

**The two part Agreement between
the Minister responsible for the
Pharmaceutical Benefits Scheme, the
Honourable Carmen Lawrence and
the Pharmacy Guild of Australia.**

THIS AGREEMENT is made the

24th

day of April 1995

BETWEEN

THE HONOURABLE CARMEN LAWRENCE, MINISTER FOR HUMAN SERVICES AND HEALTH, on behalf of THE COMMONWEALTH OF AUSTRALIA

AND

THE PHARMACY GUILD OF AUSTRALIA of 14 Thesiger Court, Deakin in the Australian Capital Territory ("the Guild").

RECITALS:

- A. Section 98BAA of the *National Health Act 1953* provides that where the Minister (acting on the Commonwealth's behalf) and The Pharmacy Guild of Australia or another pharmacists' organisation that represents a majority of approved pharmacists have entered into an agreement in relation to the manner in which the Commonwealth price of all or any pharmaceutical benefits is to be ascertained for the purpose of payments to approved pharmacists in respect of the supply by them of pharmaceutical benefits, the Pharmaceutical Benefits Remuneration Tribunal, in making a determination under subsection 98B (1) of the Act while the agreement is in force, must give effect to the terms of that agreement.
- B. This Agreement is an agreement of the kind referred to in Recital A.

NOW THIS AGREEMENT WITNESSES THAT:

1. INTERPRETATION

1.1 In this Agreement, unless the contrary intention appears—

"approved pharmacist" means a pharmacist for the time being approved, or deemed to be approved, under section 90 of the Act;

"approved price to pharmacists" means:

- (a) in relation to a pharmaceutical benefit that is not a special pharmaceutical benefit or a form of a drug or medicinal preparation referred to in subparagraph 98B (2) (a) (ii) of the Act—the amount that the manufacturer of the pharmaceutical benefit and the Minister agree, from time to time, is to be taken to be, for the purposes of Part VII of the Act, the appropriate maximum price for sales of the pharmaceutical benefit to approved pharmacists;
- (b) in relation to a pharmaceutical benefit that is a special pharmaceutical benefit, but is not a form of a drug or medicinal preparation referred to in subparagraph 98B (2) (a) (ii) of the Act—the amount determined, from time to time, under section 85B of the Act to be the amount that is, for the purposes of Part VII of the Act, to be taken to be the manufacturer's price for sales of the pharmaceutical benefit to approved pharmacists;

(c) in relation to a pharmaceutical benefit that is a form of a drug or medicinal preparation referred to in subparagraph 98B (2) (a) (ii) of the Act, but is not a special pharmaceutical benefit—the amount that the manufacturer of the form of the drug or medicinal preparation and the Minister agree, from time to time, is to be taken to be, for the purposes of Part VII of the Act, the appropriate maximum price for sales of the form of the drug or preparation to approved pharmacists; or

(d) in relation to a pharmaceutical benefit that is a form of a drug or medicinal preparation referred to in subparagraph 98B (2) (a) (ii) of the Act and also a special pharmaceutical benefit—the amount determined, from time to time, under section 85B of the Act to be the amount that is, for the purposes of Part VII of the Act, to be taken to be the manufacturer's price for sales of the form of the drug or medicinal preparation to approved pharmacists;

“basic wholesale price” in relation to an ingredient in a pharmaceutical benefit, means the amount that The Pharmacy Guild of Australia and the Minister agree from time to time is to be taken to be, for the purposes of Part VII of the Act, the appropriate price for sales of that ingredient to approved pharmacists;

“Commonwealth price” means the Commonwealth price referred to in section 84 of the Act in relation to the supply of pharmaceutical benefits;

“composite fee” means the sum of the dispensing fee and the administration fee;

“CPI” means the All Groups Consumer Price Index number that is the weighted average of the 8 capital cities and is published by the Australian Statistician;

“gross margin” means the sum of the composite fee and the mark-up;

“PBS” means the Pharmaceutical Benefits Scheme established under Part VII of the Act;

“pharmaceutical benefit” means a drug or medicinal preparation in relation to which, by virtue of section 85 of the Act, Part VII of the Act applies;

“RPBS” means the Repatriation Pharmaceutical Benefits Scheme established under section 91 of the *Veterans' Entitlements Act 1986*;

“the Act” means the *National Health Act 1953*;

“the Commonwealth” means the Commonwealth of Australia;

“the Minister” means the Minister of State responsible for the administration of Part VII of the Act pursuant to the Administrative Arrangements Order; and

“Tribunal” means the Pharmaceutical Benefits Remuneration Tribunal established under section 98A of the Act and includes any successors to the Tribunal or any body that performs generally the functions of the Tribunal whether in substitution for or in addition to it.

