insurance	4,837	0.30	5,851	0.31	7,632	0.41	6,836	0.51
Interest Paid	13,087	0.81	14,463	0.77	23,644	1.26	17,807	1.33
Leasing Expenses	9,204	0.57	8,352	0.44	4,657	0.25	5,686	0.42
Motor Vehicle Expenses	5,316	0.33	6,680	0.35	3,810	0.20	3,056	0.23
Postage, Freight, Printing	5,260	0.33	7,516	0.40	7,371	0.39	5,429	0.40
Repairs, Maintenance, Service	2,458	0.15	3,682	0.20	3,351	0.18	4,380	0.33
Subs and Registrations	5,610	0.35	7,269	0.39	8,124	0.43	7,780	0.58
Superannuation	14,078	0.87	21,791	1.15	13,295	0.71	6,831	0.51
Telephone	3,866	0.24	4,422	0.23	5,094	0.27	3,523	0.26
Training	1,922	0.12	1,908	0.10	1,756	0.09	943	0.07
Abnormal Expenses	505	0.03	3,634	0.19	1,341	0.07	168	0.01
Payroll Tax	332	0.02	605	0.03	0	0.00	0	0.00
Workers' Compensation	727	0.04	1,213	0.06	2,035	0.11	1,184	0.09
Other Expenses	13,164	0.81	12,100	0.64	14,381	0.77	7,908	0.59
TOTAL EXPENSES	330,764	20.45	380,552	20.17	390,270	20.85	256,921	19.15
TOTAL INCOME	206,289	12.76	225,775	11.96	251,866	13.45	163,864	12.21
Less Proprietors' Salary (1) [Full-Time-Equivalents]	111,766	6.91	106,387	5.64	98,932	5.29	101,594	7.57
Less Return on Capital (2)	13,669	0.85	14,300	0.76	2,832	0.15	5,405	0.40
NET PROFIT/LOSS	80,854	5.00	105,088	5.57	150,102	8.02	56,865	4.24
SALES ANALYSIS								
Prescriptions	1,128,225	70.67	1,370,871	73.17	1,254,922	67.66	994,892	76.22
Other Sales	468,196	29.33	502,790	26.83	599,800	32.34	310,398	23.78
INVENTORY ANALYSIS								
Prescription	64,358	3.98	82,428	4.37	60,831	3.25	55,303	4.12
Other	109,632	6.78	104,847	5.56	98,733	5.27	97,046	7.23
STOCK CARRIED (Total)	173,990	10.76	187,275	9.92	159,564	8.52	152,349	11.35
STOCK TURN (On Total Inventory)	7.07		7.31		7.55		8.07	
SALES PER INVENTORY DOLLAR								
Prescription	17.53		16.63		20.63		17.99	
Other	4.27		4.80		6.07		3.20	
STATISTICS								
PHARMACY SIZE (square metres)	134		173		148		94	
PRESCRIPTIONS DISPENSED (Total)	39,632		48,353		42,596		33,120	
PRESCRIPTIONS DISPENSED WEEKLY	762		930		819		637	
TOTAL HOURS OPEN per WEEK	56		59		62		52	
AV HRS WORKED BY PROPRIETORS/WEEK	51		50		46		50	
FUNDS RETAINED IN BUSINESS (3)	106,727	6.60	95,661	5.07	95,212	5.09	36,090	2.69

(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 30/6/02)

Table 17

STATE AVERAGES

EMPLOYEES	NSW	VIC	QLD	SA	WA	TAS	AUST
PROPRIETORS :							
Full Time	0.9	1.0	0.7	0.8	0.9	1.0	0.9
Part Time & Casual	0.3	0.5	0.4	0.3	0.3	0.2	0.3
Hours worked per week	44.9	49.2	40.5	41.1	42.6	46.0	44.0
MANAGERS :							
Full Time	0.1	0.1	0.2	0.2	0.2	0.1	0.2
Part Time & Casual	n.a.	0.0	n.a.	0.2	0.1	0.1	0.1
Hours worked per week	4.1	3.6	11.7	12.3	9.7	7.5	7.7
PHARMACISTS IN CHARGE :							
Full Time	0.3	0.2	0.2	0.3	0.3	0.1	0.2
Part Time & Casual	1.4	0.5	0.4	0.7	0.6	0.3	0.8
Hours worked per week	24.5	13.1	12.9	16.6	21.7	7.1	17.6
OTHER QUALIFIED :							
Full Time	0.2	0.2	0.2	0.1	0.3	0.3	0.2
Part Time & Casual	0.4	0.5	0.4	0.2	0.6	0.1	0.4
Hours worked per week	11.6	12.7	10.9	3.9	17.7	14.3	11.3
PHARMACY ASSISTANTS :							
Full Time	0.7	0.6	0.5	0.7	0.5	0.3	0.6
Part Time & Casual	1.7	0.6	0.4	0.6	0.3	0.4	0.8
Hours worked per week	40.0	36.2	26.7	39.5	22.6	17.9	32.8
SALES & OTHER STAFF :							
Full Time	2.0	2.2	1.8	2.6	2.4	1.6	2.1
Part Time & Casual	4.9	4.1	2.8	2.7	3.4	2.8	3.7
Hours worked per week	148.9	138.6	115.2	136.9	135.0	99.4	134.1
TOTAL STAFF :							
Full Time	4.2	4.3	3.5	4.7	4.5	3.4	4.2
Part Time & Casual	8.7	6.2	4.4	4.6	5.4	3.9	6.1
Hours worked per week	274.0	253.4	217.8	250.4	249.3	192.1	247.4

AVERAGE NUMBER OF EMPLOYEES PER RESPONDENT AND AVERAGE HOURS WORKED
(Based on 12 months trading to 30/6/02)

Table 18

BY TURNOVER CATEGORY (\$)

EMPLOYEES	UNDER 500,000	500,000 -1.0M	1.0M -1.5M	1.5M -2.0M	2.0M -2.5M	2.5M -3.0M	3.0M -3.5M	OVER 3.5M
PROPRIETORS :								
Full Time	0.5	0.8	0.8	1.0	1.0	0.7	1.2	1.0
Part Time & Casual	0.3	0.2	0.3	0.4	0.3	0.5	0.5	0.4
Hours worked per week	27.5	39.7	39.7	47.1	45.7	42.2	59.6	51.7
MANAGERS :								
Full Time	n.a.	0.0	0.0	n.a.	0.2	0.4	0.0	0.3
Part Time & Casual	n.a.	n.a.	0.1	0.1	0.1	n.a.	0.0	0.0
Hours worked per week	9.9	4.5	5.8	2.2	12.8	16.8	0.0	12.7
PHARMACISTS IN CHARGE :								
Full Time	0.3	0.1	0.2	0.1	0.3	0.2	0.4	0.7
Part Time & Casual	0.0	0.3	0.5	0.7	1.7	0.7	1.8	1.0
Hours worked per week	11.5	7.0	10.5	13.3	23.4	19.0	42.3	43.2
OTHER QUALIFIED :								
Full Time	0.0	n.a.	0.1	0.1	0.3	0.3	0.2	0.7
Part Time & Casual	0.0	0.2	0.2	0.5	0.5	0.5	0.5	0.7
Hours worked per week	0.0	2.2	4.7	6.9	17.3	17.5	16.8	37.4
PHARMACY ASSISTANTS :								
Full Time	0.0	0.1	0.2	0.7	0.8	1.1	1.1	1.3
Part Time & Casual	0.8	0.3	0.6	2.3	0.6	0.6	1.2	0.7
Hours worked per week	7.9	8.9	21.7	35.1	43.8	54.8	56.5	64.2
SALES & OTHER STAFF :								
Full Time	0.0	0.7	1.1	1.7	2.9	3.3	3.7	5.6
Part Time & Casual	1.5	1.7	2.1	3.2	4.3	4.1	6.4	10.7
Hours worked per week	24.0	49.2	69.1	107.2	165.9	186.3	229.2	387.9
TOTAL STAFF :								
Full Time	1.0	1.8	2.5	3.6	5.4	6.0	6.5	9.6
Part Time & Casual	2.5	2.8	3.7	7.1	7.5	6.4	10.3	13.4
Hours worked per week	80.8	111.6	151.5	211.8	308.8	336.6	404.4	597.2