1.2 In this Agreement:

(a) words importing a gender include any other gender; and

(b) words in the singular number include the plural and words in the plural number include the singular.

- 1.3 Paragraph headings in this Agreement are for convenient reference only and have no effect in limiting or extending the language of the provisions to which they refer.

2. TERM OF AGREEMENT

- 2.1 This Agreement will commence on the date of this Agreement and will terminate on 30 June 2000.
- 2.2 The Parties agree to submit to the Tribunal when necessary a section 98BAA agreement setting out the manner in which the Commonwealth price will be worked out for the purpose of payments to approved pharmacists in respect of the supply by them of pharmaceutical benefits.

3. MANNER IN WHICH THE COMMONWEALTH PRICE IS TO BE DETERMINED

- 3.1 From the date of signing this Agreement until 30 June 1995 or until a new determination giving effect to a section 98BAA agreement is made by the Tribunal, being not before 1 July 1995, the Commonwealth price will, in accordance with the Tribunal's determination dated 19 December 1994:

(a) for ready prepared ("RP") items be the sum of:

- (i) a dispensing fee of \$4.06 per benefit item ("the RP dispensing fee");
- (ii) a separate mark-up of 10% on the approved price to pharmacists for RP items ("the mark-up component"), provided however, that where the approved price to pharmacists is \$180 or more the mark-up component will be \$18 per RP item until the approved price to pharmacists reaches \$360 in which case the mark-up component will be 5% of the approved price to pharmacists; and

(iii) the approved price to pharmacists;

(b) for extemporaneously prepared and related ("EP") items be the sum of:

- (i) a dispensing fee of \$5.89 per benefit item ("the EP dispensing fee");
- (ii) a separate mark-up of 10% on the basic wholesale price for EP items ("the mark-up component"), provided however, that where the basic wholesale price is \$180 or more the mark-up component will be \$18 per EP item until the basic wholesale price reaches \$360 in which case the mark-up component will be 5% of the basic wholesale price; and

(iii) the basic wholesale price; and

(c) include the other fees and allowances as determined under the Tribunal's determination dated 19 December 1994.

- 3.2 From 1 July 1995, or the date a determination by the Tribunal is made after 1 July 1995, the Parties agree that the manner in which the Commonwealth price of all or any pharmaceutical benefits is to be worked out for the purpose of payments to approved pharmacists in respect to the supply by them of pharmaceutical benefits will include:

- (a) an administration fee of \$0.21, provided that if the level of administrative/clerical tasks required of pharmacists changes during the life of this Agreement the Parties will make an assessment of their cost impact on pharmacy and an agreed amount will be added to or subtracted from the administration fee then in force, provided further that the administration fee will not be less than \$0.21;
- (b) dispensing fees as determined under the Tribunal's determination dated 19 December 1994, as indexed and varied in accordance with this Agreement;
- (c) mark-up as determined under the Tribunal's determination dated 19 December 1994; and
- (d) the other existing fees and allowances as determined under the Tribunal's determination dated 19 December 1994, as varied from time to time by agreement of the Parties.

4. INDEXATION OF REMUNERATION

4.1 The Parties agree that:

- (a) at twelve monthly intervals during the term of the agreement and commencing on and from 1 July 1996, the composite fee will be indexed by the Parties ("the indexation");
- (b) if the Parties have not before 30 June 2000 entered into a new agreement, they agree that the Tribunal must in making a relevant determination with respect to dispensing fees for the period after 1 July 2000, take into account cost movements in the twelve month period ending 30 June 2000; and
- (c) if before 30 June 2000 the Parties enter into a new agreement dealing with matters generally the subject of this Agreement, such new agreement shall take into account cost movements in the twelve month period ending 30 June 2000.

4.2 The Parties agree that:

- (a) the CPI will be used for the indexation;
- (b) if an alternative index is adopted by the Commonwealth in place of the CPI, that alternative index will be substituted for the CPI at a time agreed between the Parties and used for the indexation; and
- (c) the CPI to be used for the indexation will be in respect of the last four quarters for which statistics are available immediately before the indexation.

5. GUARANTEE AND SHARING OF FUTURE SAVINGS

- 5.1 The Guild undertakes to assist the Commonwealth to control the growth in the cost of the PBS, and agrees to forego part of future fee indexation adjustments where prescription volume growth is in excess of 2.5% in the prescribed year.
- 5.2 The Guild's commitment amounts to savings to the Commonwealth of \$100 million over the five year period of the Agreement and is based on a projected 5% prescription volume growth each year during the term of the Agreement using the 1993/94 PBS processed volume as the base.

- 5.3 The Parties agree that the following prescription volume projections form the basis on which the guaranteed savings were calculated:

YEAR	PBS PRESCRIPTION VOLUME FOR YEAR (million)	PBS PRESCRIPTION VOLUME CHANGE (million)
1993/94	115.0	-
1994/95	120.8	5.8
1995/96	126.9	6.1
1996/97	133.2	6.3
1997/98	139.9	6.7
1998/99	146.9	7.0
1999/2000	154.2	7.3

- 5.4 The Parties agree that the volume growth of prescriptions to be used in conjunction with the level of adjustment determined in clause 5.6 is to include new medication listed on the PBS and minor policy changes but will exclude volume increases as a direct result of major Government new policy. It will also exclude transfers from the PBS to the RPBS (or to the PBS from the RPBS) due to changes in Government policy.
- 5.5 The Guild guarantees to assist in achieving savings to the Commonwealth of \$100 million from pharmacists' remuneration during the period of this Agreement, by way of amounts of \$25 million for each of the indexation periods of the Agreement. The Parties agree that these amounts will be satisfied depending on prescription volume growth (calculated in accordance with clauses 5.10 and 5.11) as follows:
- (a) 2.5% or less in any indexation period—the amount for that period will be deemed to be fully paid through the non-dispensing of prescriptions between the actual growth and the expected growth of 5%. Full fee indexation will apply;
 - (b) over 2.5% but less than 5% in any indexation period—the amount for that period will be deemed to be fully paid by a combination of a reduction in the amount of fee increase and through the non-dispensing of prescriptions between the actual growth and the expected growth of 5%;
 - (c) 5% or more in any indexation period—the amount for that period will be deemed to be fully paid by a reduction in the amount of fee increase, with no further reduction for any growth in volume above the expected growth of 5%.

- 5.6 The methodology for determining the level of adjustment which will apply for each of the indexation periods, will be according to the following formula:

where V_n = prescription volume in year n (being the year ending 31 May)
 R_n = unadjusted remuneration (dispensing fee + administration fee + mark-up) in year n
 I_n = indexation factor to update remuneration
 A_n = the adjustment per prescription in year n
 F_n = adjusted composite fee (dispensing fee + administration fee) in year n

then, the adjustment to be made for year n if $V_{n-1}/V_{n-2} > 1.025$ is

$$A_n = [(R_{n-1} \times I_n) \times (V_{n-1} - V_{n-2}) \times 0.5] / V_{n-1}$$

and the adjusted fee will be

$$F_n = (F_{n-1} \times I_n) - A_n$$

but if $V_{n-1}/V_{n-2} \leq 1.025$ then $A_n = 0$

- 5.7 Any reduction in the composite fee will cease when the total amount of savings totals \$100 million. Full flow-on of fee indexation will then apply for the remainder of the Agreement.
- 5.8 In the event that the sum of \$100 million is saved before the expiry of this Agreement, any further savings (being equivalent to an aggregate of the gross margin and the approved price to pharmacists and/or the basic wholesale price), demonstrated as being due to pharmacy activities, will be shared equally between approved pharmacists and the Commonwealth.
- 5.9 It is agreed that dispensing fees as indexed will not be reduced at any time during the life of the Agreement.
- 5.10 The first adjustment on or after 1 July 1996 will take into account the average annual prescription volume for the 24 months ended May 1996 compared to the 12 months ended June 1994. It will be calculated by adding the percentage growth rates in prescription volume from the year ended June 1995 compared with the year ended June 1994, and the year ended May 1996 compared with the year ended May 1995, dividing by two, and applying the figure so calculated to the prescription volume for the year ended June 1994.
- 5.11 In subsequent years the calculation will be based on prescription volume for the year ending the May prior to the adjustment, compared with the year ending the previous May.