AUSTRALIAN PHARMACIES – WEEKLY PRESCRIPTION VOLUME
(Based on 12 Months of Trading to 30/06/02)

Table 19

	Up to 200		201 - 300		301 - 400		401 - 500	
SALES, EXPENSES & PROFITABILITY	\$	%	\$	%	\$	%	\$	%
SALES	757,933		594,973		886,677		900,375	
COST OF GOODS SOLD	489,868	64.63	407,048	68.41	588,041	66.32	613,229	68.11
GROSS MARGIN	268,065	35.37	187,925	31.59	298,636	33.68	287,146	31.89
Commissions Received	16,160		22,850		22,709		7,465	
GROSS MARGIN PLUS COMMISSIONS	284,225		210,775		321,345		294,611	
TOTAL REVENUE	774,093	100.00	617,824	100.00	909,385	100.00	907,839	100.00
EXPENSES								
Salaries and Wages	109,372	14.13	45,180	7.31	105,443	11.59	70,863	7.81
Rent Paid	43,050	5.56	12,278	1.99	30,011	3.30	22,467	2.47
Outgoings - Rental & Rates	1,895	0.24	2,360	0.38	1,119	0.12	1,503	0.17
Accounting	2,397	0.31	4,135	0.67	3,621	0.40	2,278	0.25
Advertising	3,931	0.51	3,606	0.58	3,852	0.42	3,979	0.44
Bank Charges	4,364	0.56	2,934	0.47	3,532	0.39	3,620	0.40
Computer Expenses	3,354	0.43	3,238	0.52	3,932	0.43	3,129	0.34
Depreciation	6,364	0.82	3,944	0.64	4,680	0.51	4,650	0.51
Electricity, Water, Heating	2,969	0.38	1,814	0.29	2,526	0.28	2,188	0.24
Insurance	5,624	0.73	5,969	0.97	4,832	0.53	3,913	0.43
Interest Paid	15,423	1.99	6,090	0.99	10,148	1.12	8,665	0.95
Leasing Expenses	463	0.06	1,425	0.23	5,444	0.60	4,555	0.50
Motor Vehicle Expenses	857	0.11	1,970	0.32	2,937	0.32	3,155	0.35
Postage, Freight, Printing	3,069	0.40	2,126	0.34	2,868	0.32	3,377	0.37
Repairs, Maintenance, Service	2,848	0.37	3,144	0.51	1,895	0.21	1,906	0.21
Subs and Registrations	1,660	0.21	4,543	0.74	4,179	0.46	3,971	0.44
Superannuation	7,145	0.92	3,660	0.59	8,343	0.92	7,637	0.84
Telephone	3,836	0.50	2,382	0.39	2,791	0.31	2,785	0.31
Training	434	0.06	457	0.07	653	0.07	774	0.09
Abnormal Expenses	291	0.04	143	0.02	49	0.01	629	0.07
Payroll Tax	0	0.00	0	0.00	0	0.00	0	0.00
Workers' Compensation	2,145	0.28	314	0.05	1,804	0.20	963	0.11
Other Expenses	10,007	1.29	6,105	0.99	18,456	2.03	10,084	1.11
TOTAL EXPENSES	231,496	29.91	117,816	19.07	223,116	24.53	167,092	18.41
TOTAL INCOME	52,729	6.81	92,959	15.05	98,229	10.80	127,519	14.05
Less Proprietors' Salary (1) [Full-Time-Equivalents]	77,613	10.03	111,554	18.06	79,501	8.74	99,444	10.95
	0.93		1.37		0.98		1.19	
Less Return on Capital (2)	0	0.00	8,723	1.41	5,439	0.60	8,141	0.90
NET PROFIT/LOSS	-24,884	-3.21	-27,318	-4.42	13,289	1.46	19,934	2.20
SALES ANALYSIS								
Prescriptions	210,745	27.81	398,621	67.00	537,689	60.64	658,032	73.08
Other Sales	547,188	72.19	196,352	33.00	348,988	39.36	242,342	26.92
INVENTORY ANALYSIS								
Prescription	169,563	21.90	29,498	4.77	34,271	3.77	47,150	5.19
Other	827,203	106.86	60,754	9.83	51,418	5.65	52,491	5.78
STOCK CARRIED (Total)	996,766	128.77	90,252	14.61	85,689	9.42	99,641	10.98
STOCK TURN (On Total Inventory)	1.51		4.88		7.00		6.50	
SALES PER INVENTORY DOLLAR								
Prescription	1.24		13.51		15.69		13.96	
Other	0.66		3.23		6.79		4.62	
STATISTICS								
PHARMACY SIZE (square metres)	103		76		79		89	
PRESCRIPTIONS DISPENSED (Total)	7,316		13,755		18,253		23,719	
PRESCRIPTIONS DISPENSED WEEKLY	141		265		351		456	
TOTAL HOURS OPEN per WEEK	59		50		52		52	
AV HRS WORKED BY PROPRIETORS/WEEK	35		52		37		45	
FUNDS RETAINED IN BUSINESS (3)	26,358	3.41	32,619	5.28	38,083	4.19	57,144	6.29

(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 30/06/02)

Table 19

	501 - 600		601 - 700		701 - 800		801 - 900	
SALES, EXPENSES & PROFITABILITY	\$	%	\$	%	\$	%	\$	%
SALES	1,216,660		1,481,054		1,675,538		1,907,902	
COST OF GOODS SOLD	821,139	67.49	1,012,116	68.34	1,139,761	68.02	1,284,635	67.33
GROSS MARGIN	395,521	32.51	468,938	31.66	535,777	31.98	623,267	32.67
Commissions Received	15,203		15,699		16,170		38,532	
GROSS MARGIN PLUS COMMISSIONS	410,724		484,637		551,947		661,799	
TOTAL REVENUE	1,231,863	100.00	1,496,753	100.00	1,691,708	100.00	1,946,434	100.00
EXPENSES								
Salaries and Wages	120,799	9.81	150,889	10.08	175,877	10.40	203,958	10.48
Rent Paid	39,541	3.21	48,047	3.21	50,869	3.01	58,458	3.00
Outgoings - Rental & Rates	792	0.06	1,626	0.11	2,726	0.16	3,014	0.15
Accounting	4,997	0.41	5,332	0.36	7,609	0.45	6,978	0.36
Advertising	6,426	0.52	7,696	0.51	15,324	0.91	14,619	0.75
Bank Charges	4,164	0.34	6,189	0.41	6,440	0.38	7,493	0.38
Computer Expenses	4,811	0.39	4,628	0.31	5,671	0.34	4,643	0.24
Depreciation	7,622	0.62	7,325	0.49	13,620	0.81	12,239	0.63
Electricity, Water, Heating	2,851	0.23	3,787	0.25	4,932	0.29	5,354	0.28
Insurance	4,658	0.38	6,257	0.42	6,449	0.38	6,118	0.31
Interest Paid	19,408	1.58	16,940	1.13	19,554	1.16	22,831	1.17
Leasing Expenses	3,115	0.25	7,427	0.50	11,966	0.71	6,972	0.36
Motor Vehicle Expenses	4,431	0.36	3,684	0.25	6,041	0.36	5,939	0.31
Postage, Freight, Printing	4,474	0.36	4,994	0.33	6,582	0.39	6,717	0.35
Repairs, Maintenance, Service	1,893	0.15	2,890	0.19	2,780	0.16	3,553	0.18
Subs and Registrations	4,190	0.34	4,865	0.33	5,115	0.30	5,525	0.28
Superannuation	10,945	0.89	11,498	0.77	14,914	0.88	17,408	0.89
Telephone	3,151	0.26	3,554	0.24	4,765	0.28	4,585	0.24
Training	935	0.08	1,754	0.12	1,208	0.07	1,793	0.09
Abnormal Expenses	251	0.02	1,218	0.08	587	0.03	6	0.00
Payroll Tax	0	0.00	281	0.02	0	0.00	867	0.04
Workers' Compensation	2,076	0.17	2,726	0.18	2,643	0.16	2,685	0.14
Other Expenses	8,975	0.73	13,488	0.90	10,843	0.64	24,460	1.26
TOTAL EXPENSES	260,504	21.15	317,095	21.19	376,512	22.26	426,215	21.90
TOTAL INCOME	150,220	12.19	167,542	11.19	175,435	10.37	235,584	12.10
Less Proprietors' Salary (1) [Full-Time-Equivalents]	84,530	6.86	85,927	5.74	99,180	5.86	93,076	4.78
	1.03		1.06		1.22		1.14	
Less Return on Capital (2)	0	0.00	7,293	0.49	11,295	0.67	5,650	0.29
NET PROFIT/LOSS	65,690	5.33	74,322	4.97	64,960	3.84	136,858	7.03
SALES ANALYSIS								
Prescriptions	833,402	68.50	977,679	66.01	1,143,403	68.24	1,270,375	66.58
Other Sales	383,258	31.50	503,375	33.99	532,134	31.76	637,526	33.42
INVENTORY ANALYSIS								
Prescription	74,162	6.02	48,925	3.27	64,621	3.82	64,751	3.33
Other	72,754	5.91	79,850	5.33	122,580	7.25	114,362	5.88
STOCK CARRIED (Total)	146,916	11.93	128,775	8.60	187,201	11.07	179,113	9.20
STOCK TURN (On Total Inventory)	6.17		8.12		6.70		7.14	
SALES PER INVENTORY DOLLAR								
Prescription	11.24		19.98		17.69		19.62	
Other	5.27		6.30		4.34		5.57	
STATISTICS								
PHARMACY SIZE (square metres)	111		130		138		171	
PRESCRIPTIONS DISPENSED (Total)	28,771		33,603		39,275		44,052	
PRESCRIPTIONS DISPENSED WEEKLY	553		646		755		847	
TOTAL HOURS OPEN per WEEK	54		55		58		59	
AV HRS WORKED BY PROPRIETORS/WEEK	39		40		46		44	
FUNDS RETAINED IN BUSINESS (3)	52,280	4.24	76,156	5.09	62,034	3.67	143,969	7.40

(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 30/06/02)

Table 19

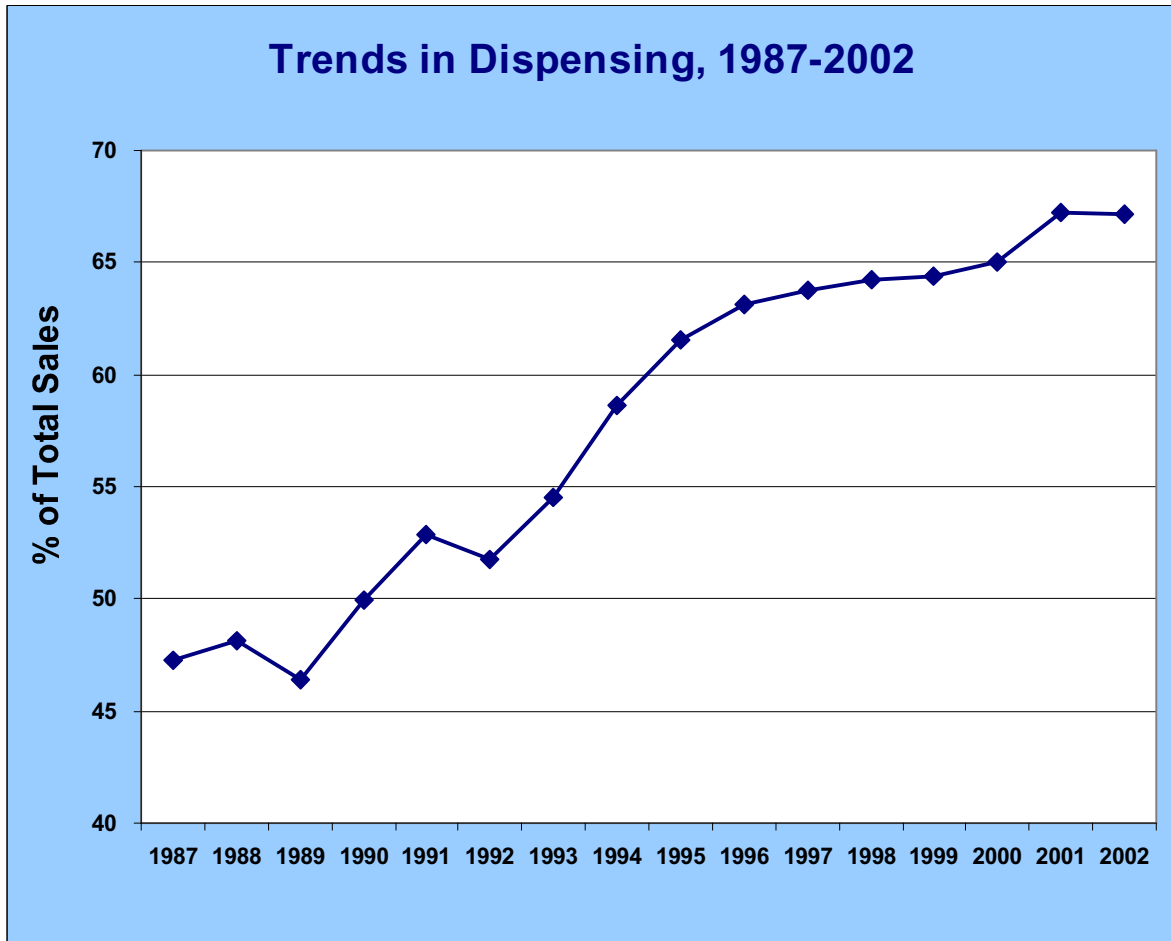
	901 – 1,000		1,000 – 1,100		1,100 – 1,200		OVER 1,200	
SALES, EXPENSES & PROFITABILITY	\$	%	\$	%	\$	%	\$	%
SALES	2,100,780		2,398,796		2,572,801		3,647,784	
COST OF GOODS SOLD	1,417,525	67.48	1,631,683	68.02	1,756,056	68.25	2,479,120	67.96
GROSS MARGIN	683,255	32.52	767,113	31.98	816,745	31.75	1,168,664	32.04
Commissions Received	13,686		14,638		11,693		19,834	
GROSS MARGIN PLUS COMMISSIONS	696,941		781,751		828,438		1,188,498	
TOTAL REVENUE	2,114,466	100.00	2,413,434	100.00	2,584,494	100.00	3,667,618	100.00
EXPENSES								
Salaries and Wages	234,064	11.07	279,491	11.58	278,311	10.77	413,265	11.27
Rent Paid	67,951	3.21	65,976	2.73	88,271	3.42	111,209	3.03
Outgoings - Rental & Rates	2,663	0.13	4,972	0.21	2,970	0.11	5,539	0.15
Accounting	8,377	0.40	6,360	0.26	6,715	0.26	11,211	0.31
Advertising	14,568	0.69	25,222	1.05	23,074	0.89	31,095	0.85
Bank Charges	8,883	0.42	10,185	0.42	8,264	0.32	11,649	0.32
Computer Expenses	6,310	0.30	5,764	0.24	7,757	0.30	7,713	0.21
Depreciation	9,647	0.46	12,027	0.50	8,246	0.32	22,612	0.62
Electricity, Water, Heating	4,796	0.23	6,274	0.26	5,583	0.22	8,461	0.23
Insurance	7,397	0.35	7,735	0.32	6,711	0.26	9,958	0.27
Interest Paid	26,725	1.26	16,363	0.68	32,346	1.25	41,462	1.13
Leasing Expenses	13,243	0.63	20,339	0.84	9,165	0.35	22,293	0.61
Motor Vehicle Expenses	4,796	0.23	4,291	0.18	3,005	0.12	5,511	0.15
Postage, Freight, Printing	7,778	0.37	11,091	0.46	8,538	0.33	15,210	0.41
Repairs, Maintenance, Service	2,242	0.11	3,695	0.15	3,527	0.14	5,504	0.15
Subs and Registrations	7,114	0.34	7,487	0.31	7,246	0.28	10,443	0.28
Superannuation	17,828	0.84	26,096	1.08	22,123	0.86	35,366	0.96
Telephone	5,345	0.25	5,892	0.24	5,156	0.20	8,139	0.22
Training	2,477	0.12	3,309	0.14	2,054	0.08	4,185	0.11
Abnormal Expenses	293	0.01	776	0.03	1,392	0.05	5,984	0.16
Payroll Tax	707	0.03	432	0.02	421	0.02	4,337	0.12
Workers' Compensation	3,131	0.15	3,311	0.14	4,351	0.17	6,529	0.18
Other Expenses	15,392	0.73	21,544	0.89	38,606	1.49	28,328	0.77
TOTAL EXPENSES	471,726	22.31	548,632	22.73	573,831	22.20	826,005	22.52
TOTAL INCOME	225,215	10.65	233,119	9.66	254,607	9.85	362,493	9.88
Less Proprietors' Salary (1) [Full-Time-Equivalents]	103,529	4.90	94,011	3.90	124,002	4.80	112,875	3.08
	1.23		1.18		1.57		1.42	
Less Return on Capital (2)	4,587	0.22	23,740	0.98	416	0.02	11,756	0.32
NET PROFIT/LOSS	117,099	5.54	115,368	4.78	130,189	5.04	237,862	6.49
SALES ANALYSIS								
Prescriptions	1,426,877	67.92	1,576,124	65.70	1,751,175	68.06	2,500,220	68.54
Other Sales	673,903	32.08	822,672	34.30	821,626	31.94	1,147,564	31.46
INVENTORY ANALYSIS								
Prescription	132,873	6.28	82,131	3.40	79,340	3.07	115,963	3.16
Other	204,856	9.69	142,449	5.90	134,126	5.19	187,577	5.11
STOCK CARRIED (Total)	337,729	15.97	224,580	9.31	213,466	8.26	303,540	8.28
STOCK TURN (On Total Inventory)	5.34		7.49		7.69		7.96	
SALES PER INVENTORY DOLLAR								
Prescription	10.74		19.19		22.07		21.56	
Other	3.29		5.78		6.13		6.12	
STATISTICS								
PHARMACY SIZE (square metres)	181		191		183		221	
PRESCRIPTIONS DISPENSED (Total)	49,385		54,473		59,821		86,738	
PRESCRIPTIONS DISPENSED WEEKLY	950		1,048		1,150		1,668	
TOTAL HOURS OPEN per WEEK	63		67		66		68	
AV HRS WORKED BY PROPRIETORS/WEEK	47		45		60		54	
FUNDS RETAINED IN BUSINESS (3)	79,871	3.78	107,855	4.47	111,935	4.33	136,274	3.72