6. DISPUTE RESOLUTION

- 6.1 The Parties agree that any question relating to this Agreement or determination of the Commonwealth price under the Agreement, which cannot be resolved by agreement between the Parties, will be referred by the Minister to the Tribunal (pursuant to paragraph 98B (1) (c) of the Act) within one month of receiving a formal request from the Guild so to do. Such questions will include extraordinary significant industry-specific costs which may arise during the period of the Agreement. The Guild shall be entitled to have its views on the question submitted to the Tribunal together with those of the Commonwealth. The Parties agree that they shall act upon and be bound by the Tribunal's advice to the Minister, a copy of which shall be supplied by the Minister to the Guild. In requesting any advice from the Tribunal, the Minister will request the Tribunal in giving its advice, to give effect generally to the terms of this Agreement.
- 6.2 Without limiting in any way the matters that may be considered by the Tribunal, matters which may be referred to the Tribunal where the Parties disagree include dangerous drug fee and freight allowance.

7. WAIVER

A waiver by the Guild or the Minister in respect of any breach of a condition or provision of this Agreement shall not be deemed to be a waiver in respect of any other breach or of any subsequent similar breach.

8. SEVERANCE

If any provision of this Agreement is for whatever reason void, voidable by any party, unenforceable or illegal, it shall be read down so as to be valid and enforceable or, if it cannot be read down, the provision (or where possible, the offending words) shall be severed from this Agreement without affecting the validity, legality or enforceability of the remaining provisions (or parts of those provisions) of this Agreement which shall continue in full force and effect.

9. ENTIRE AGREEMENT AND VARIATION

- 9.1 This Agreement constitutes the entire agreement between the Parties for the purposes of section 98BAA of the Act and supersedes all communications, negotiations, arrangements and agreements, either oral or written, between the Parties with respect to the subject matter of this Agreement.
- 9.2 No agreement or understanding varying or extending this Agreement, shall be legally binding upon either party unless in writing and signed by both Parties.

10. NOTICES

- 10.1 Any notice, request or other communication to be given or served pursuant to this Agreement shall be in writing and:
- (a) if given to the Minister, signed by the National President of the Guild and forwarded to the Minister; and

(b) if given to the Guild, signed by the Minister and forwarded to the National President of the Guild.

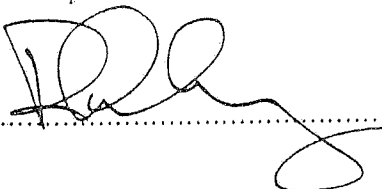
10.2 Any such notice, request or other communication shall be delivered by hand or sent by prepaid post, facsimile or telex, to the address of the party to which it is sent.

SIGNED by the Minister for Human Services)

and Health, the Honourable Carmen Lawrence,)

in the presence of:)



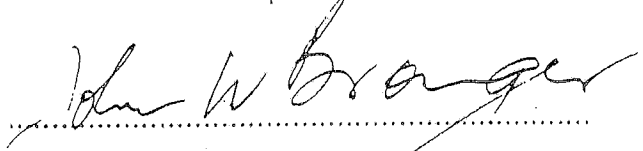

.....

THE SEAL OF THE PHARMACY GUILD)

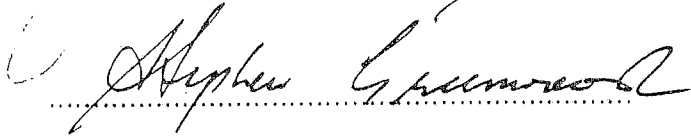
OF AUSTRALIA was hereunto affixed in)

pursuance of a resolution of its National)

Council and in the presence of:)


.....

National President


.....

Executive Director

THIS AGREEMENT is made the

24th

day of April 1995

BETWEEN

THE HONOURABLE CARMEN LAWRENCE, MINISTER FOR HUMAN SERVICES AND HEALTH, on behalf of THE COMMONWEALTH OF AUSTRALIA

AND

THE PHARMACY GUILD OF AUSTRALIA of 14 Thesiger Court, Deakin in the Australian Capital Territory ("the Guild").