(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 30/06/02)

Table 20

	Less Than 50%		50 - 60%		60 - 70%		70 - 80%		80% or More	
SALES, EXPENSES & PROFITABILITY	\$	%	\$	%	\$	%	\$	%	\$	%
SALES	2,423,247		2,564,885		2,306,745		1,994,184		1,515,412	
COST OF GOODS SOLD	1,583,393	65.34	1,729,295	67.42	1,565,191	67.85	1,365,636	68.48	1,042,999	68.83
GROSS MARGIN	839,854	34.66	835,590	32.58	741,554	32.15	628,548	31.52	472,413	31.17
Commissions Received	20,939		40,016		18,733		13,765		10,448	
GROSS MARGIN PLUS COMMISSIONS	860,793		875,606		760,287		642,313		482,861	
TOTAL REVENUE	2,444,185	100.00	2,604,901	100.00	2,325,478	100.00	2,007,949	100.0	1,525,861	100.00
EXPENSES										
Salaries and Wages	297,064	12.15	291,175	11.18	263,758	11.34	213,420	10.63	138,722	9.09
Rent Paid	153,978	6.30	81,784	3.14	68,324	2.94	51,427	2.56	31,679	2.08
Outgoings - Rental & Rates	3,964	0.16	5,620	0.22	3,268	0.14	2,357	0.12	2,013	0.13
Accounting	7,356	0.30	8,162	0.31	6,946	0.30	7,689	0.38	5,362	0.35
Advertising	17,208	0.70	28,725	1.10	17,375	0.75	16,064	0.80	7,945	0.52
Bank Charges	10,112	0.41	9,727	0.37	8,602	0.37	6,918	0.34	4,756	0.31
Computer Expenses	4,150	0.17	5,496	0.21	6,007	0.26	5,967	0.30	5,459	0.36
Depreciation	16,573	0.68	19,422	0.75	13,274	0.57	11,644	0.58	5,510	0.36
Electricity, Water, Heating	6,883	0.28	6,966	0.27	6,257	0.27	4,541	0.23	2,787	0.18
Insurance	9,241	0.38	7,950	0.31	7,018	0.30	6,917	0.34	5,290	0.35
Interest Paid	42,193	1.73	26,264	1.01	30,001	1.29	20,926	1.04	12,487	0.82
Leasing Expenses	12,580	0.51	20,890	0.80	16,558	0.71	8,923	0.44	4,050	0.27
Motor Vehicle Expenses	2,570	0.11	4,760	0.18	4,993	0.21	4,738	0.24	4,146	0.27
Postage, Freight, Printing	8,563	0.35	9,897	0.38	7,907	0.34	9,444	0.47	5,441	0.36
Repairs, Maintenance, Service	3,537	0.14	4,016	0.15	3,866	0.17	3,369	0.17	2,347	0.35
Subs and Registrations	6,590	0.27	7,476	0.29	6,932	0.30	6,767	0.34	5,005	0.33
Superannuation	25,706	1.05	24,070	0.92	20,291	0.87	19,048	0.95	13,010	0.85
Telephone	5,802	0.24	6,277	0.24	5,784	0.25	5,075	0.25	3,190	0.21
Training	2,341	0.10	2,585	0.10	2,057	0.09	2,505	0.12	1,610	0.11
Abnormal Expenses	100	0.01	324	0.01	2,813	0.12	2,832	0.14	953	0.06
Payroll Tax	3,058	0.13	1,006	0.04	1,651	0.07	1,278	0.06	176	0.01
Workers' Compensation	5,576	0.23	5,041	0.19	3,423	0.15	3,425	0.17	1,917	0.13
Other Expenses	28,175	1.15	31,910	1.22	18,947	0.81	18,602	0.93	8,890	0.58
TOTAL EXPENSES	673,319	27.55	609,542	23.40	526,050	22.62	433,877	21.61	272,746	17.87
TOTAL INCOME	187,474	7.67	266,064	10.21	234,237	10.07	208,436	10.38	210,115	13.77
Less Proprietors' Salary (1) [Full-Time-Equivalents]	97,614	3.99	109,986	4.22	99,641	4.28	102,256	5.09	87,315	5.72
Less Return on Capital (2)	1.23		1.36		1.21		1.27		1.08	
	0	0.00	18,189	0.70	5,456	0.23	7,814	0.39	10,288	0.67
NET PROFIT/LOSS	89,860	3.68	137,889	5.29	129,140	5.55	98,366	4.90	112,512	7.37
SALES ANALYSIS										
Prescriptions	991,367	40.91	1,455,202	56.74	1,510,088	65.46	1,497,570	75.10	1,288,085	85.00
Other Sales	1,431,880	59.09	1,109,683	43.26	796,657	34.54	496,613	24.90	227,328	15.00
INVENTORY ANALYSIS										
Prescription	86,101	3.52	109,019	4.19	84,611	3.64	78,196	3.89	61,467	4.03
Other	331,308	13.55	225,219	8.65	151,429	6.51	101,103	5.04	50,484	3.31
STOCK CARRIED (Total)	417,409	17.08	334,238	12.83	236,040	10.15	179,299	8.93	111,951	7.34
STOCK TURN (On Total Inventory)	4.92		6.10		6.77		8.18		8.84	
SALES PER INVENTORY DOLLAR										
Prescription	11.51		13.35		17.85		19.15		20.96	
Other	4.32		4.93		5.26		4.91		4.50	
STATISTICS										
PHARMACY SIZE (square metres)	167		215		174		143		105	
PRESCRIPTIONS DISPENSED (Total)	34,354		50,361		52,053		52,283		44,147	
PRESCRIPTIONS DISPENSED WEEKLY	661		968		1,001		1,005		849	
TOTAL HOURS OPEN per WEEK	66		64		64		59		53	
AV HRS WORKED BY PROPRIETORS/WEEK	47		52		46		48		41	
FUNDS RETAINED IN BUSINESS (3)	80,333	3.29	150,475	5.78	111,813	4.81	56,476	2.81	87,495	5.73

(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 30/06/02)

Table 21

	Less Than 50		50 - 70		70 - 84		84 or More	
SALES, EXPENSES & PROFITABILITY	\$	%	\$	%	\$	%	\$	%
SALES	1,285,584		1,988,561		3,595,986		2,796,306	
COST OF GOODS SOLD	882,799	68.67	1,351,400	67.96	2,413,278	67.11	1,873,663	67.00
GROSS MARGIN	402,785	31.33	637,161	32.04	1,182,708	32.89	922,643	33.00
Commissions Received	17,467		16,631		24,999		20,192	
GROSS MARGIN PLUS COMMISSIONS	420,252		653,792		1,207,707		942,835	
TOTAL REVENUE	1,303,051	100.00	2,005,192	100.00	3,620,984	100.00	2,816,498	100.00
EXPENSES								
Salaries and Wages	127,024	9.75	207,583	10.35	435,506	12.03	372,037	13.21
Rent Paid	23,855	1.83	65,819	3.28	121,587	3.36	82,538	2.93
Outgoings - Rental & Rates	1,604	0.12	3,029	0.15	4,939	0.14	4,845	0.17
Accounting	4,548	0.35	6,840	0.34	11,808	0.33	7,493	0.27
Advertising	7,063	0.54	15,719	0.78	30,390	0.84	26,910	0.96
Bank Charges	4,078	0.31	7,212	0.36	13,532	0.37	10,960	0.39
Computer Expenses	5,105	0.39	5,731	0.29	5,605	0.15	7,364	0.26
Depreciation	6,270	0.48	11,878	0.59	22,449	0.62	14,308	0.51
Electricity, Water, Heating	2,796	0.21	4,645	0.23	9,338	0.26	10,307	0.37
Insurance	5,564	0.43	6,981	0.35	8,437	0.23	8,580	0.30
Interest Paid	12,073	0.93	23,345	1.16	46,911	1.30	27,749	0.99
Leasing Expenses	4,266	0.33	10,046	0.50	28,474	0.79	19,931	0.71
Motor Vehicle Expenses	4,082	0.31	4,407	0.22	5,377	0.15	4,944	0.18
Postage, Freight, Printing	6,002	0.46	7,681	0.38	13,588	0.38	9,063	0.32
Repairs, Maintenance, Service	2,441	0.19	3,173	0.16	5,107	0.14	5,510	0.20
Subs and Registrations	5,251	0.40	6,127	0.31	9,399	0.26	9,032	0.32
Superannuation	13,350	1.02	16,388	0.82	39,221	1.08	27,403	0.97
Telephone	3,298	0.25	4,853	0.24	7,972	0.22	8,099	0.29
Training	1,379	0.11	1,986	0.10	4,171	0.12	2,950	0.10
Abnormal Expenses	257	0.02	2,131	0.11	463	0.01	10,601	0.38
Payroll Tax	138	0.01	841	0.04	4,298	0.12	3,566	0.13
Workers' Compensation	2,158	0.17	3,657	0.18	4,889	0.14	3,786	0.13
Other Expenses	10,457	0.80	19,838	0.99	21,443	0.59	43,027	1.53
TOTAL EXPENSES	253,060	19.42	439,908	21.94	854,902	23.61	721,004	25.60
TOTAL INCOME	167,192	12.83	213,884	10.67	352,805	9.74	221,831	7.88
Less Proprietors' Salary (1) [Full-Time-Equivalents]	86,947	6.67	102,453	5.11	111,456	3.08	76,415	2.71
	1.07		1.26		1.39		0.97	
Less Return on Capital (2)	9,782	0.75	7,489	0.37	5,001	0.14	17,736	0.63
NET PROFIT/LOSS	70,463	5.41	103,942	5.18	236,348	6.53	127,680	4.53
SALES ANALYSIS								
Prescriptions	974,431	75.80	1,356,322	68.21	2,210,657	61.48	1,780,188	63.66
Other Sales	311,153	24.20	632,239	31.79	1,385,329	38.52	1,016,117	36.34
INVENTORY ANALYSIS								
Prescription	52,460	4.03	83,801	4.18	104,233	2.88	95,016	3.37
Other	68,440	5.25	136,001	6.78	234,306	6.47	144,350	5.13
STOCK CARRIED (Total)	120,900	9.28	219,802	10.96	338,539	9.35	239,366	8.50
STOCK TURN (On Total Inventory)	7.33		6.71		7.30		8.20	
SALES PER INVENTORY DOLLAR								
Prescription	18.57		16.19		21.21		18.74	
Other	4.55		4.65		5.91		7.04	
STATISTICS								
PHARMACY SIZE (square metres)	128		157		171		204	
PRESCRIPTIONS DISPENSED (Total)	34,651		46,741		76,292		60,405	
PRESCRIPTIONS DISPENSED WEEKLY	666		899		1,467		1,162	
TOTAL HOURS OPEN per WEEK	47		58		80		92	
AV HRS WORKED BY PROPRIETORS/WEEK	41		48		53		37	
FUNDS RETAINED IN BUSINESS (3)	64,544	4.95	87,362	4.36	145,242	4.01	72,803	2.58

(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 2001-02

Table 22

	30 June 2001 (402 Pharmacies)		30 June 2002 (405 Pharmacies)		Amount and % of Change	
	\$	%	\$	%	\$	%
Assets	416,696	23.73	463,034	23.76	46,338	11.12
Liabilities	520,360	29.64	592,912	30.42	72,552	13.94
Net Worth	-103,664	-5.90	-129,878	-6.66	-26,214	25.29
Total Revenue	1,755,727	100.00	1,948,925	100.00	193,198	11.00
Trading Profit	177,406	10.10	200,463	10.29	23,057	13.00