RECITALS:

- A. The Minister and The Pharmacy Guild of Australia have reached agreement in relation to the implementation of controls for approved pharmacists in Australia.
- B. A statutory body entitled the Australian Community Pharmacy Authority has been established under the *National Health Act 1953* to make recommendations to the Secretary to the Department of Human Services and Health based on rules determined by the Minister for the payment of pharmacy allowances and for the approval of pharmacists to supply pharmaceutical benefits and other services.

NOW THIS AGREEMENT WITNESSES THAT:

1. INTERPRETATION

1.1 In this Agreement, unless the contrary intention appears—

"approved pharmacist" means a pharmacist for the time being approved, or deemed to be approved, under section 90 of the Act;

"amalgamation or closure grant" means a grant of financial assistance made under section 99ZC or 99ZD of the Act respectively;

"Authority" means the Australian Community Pharmacy Authority established under section 99J of the Act and includes any successors to the Authority or any body that performs generally the functions of the Authority whether in substitution for or in addition to it;

"Commonwealth price" means the Commonwealth price referred to in section 84 of the Act in relation to the supply of pharmaceutical benefits;

"CPI" means the All Groups Consumer Price Index number that is the weighted average of the 8 capital cities and is published by the Australian Statistician;

"definite community need", in relation to the catchment area serviced or proposed to be serviced by a pharmacy, means that none of the following conditions applies to the area:

(a) that the catchment area has a population of less than 3000 for most of the year;

(b) that the proportion of disadvantaged persons (aged persons and persons who are unemployed or receive pensions) is less than 10% and can be reasonably serviced by other means;

- 4.2 The Authority also has the function of advising the Minister upon any matter concerning the operation of Division 4C of Part VII of the Act. The Minister undertakes to seek the advice of the Authority on any matter raised by the Guild in relation to the restructuring of the pharmacy industry.
- 4.3 The Authority shall be a body of 5 members which shall include a Chairperson, with a quorum of 3 members. The Chairperson shall call meetings and have a deliberative and casting vote. Members shall be reimbursed according to the rates determined under the *Remuneration Tribunal Act 1973*.
- 4.4 The Authority will consist of the following:
- (a) a Chairperson;
 - (b) 2 pharmacists who are to be chosen from among 4 pharmacists nominated by the Pharmacy Guild of Australia;
 - (c) a pharmacist to be chosen from among 2 pharmacists nominated by the Pharmaceutical Society of Australia; and
 - (d) an officer of the Department.
- 4.5 The Minister appoints the non-Departmental members, on a part-time basis, for 2 years. Retiring members may be re-appointed.
- 4.6 The Secretary appoints the Departmental officer to the Authority.

5. MATTERS RELATING TO ISOLATED AND REMOTE PHARMACY ALLOWANCES

- 5.1 The Minister will include the following matters in the Minister's determination of the rules under subsection 99L (1) of the Act in respect of applications under sections 99ZA and 99ZAA of the Act.
- 5.2 An allowance known as the Isolated Pharmacy Allowance (IPA) will be payable by the Commonwealth to eligible approved pharmacists to maintain a pharmaceutical service in isolated and rural areas to provide access to pharmaceutical benefits.
- 5.3 The IPA will be an additional allowance being 20% of the ready prepared ("RP") dispensing fee and will be paid for each claimable PBS and RPBS prescription up to 1000 prescriptions in any month.
- 5.4 Eligibility for the payment of the IPA will be that the shortest lawful access route from the applicant's pharmacy to the nearest other approved pharmacist, measured door to door, is equal to or greater than 10 kilometres.
- 5.5 IPA is payable as from the date on which the approval of the pharmacist was granted under section 90 of the Act in respect of the premises, provided that date is not before 1 April 1995 or 6 months before the day on which the payment of IPA was approved, whichever is the later.

- 5.6 An additional allowance known as the Remote Pharmacy Allowance (RPA) will be payable by the Commonwealth to eligible approved pharmacists in receipt of an IPA who have no other approved pharmacist within 25 kilometres measured door to door by the shortest lawful access route, or who are located on an island on which there are no other premises in respect of which a pharmacist is approved and which is not connected to the mainland by road, in accordance with the following table:

<u>Location of premises in relation to nearest other premises in respect of which a pharmacist is approved</u>	<u>Annual amount</u>
Not less than 25 kilometres but less than 40 kilometres, measured door to door by the shortest lawful access route	\$1014
Not less than 40 kilometres but less than 60 kilometres, measured door to door by the shortest lawful access route	\$1724
Not less than 60 kilometres measured door to door by the shortest lawful access route, or located on an island on which there are no other premises in respect of which a pharmacist is approved and which is not connected by road to the mainland	\$2839

- 5.7 Subject to clause 5.6, an approved pharmacist will be eligible for the RPA when a twelve months claimable prescription volume of the pharmacy is less than the median for all approved pharmacists in the previous twelve months commencing 1 May each year.
- 5.8 The amounts specified for RPA shall be indexed with effect from 1 July in each year, in accordance with the CPI for the year ending with the March quarter, or, if an alternative index is adopted by the Commonwealth in place of the CPI, that alternative index will be substituted for the CPI at a time agreed between the Parties.
- 5.9 RPA is payable as from the first day of the month following the day on which the approval of the pharmacist was granted under section 90 of the Act in respect of the premises, provided that date is not before 1 April 1995 or 6 months before the day on which the payment of RPA was approved, whichever is the later.
- 5.10 Notwithstanding anything in these provisions with respect to IPA and RPA, special circumstances will be considered by the Authority.

6. MATTERS RELATING TO THE GRANTING OF AN APPROVAL PURSUANT TO SECTION 90 OF THE ACT

- 6.1 Subsection 90 (3AA) of the Act provides that applications for changes to the ownership of a pharmacy including sales, partnership changes and deceased estates may be dealt with by the Secretary without reference to the Authority.
- 6.2 The Minister will include the matters set out in clause 6.3 in the Minister's determination of the rules under subsection 99L (1) of the Act in respect of applications under section 90 of the Act.
- 6.3 The Authority will consider applications for approval based on the following rules:
- (a) a new approval will be recommended where:
 - (i) there is no existing approved pharmacist within 2 kilometres, measured door to door by the shortest lawful access route, from the proposed premises;
 - (ii) the Authority is satisfied that there is a definite community need for pharmaceutical services in the area of the proposed premises; and
 - (iii) a closure or amalgamation payment has not been made after 28 February 1995 with respect to a previous approved site within 2 kilometres, measured door to door by the shortest lawful access route, of the proposed site, for a period of 2 years from 1 April 1995;
 - (b) an approved pharmacist can relocate up to 1 kilometre, measured door to door by the shortest lawful access route from the current approved premises;
 - (c) an approved pharmacist can relocate to other premises no further than 2 kilometres from the original premises measured door to door by the shortest lawful access route, where it can be demonstrated that:
 - (i) no other suitable commercial premises is available no further than 1 kilometre measured door to door by the shortest lawful access route from the currently approved premises; and
 - (ii) the relocation is being forced upon the approved pharmacist by exceptional circumstances, for example, damage occasioned by fire, water, storm, earthquake, health condemnation or changes to the occupancy provisions and redevelopment for public works;
 - (d) a pharmacist approved at particular premises can relocate to other premises, where the other premises are no closer than 2 kilometres, measured door to door by the shortest lawful access route, from another approved premises and:
 - (i) the premises being left have another approved pharmacist no further than 5 kilometres measured door to door by the shortest lawful access route; or
 - (ii) the Authority is satisfied that the relocation will not create a definite community need for pharmaceutical services in the area to be vacated;