**AUSTRALIAN PHARMACIES – BALANCE SHEET 2001-02
BY TURNOVER GROUP**

Table 23

	Under \$500,000		\$500,000 - \$1.0M		\$1.0M - \$1.5M		\$1.5M - \$2.0M	
	\$	%	\$	%	\$	%	\$	%
Assets	146,928	35.30	231,677	29.10	288,047	23.30	434,482	24.80
Liabilities	38,923	9.30	200,028	25.10	404,330	32.70	495,591	28.30
Net Worth	108,005	25.90	31,649	4.00	-116,282	-9.40	-61,109	-3.50
Total Revenue	416,672	100.00	796,273	100.00	1,237,569	100.00	1,754,054	100.00
Trading Profit	15,900	3.80	91,300	11.50	134,156	10.80	179,338	10.20

	\$2.0M - \$2.5M		\$2.5M - \$3.0M		\$3.0M - \$3.5M		OVER \$3.5M	
	\$	%	\$	%	\$	%	\$	%
Assets	503,020	22.50	581,138	21.60	750,173	23.50	1,093,144	24.00
Liabilities	649,939	29.10	671,309	24.90	983,334	30.80	1,743,928	38.20
Net Worth	-146,919	-6.60	-90,172	-3.30	-233,161	-7.30	-650,785	-14.30
Total Revenue	2,237,210	100.00	2,695,539	100.00	3,189,984	100.00	4,562,311	100.00
Trading Profit	236,605	10.60	250,513	9.30	327,110	10.30	339,926	7.50

TABLE 24

BENEFIT PRESCRIPTION STATISTICS, STATES AND TERRITORIES - 2001/2002

Benefit prescriptions	NSW	VIC	QLD	SA	WA	TAS	NT	ACT	AUSTRALIA
(\$'000)									
COMMONWEALTH GOVERNMENT									
PAYMENTS ON BENEFIT PRESCRIPTIONS									
General	241,984	176,752	118,720	51,907	67,949	14,599	4,541	14,751	691,204
Concessional	951,818	685,419	490,559	238,476	235,377	76,496	8,888	31,832	2,717,866
Safety Net (a)	292,790	190,704	139,068	65,250	59,024	23,194	1,302	7,080	778,412
TOTAL (b)	1,486,592	1,052,875	748,347	355,633	362,350	114,289	14,731	53,663	4,187,482
PATIENT CONTRIBUTION ON BENEFIT PRESCRIPTIONS									
General	152,022	104,599	75,920	31,658	41,064	9,223	2,786	9,701	426,973
Concessional	129,761	95,399	69,414	33,783	33,353	11,325	1,256	3,985	379,075
TOTAL (b)	281,783	199,998	145,334	65,441	74,417	20,548	4,042	13,686	806,048
TOTAL BENEFIT PRESCRIPTION COST	1,768,375	1,252,873	893,681	421,074	436,767	134,837	18,773	67,349	4,993,530
DISSECTION OF COSTS (c)									
Cost of Ingredients and containers	1,384,239	979,890	696,762	327,763	341,733	104,319	14,892	53,801	3,903,223
Suppliers' remuneration	384,136	272,983	196,919	93,311	95,034	30,518	3,881	13,548	1,090,307
Total	1,768,375	1,252,873	893,681	421,074	436,767	134,837	18,773	67,349	4,993,530
BENEFIT PRESCRIPTIONS ('000)									
General	6,869	4,726	3,430	1,430	1,855	417	126	438	19,292
Concessional	36,850	26,884	19,560	9,519	9,401	3,132	355	1,125	106,823
Safety Net (a)	10,522	7,020	5,099	2,414	2,179	885	47	240	28,407
Total (b)	54,241	38,630	28,089	13,363	13,435	4,434	528	1,803	154,522
AVERAGE TOTAL COST PER PRESCRIPTION									
General	57.36	59.53	56.75	58.44	58.77	57.13	58.15	55.83	57.96
Concessional	29.35	29.04	28.63	28.60	28.59	28.04	28.57	31.84	28.99
Safety Net (a)	27.83	27.17	27.27	27.03	27.09	26.21	27.70	29.50	27.40
Total	32.60	32.43	31.82	31.51	32.51	30.41	35.55	37.35	32.32

(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 2001/02

Source: Commonwealth Department of Health and Ageing.

TABLE 25

COST OF PHARMACEUTICAL BENEFITS, 1996-97 TO 2002-03

(\$'000)

	Year Ended 30 June						
	1997	1998	1999	2000	2001	2002	2003
COMMONWEALTH GOVERNMENT							
PAYMENTS ON BENEFIT PRESCRIPTIONS (a)							
General	392,246	411,856	469,041	521,014	662,096	691,204	750,544
Safety Net	72,832	98,613	106,618	107,013	128,174	148,499	169,805
Concessional (b)	1,465,658	1,576,058	1,739,535	2,000,633	2,359,645	2,569,368	2,747,330
Concessional Safety Net	401,814	439,989	467,079	547,829	660,301	778,412	907,524
TOTAL COMMONWEALTH PAYMENTS	2,332,550	2,526,517	2,782,273	3,176,489	3,810,216	4,187,483	4,575,203
PATIENT CONTRIBUTIONS							
General Benefit Prescriptions	278,090	294,364	318,219	345,585	392,430	426,973	470,555
Concessional Benefit Prescriptions	252,105	276,440	283,118	306,182	351,732	379,074	389,188
TOTAL PATIENT CONTRIBUTIONS	530,195	570,804	601,333	651,768	744,162	806,048	859,744
Total cost of benefit prescriptions (including patients' contributions)	2,862,745	3,097,322	3,383,606	3,828,256	4,554,378	4,993,531	5,434,947
Commonwealth Government payments through miscellaneous services	205,545	258,950	287,468	311,727	347,902	396,387	na
Total cost of pharmaceutical benefits	3,068,291	3,356,271	3,671,078	4,139,983	4,902,280	5,389,918	na
Total Commonwealth Government payments	2,538,095	2,785,467	3,069,741	3,488,216	4,186,000	4,583,870	na

(a) Sourced from PBS claims processing at HIC 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 2002

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	1,384,239	384,136	1,768,375
VIC	979,890	272,983	1,252,873
QLD	696,762	196,919	893,681
SA	327,763	93,311	421,074
WA	341,733	95,034	436,767
TAS	104,319	30,518	134,837
NT	14,892	3,881	18,773
ACT	53,801	13,548	67,349
TOTAL	3,903,400	1,090,329	4,993,530

- 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	425,979,488	15,362,691	27.73	6.38%

SOURCE: Commonwealth Department of Veterans' Affairs.

TABLE 28

PHARMACEUTICAL BENEFITS
PRESCRIPTIONS AND DERIVED STATISTICS FOR THE YEAR ENDED 30 JUNE 2002

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 \$
NSW	54,241,026	6,869,296	34,996,504	12,375,226	32.60	57.36	29.35	27.83
VIC	38,629,600	4,726,080	25,717,939	8,185,581	32.43	59.53	29.04	27.17
QLD	28,089,166	3,429,931	18,706,931	5,952,304	31.82	56.75	28.63	27.27
SA	13,362,731	1,430,345	9,181,612	2,750,774	31.51	58.44	28.60	27.03
WA	13,434,758	1,855,487	9,010,588	2,568,683	32.51	58.77	28.59	27.09
TAS	4,434,246	416,647	3,037,104	980,495	30.41	57.13	28.04	26.21
NT	527,617	125,961	336,613	65,043	35.55	58.15	28.57	27.70
ACT	1,802,939	438,306	1,023,101	341,532	37.35	55.83	31.84	29.50
TOTAL	154,522,083	19,292,053	102,010,392	33,219,638	32.32	57.96	28.99	27.40

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 \$	Markup on Wholesale Price %
1 January 1972	30 April 1972	0.39	33 1/3	0.64	50
1 May 1972	30 September 1972	0.42	33 1/3	0.64	50
1 October 1972	30 November 1972	0.44	33 1/3	0.64	50
1 December 1972	31 December 1972	0.45	33 1/3	0.64	50
1 January 1973	30 June 1973	0.50	33 1/3	0.72	50
1 July 1973	31 December 1973	0.61	33 1/3	0.83	50
1 January 1974	30 June 1974	0.68	33 1/3	0.90	50
1 July 1974	30 June 1975	0.84	33 1/3	1.06	50
1 July 1975	30 June 1976	0.90	33 1/3	1.12	50
1 July 1976	31 December 1976	1.02	33 1/3	1.24	50
1 January 1977	30 June 1977	1.07	33 1/3	1.29	50
1 July 1977	31 July 1978	1.21	33 1/3	1.43	50
1 August 1978	30 April 1980	1.35	25	1.95	33 1/3
1 May 1980	30 June 1980	1.31 *	25	1.91 *	33 1/3
1 July 1980	30 November 1980	1.31 1.39	25	1.91 1.99	33 1/3
1 December 1980	31 December 1980	1.26 1.34	25	1.89 1.97	33 1/3
1 January 1981	30 June 1981	1.26 1.44	25	1.89 2.07	33 1/3
1 July 1981	31 December 1981	1.51	25	2.14	33 1/3
1 January 1982	30 June 1982	1.66	25	2.29	33 1/3
1 July 1982	31 December 1983	1.73	25	2.54	33 1/3
1 January 1984	30 June 1984	1.98	25	2.89	33 1/3
1 July 1984	30 June 1985	2.13	25	3.09	33 1/3
1 July 1985	31 December 1985	2.30	25	3.33	33 1/3
1 January 1986	30 June 1986	2.35	25	3.40	33 1/3
1 July 1986	31 August 1986	2.40	25	3.47	33 1/3
1 September 1986	31 May 1987	2.46	25	3.56	33 1/3
1 June 1987	30 June 1988	2.50	25	3.62	33 1/3
1 July 1988	31 July 1988	2.59	25	3.76	33 1/3
1 August 1988	31 January 1989	2.64	25	3.83	33 1/3
1 February 1989	31 December 1989	2.59	25	3.76	33 1/3
1 January 1990	30 June 1990	2.54	25	3.68	33 1/3
1 July 1990	31 December 1990	2.57	25	3.72	33 1/3
1 January 1991	31 July 1992	3.43	10 **	4.96	10 **
1 August 1992	31 December 1992	3.57	10 **	5.16	10 **
1 January 1993	30 June 1993	3.69	10 **	5.34	10 **
1 July 1993	31 December 1993	3.75	10 **	5.43	10 **
1 January 1994	30 June 1994	3.83	10 **	5.55	10 **
1 July 1994	31 December 1994	3.98	10 **	5.77	10 **
1 January 1995	30 June 1995	4.06	10 **	5.89	10 **
1 July 1995	30 June 1996	4.27	10 **	6.10	10 **
1 July 1996	30 June 1997	4.29	10 **	6.13	10 **
1 July 1997	30 June 1998	4.34	10 **	6.20	10 **
1 July 1998	30 June 1999	4.34	10 **	6.20	10 **
1 July 1999	30 June 2000	4.39	10 **	6.27	10 **
1 July 2000	30 April 2001	4.40	10 ***	6.28	10 ***
1 February 2001	30 June 2001	4.50	10 ***	6.38	10 ***
1 July 2001	30 September 2001	4.53	10 ***	6.44	10 ***
1 October 2001	30 January 2002	4.68	10 ***	6.59	10 ***
1 February 2002		4.62	10 ***	6.56	10 ***

* 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 %

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 ('000)
1970/71	2.21	0.48	0.34	0.82	37.10	71,487
1971/72	2.46	0.51	0.38	0.89	36.18	72,442
1972/73	2.64	0.56	0.47	1.01	38.26	74,676
1973/74	2.78	0.53	0.65	1.18	42.45	87,288
1974/75	2.99	0.54	0.83	1.37	45.82	97,674
1975/76	3.28	0.60	0.88	1.48	45.12	101,117
1976/77	3.71	0.66	1.04	1.70	45.82	89,705
1977/78	3.93	0.66	1.22	1.88	47.84	93,167
1978/79	4.16	0.59 **	1.35	1.94	46.63	92,963
1979/80	4.38	0.62	1.36	1.98	45.21	89,075
1980/81	4.53 4.65 @	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

* 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 2002)

Ranking	Drug Name	Prescriptions	% of Total Scripts	Government Cost (\$)	% of Total Cost
1	ATORVASTATIN	5,196,628	3.36	269,412,718	6.43
2	SIMVASTATIN	4,762,075	3.08	263,933,460	6.30
3	OMEPRAZOLE	3,673,696	2.38	172,209,033	4.11
4	OLANZAPINE	601,862	0.39	127,914,996	3.05
5	SALMETEROL and FLUTICASONE	1,773,952	1.15	109,383,932	2.61
6	CELECOXIB	3,549,018	2.30	103,415,761	2.47
7	PRAVASTATIN	1,607,080	1.04	88,456,587	2.11
8	INSULIN (HUMAN)	414,885	0.27	76,178,261	1.82
9	ROFECOXIB	2,342,979	1.52	69,276,012	1.65
10	PANTOPRAZOLE	1,628,825	1.05	67,961,137	1.62
11	SERTRALINE	2,215,050	1.43	63,969,456	1.53
12	CLOPIDOGREL	696,307	0.45	55,305,643	1.32
13	IRBESARTAN	2,524,172	1.63	52,272,979	1.25
14	VENLAFAXINE	1,167,730	0.76	52,210,326	1.25
15	SALBUTAMOL	3,338,808	2.16	52,009,639	1.24
16	ALENDRONIC ACID	959,692	0.62	50,959,702	1.22
17	RANITIDINE HYDROCHLORIDE	2,654,862	1.72	49,677,345	1.19
18	AMLODIPINE BESYLATE	2,122,261	1.37	48,906,516	1.17
19	IPRATROPIUM BROMIDE	1,116,935	0.72	47,630,307	1.14
20	PAROXETINE	1,312,287	0.85	41,961,629	1.00
21	IRBESARTAN with HYDROCHLOROTHIAZ	1,749,996	1.13	39,997,947	0.96
22	GOSERELIN	52,856	0.03	38,621,534	0.92
23	PERINDOPRIL	2,037,534	1.32	38,458,537	0.92
24	RAMIPRIL	1,849,106	1.20	36,871,949	0.88
25	CITALOPRAM	1,290,771	0.84	36,615,521	0.87
26	LANSOPRAZOLE	736,096	0.48	35,217,880	0.84
27	INTERFERON BETA-1b	29,334	0.02	34,192,182	0.82
28	LATANOPROST	1,108,192	0.72	33,636,461	0.80
29	MORPHINE	814,972	0.53	31,831,554	0.76
30	FLUTICASONE	931,179	0.60	30,838,068	0.74
31	DILTIAZEM HYDROCHLORIDE	1,383,387	0.90	29,906,056	0.71
32	FELODIPINE	1,479,228	0.96	29,812,424	0.71
33	ENALAPRIL MALEATE	1,417,167	0.92	29,205,002	0.70
34	BUPROPION	127,965	0.08	28,826,538	0.69
35	VALACICLOVIR	156,401	0.10	28,657,032	0.68
36	RISPERIDONE	208,150	0.13	28,338,764	0.68
37	INTERFERON BETA-1a	22,516	0.01	26,135,416	0.62
38	METFORMIN HYDROCHLORIDE	2,038,279	1.32	25,777,497	0.62
39	ISOTRETINOIN	187,765	0.12	25,546,435	0.61
40	LISINAPRIL	1,268,659	0.82	25,070,492	0.60
41	FLUOXETINE HYDROCHLORIDE	792,687	0.51	25,061,886	0.60
42	GLUCOSE INDICATOR--BLOOD	513,316	0.33	23,956,301	0.57
43	BUDESONIDE	740,374	0.48	23,742,222	0.57
44	FAMCICLOVIR	83,061	0.05	23,304,186	0.56
45	PARACETAMOL	4,311,657	2.79	22,557,312	0.54
46	RITUXIMAB	11,080	0.01	22,412,632	0.54
47	LAMOTRIGINE	180,162	0.12	21,082,726	0.50
48	GLYCERYL TRINITRATE	951,775	0.62	20,497,511	0.49
49	SODIUM VALPROATE	480,335	0.31	20,252,420	0.48
50	NIFEDIPINE	1,022,249	0.66	20,236,194	0.48
		71,635,353	46.36	2,719,706,118	64.95