- (e) relocations may be recommended to a large shopping centre which is a contiguous site under a single management or developer and has a total gross leasable retail area of at least 5000 square metres, where there is at least one retail shop that occupies more than 1000 square metres, even if the premises are no further than 2 kilometres from another approved pharmacist measured door to door by the shortest lawful access route, where:
- (i) the shopping centre has at least 30 retail shops (including the pharmacy making the application) in which case the centre may have one approved pharmacist; or
 - (ii) the shopping centre has at least 100 retail shops (including the pharmacy making the application) in which case the centre may have a maximum of two separately approved pharmacists; or
 - (iii) the shopping centre has at least 200 retail shops (including the pharmacy making the application) in which case the centre may have a maximum of three separately approved pharmacists;
- (f) a relocation may be recommended to a private hospital, within the meaning of the *Health Insurance Act 1973*, where that hospital has at least 150 beds, even if the premises are no further than 2 kilometres, measured door to door by the shortest lawful access route, of another approved pharmacist, providing no other pharmacist is approved at the hospital and the governing body of the hospital is not approved under section 94 of the Act;
- (g) the Authority will be unable to recommend an application for relocation of a pharmacy, for a period of 2 years, if the pharmacy in question has relocated or been approved as a new pharmacy after 31 March 1995, unless exceptional circumstances can be demonstrated by the applicant but these circumstances do not relate to cases of commercial interest where they could have reasonably been foreseen at the time of the original application for approval;
- (h) approval of a pharmacist in respect of particular premises shall be recommended where that pharmacist entered into a financial commitment before 9 August 1990 in the expectation that an approval would be granted in respect of those premises and the application was received by the Secretary before 1 April 1995, providing the Authority is satisfied that there was such a prior commitment and the pharmacist produces to the Authority either:
- (i) a bank statement, supported if necessary by an affidavit by the pharmacist's solicitor or accountant; or
 - (ii) details of any contractual arrangements together with an affidavit by the pharmacist's solicitor or accountant attesting to the correctness of the date that commitment was entered into;
- (i) approval of a pharmacist in respect of particular premises shall be recommended where the application for approval of the pharmacist in respect of those premises was received by the Secretary before 9 August 1990.

- 6.4 The Authority's recommendations are to lapse 6 months after notification has been provided to the Applicant. The Authority may on application by the applicant grant an extension beyond the 6 months.
- 6.5 The Australian Community Pharmacy Authority (ACPA) be entitled to seek and note information from people likely to be directly affected by a recommendation, taking into account the secrecy provisions of the Act and the Privacy Guidelines.

7. SUPPLEMENTARY ALLOWANCES FOR ADDITIONAL PROFESSIONAL SERVICES

- 7.1 The Parties agree to the payment of supplementary allowances for additional professional services to those pharmacists recommended by the Authority and approved by the Secretary to receive such a payment.
- 7.2 Pharmacists authorised to receive such payments must ensure the determined conditions for the performance of the particular professional service are met.
- 7.3 The Parties note that the Commonwealth will, subject to appropriation, annually provide a total of up to \$4 million, to cover professional allowances and the cost of projects to demonstrate the cost effective roles of pharmacy in primary health care. The maximum amount will be indexed in accordance with the CPI, or, if an alternative index is adopted by the Commonwealth in place of the CPI, that alternative index will be substituted for the CPI at a time agreed between the Parties. The annual sum appropriated will also increase in the light of the outcomes of the various projects.
- 7.4 The Minister will consult with a consultative body, made up of representatives of the two Parties and other delegates as appointed by the Minister, on projects which investigate the professional role of community pharmacy.
- 7.5 The rate of the professional allowance shall be determined as follows:
- (a) the rate shall be agreed from time to time by the Parties; and
 - (b) if the parties cannot agree on the rate, it shall be determined by the Tribunal;
- and the rate agreed between the Parties or determined by the Tribunal shall be included in the determination by the Minister under paragraph 99L (1) (d) of the Act.

8. PATIENT CONTRIBUTION

The Minister will not move to amend existing legislative provisions in relation to discounting the patient contribution under section 87 of the Act.

9. ADDITIONAL CHARGES

- 9.1 For ready prepared ("RP") and extemporaneously prepared ("EP") items priced below the maximum general patient contribution as defined in the Act pharmacists will be able to charge the sum of:
- (a) the Commonwealth price;
 - (b) an additional patient charge which when combined with the Commonwealth price will equal the list or agreed price as referred to in subsection 84C (7) of the Act ("the list price"); and
 - (c) a further additional patient charge amounting to 10% of the maximum general patient contribution plus 50 cents.
- 9.2 This further patient charge in clause 9.1 (c) cannot be recorded on the prescription record form ("PRF") to accumulate towards the Safety Net Entitlement limit as defined in section 84C of the Act ("the Safety Net Limit").
- 9.3 Approved pharmacists will be free to discount these items below the list price.