TABLE 33

MOST FREQUENTLY PRESCRIBED PBS DRUGS BY GENERIC NAME

(Year ended 30 June 2002)

Ranking	Drug Name	Prescriptions	% of Total Scripts	Government Cost (\$)	% of Total Cost
1	ATORVASTATIN	5,196,628	3.36	269,412,718	6.43
2	SIMVASTATIN	4,762,075	3.08	263,933,460	6.30
3	PARACETAMOL	4,311,657	2.79	22,557,312	0.54
4	OMEPRAZOLE	3,673,696	2.38	172,209,033	4.11
5	CELECOXIB	3,549,018	2.30	103,415,761	2.47
6	SALBUTAMOL	3,338,808	2.16	52,009,639	1.24
7	CODEINE with PARACETAMOL	2,727,853	1.77	18,696,533	0.45
8	RANITIDINE HYDROCHLORIDE	2,654,862	1.72	49,677,345	1.19
9	ATENOLOL	2,589,398	1.68	18,908,418	0.45
10	IRBESARTAN	2,524,172	1.63	52,272,979	1.25
11	TEMAZEPAM	2,387,648	1.55	9,478,950	0.23
12	AMOXYCILLIN	2,349,528	1.52	17,132,553	0.41
13	ROFECOXIB	2,342,979	1.52	69,276,012	1.65
14	SERTRALINE	2,215,050	1.43	63,969,456	1.53
15	AMLODIPINE BESYLATE	2,122,261	1.37	48,906,516	1.17
16	METFORMIN HYDROCHLORIDE	2,038,279	1.32	25,777,497	0.62
17	PERINDOPRIL	2,037,534	1.32	38,458,537	0.92
18	RAMIPRIL	1,849,106	1.20	36,871,949	0.88
19	SALMETEROL and FLUTICASONE	1,773,952	1.15	109,383,932	2.61
20	IRBESARTAN with HYDROCHLOROTHIAZ	1,749,996	1.13	39,997,947	0.96
21	CEPHALEXIN	1,667,177	1.08	13,804,372	0.33
22	PANTOPRAZOLE	1,628,825	1.05	67,961,137	1.62
23	PRAVASTATIN	1,607,080	1.04	88,456,587	2.11
24	DIAZEPAM	1,572,424	1.02	6,611,543	0.16
25	FELODIPINE	1,479,228	0.96	29,812,424	0.71
26	WARFARIN	1,451,880	0.94	7,390,589	0.18
27	ENALAPRIL MALEATE	1,417,167	0.92	29,205,002	0.70
28	DILTIAZEM HYDROCHLORIDE	1,383,387	0.90	29,906,056	0.71
29	PAROXETINE	1,312,287	0.85	41,961,629	1.00
30	CITALOPRAM	1,290,771	0.84	36,615,521	0.87
31	AMOXYCILLIN with CLAVULANIC ACID	1,281,673	0.83	17,060,420	0.41
32	LISINAPRIL	1,268,659	0.82	25,070,492	0.60
33	ROXITHROMYCIN	1,249,529	0.81	12,126,436	0.29
34	OXAZEPAM	1,240,899	0.80	4,348,641	0.10
35	FRUSEMIDE	1,189,531	0.77	6,735,571	0.16
36	VENLAFAXINE	1,167,730	0.76	52,210,326	1.25
37	VERAPAMIL HYDROCHLORIDE	1,136,122	0.74	15,991,253	0.38
38	IPRATROPIUM BROMIDE	1,116,935	0.72	47,630,307	1.14
39	ISOSORBIDE MONONITRATE	1,110,462	0.72	18,391,974	0.44
40	LATANOPROST	1,108,192	0.72	33,636,461	0.80
41	ASPIRIN	1,066,692	0.69	3,951,742	0.09
42	NIFEDIPINE	1,022,249	0.66	20,236,194	0.48
43	BETAMETHASONE	966,395	0.63	7,400,332	0.18
44	ALENDRONIC ACID	959,692	0.62	50,959,702	1.22
45	GLYCERYL TRINITRATE	951,775	0.62	20,497,511	0.49
46	FLUTICASONE	931,179	0.60	30,838,068	0.74
47	OESTRADIOL	924,475	0.60	13,075,191	0.31
48	DICLOFENAC	906,738	0.59	7,090,065	0.17
49	LEVONORGESTREL with ETHINYLOESTR	897,193	0.58	10,257,944	0.24
50	GLICLAZIDE	874,655	0.57	11,377,713	0.27
		92,375,501	59.78	2,242,957,750	53.56

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	19,875,000	4,907	4,050

TABLE 35

TRENDS IN POPULATION TO PHARMACY RATIOS

30 JUNE 2001				30 JUNE 2002			
STATE OR TERRITORY	POPULATION ('000)	NUMBER OF PHARMACIES	POPULATION/ PHARMACY	POPULATION ('000)	NUMBER OF PHARMACIES	POPULATION/ PHARMACY	% Change in Population to Pharmacy Ratios
NSW	6,516.6	1,727	3,773	6,691.8	1,709	3,916	3.8
VIC	4,816.1	1,159	4,155	4,929.8	1,160	4,250	2.3
QLD	3,612.3	948	3,810	3,774.3	944	3,998	4.9
SA	1,501.4	385	3,900	1,528.2	386	3,959	1.5
WA	1,904.1	480	3,967	1,951.3	484	4,032	1.6
TAS	470.3	140	3,359	476.2	139	3,426	2.0
NT	196.9	30	6,563	197.1	28	7,039	7.3
ACT	313.4	57	5,498	323.8	57	5,681	3.3
AUSTRALIA	19,334.2	4,926	3,925	19,875.0	4,907	4,050	3.2

TABLE 36

PHARMACIES DISPENSING PHARMACEUTICAL BENEFITS
STATES AND TERRITORIES 1991 TO 2003

(Number at 30 June)

STATE OR TERRITORY	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
NSW	1,900	1,795	1,759	1,745	1,736	1,731	1,729	1,727	1,724	1,723	1,722	1,727	1,709
VIC	1,328	1,261	1,245	1,225	1,213	1,200	1,190	1,181	1,169	1,159	1,161	1,159	1,160
QLD	991	946	936	935	931	942	952	959	959	954	951	948	944
SA	421	399	392	390	386	386	385	383	386	386	387	385	386
WA	470	460	458	456	457	467	470	474	477	478	479	480	484
TAS	148	145	144	144	142	143	144	143	140	140	140	140	139
NT	27	25	25	26	26	26	27	27	28	28	28	30	28
ACT	66	60	59	59	58	58	57	58	59	57	57	57	57
AUSTRALIA	5,351	5,091	5,018	4,980	4,949	4,953	4,954	4,952	4,942	4,925	4,925	4,926	4,907

Source: Commonwealth Department of and Health and Ageing

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

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

(b) All Males.

Chart 6