10. CONSUMER INFORMATION

- 10.1 The amount eligible for the Safety Net is to be entered on the PRF for general patients as defined in the Act.
- 10.2 The Guild will encourage its members to make available to the public, a price book or information sheets showing the actual price to be charged for all items listed on the PBS priced at less than the level of the maximum general patient contribution.

11. CHANGES IN THE PHARMACEUTICAL BENEFITS SCHEME

The Minister will to the maximum extent possible consult and seek co-operation with the Guild at an early stage on PBS matters affecting community pharmacy.

12. PHARMACY OWNERSHIP

The Guild agrees to examine alternative ownership structures including corporate ownership structures within community pharmacy providing ownership and control remain with registered pharmacists.

13. STANDARDS OF PRACTICE

The Parties agree to the application of a "Standards of Practice" as a condition of approval for approved pharmacists. The "Standards of Practice" are to be developed in consultation with consumers and other relevant peak bodies.

14. PHARMACY RESTRUCTURING AUTHORITY (PRA)

- 14.1 A recommendation for the approval of an application under the provisions of section 90 of the Act by the PRA made on or before to 31 March 1995 will lapse unless approved by the Secretary within 6 months of the commencement of this Agreement or unless extended by the Australian Community Pharmacy Authority.
- 14.2 A recommendation by the PRA to the Secretary not to approve an application remains appealable to the Administrative Appeals Tribunal under the provisions of the *Administrative Appeals Tribunal Act 1975*.

15. WAIVER

A waiver by the Minister or by the Guild in respect of any breach of a condition or provision of this Agreement shall not be deemed to be a waiver in respect of any other breach or of any subsequent similar breach.

16. SEVERANCE

If any provision of this Agreement is for whatever reason void, voidable by any party, unenforceable or illegal, it shall be read down so as to be valid and enforceable or, if it cannot be read down, the provision (or where possible, the offending words) shall be severed from this Agreement without affecting the validity, legality or enforceability of the remaining provisions (or parts of those provisions) of this Agreement which shall continue in full force and effect.

17. ENTIRE AGREEMENT AND VARIATION

- 17.1 This Agreement constitutes the entire agreement between the Parties and supercedes all communications, negotiations, arrangements and agreements, either oral or written, between the Parties with respect to the subject matter of this Agreement.
- 17.2 No agreement or understanding varying or extending this Agreement, shall be legally binding upon either party unless in writing and signed by both Parties.

18. NOTICES

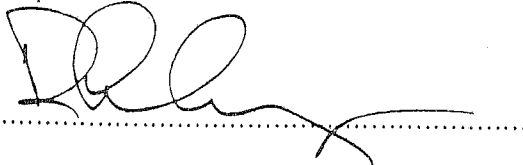
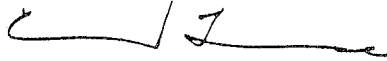
- 18.1 Any notice, request or other communication to be given or served pursuant to this Agreement shall be in writing and:
- (a) if given to the Minister, signed by the National President of the Guild and forwarded to the Minister; and
 - (b) if given to the Guild, signed by the Minister and forwarded to the National President of the Guild.

18.2 Any such notice, request or other communication shall be delivered by hand or sent by prepaid post, facsimile or telex, to the address of the party to which it is sent.

SIGNED by the Minister for Human Services)

and Health, the Honourable Carmen Lawrence,)

in the presence of:)

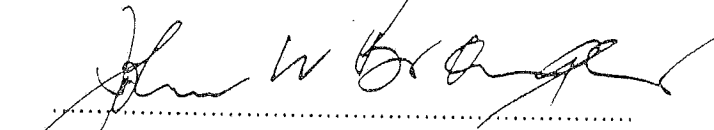


THE SEAL OF THE PHARMACY GUILD)

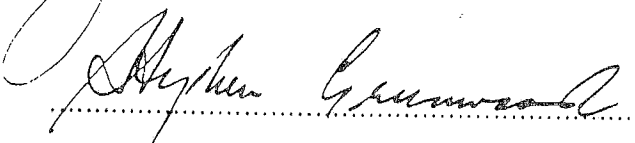
OF AUSTRALIA was hereunto affixed in)

pursuance of a resolution of its National)

Council and in the presence of:)



National President



Executive Director