



Australian Government

Department of Health

Seventh Community Pharmacy Agreement

The Signatories to this Agreement are **The Honourable Greg Hunt MP, Minister for Health** on behalf of the **Commonwealth of Australia** and the **Pharmacy Guild of Australia**.

The **Pharmaceutical Society of Australia Limited** is also a Signatory to relevant parts of the Agreement.

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Background

- A. This Agreement is the Seventh Community Pharmacy Agreement.
- B. Part 1 of this Agreement is between the Commonwealth and the Guild and includes an agreement for the purposes of section 98BAA(1) of the *National Health Act 1953* (Cth).
- C. Due to its strong economic management, the Australian Government has been able to make a substantial investment since 2013 to ensure that Australians can access affordable medicines, including by:
 - C.1 making new or amended listings of medicines on the Pharmaceutical Benefits Scheme every month; and
 - C.2 lowering the Pharmaceutical Benefits Scheme Safety Net thresholds from 1 January 2020 so that more than 1.6 million Australians receive medicines for free or at lower cost earlier each year (i.e. from \$390.00 to \$316.80 in 2020 for concessional patients and from \$1550.70 to \$1486.80 in 2020 for general patients).
- D. The Australian Government is seeking to continually improve transparency and accountability for the use of funds in relation to the Pharmaceutical Benefits Scheme, including through this Agreement. Developments such as increased visibility of measures being funded under this Agreement and an enhanced consultation framework represent examples of such improvement.
- E. The Australian Government supports initiatives that allow pharmacists to better fulfil their current scope of practice.
- F. The Signatories recognise that community pharmacy is an integral part of the Australian health care system through its role in supporting the Pharmaceutical Benefits Scheme. To further support Australians' access to PBS and RPBS medicines while appropriately remunerating community pharmacy for services, the Signatories to this Agreement are committed to:
 - F.1 ensuring Australians have access to patient focused, outcome oriented professional pharmacy services and programs that support the safe and quality use of medicines;
 - F.2 predictable remuneration for community pharmacies to support their viability and allow for an efficient and effective network of Approved Pharmacists across Australia, while ensuring the Proper use of Public Resources;
 - F.3 ensuring that out of pocket expenses for Pharmaceutical Benefits Scheme and pharmacy programs are transparent and appropriate; and
 - F.4 maintaining a co-operative relationship between the Signatories and a broader and more inclusive set of key stakeholders, to ensure that Australian patients receive the best possible health outcomes from the Pharmaceutical Benefits Scheme and associated Community Pharmacy Programs.

Part 1 Arrangements between the Commonwealth and the Guild

Signing page for Part 1

Signed by The Honourable Greg Hunt MP,
Minister for Health on behalf of the
Commonwealth of Australia

in the presence of:

Witness

ADRIANA PLATONIA

Name of witness

11/6/20

Date

The Common Seal of The Pharmacy Guild of
Australia was affixed pursuant to a resolution
of its National Council in the presence of:

National President

GEORGE TAMBASSIS

Full name

11/6/2020

Date

Executive Director

SUZANNE GREENWOOD

Full name

11-6-20

Date



1. Overview of remuneration and funding

1.1 Under this Agreement, remuneration and funding of Approved Pharmacists and others in the pharmaceutical supply chain (including pharmacy remuneration for dispensing Pharmaceutical Benefits priced below the Maximum Copayment) is estimated to be \$25.3 billion over the Term, comprising:

1.1.1 Commonwealth contributions of \$15.85 billion; and

1.1.2 patient contributions of \$9.45 billion.

1.2 Table 1 sets out details of the contributions expected to be made by the Commonwealth and patients during the Term.

Table 1: Components of the remuneration and funding

Component	Contributor	\$million (estimated)
Pharmacy remuneration for the dispensing of Pharmaceutical Benefits that are Commonwealth subsidised, including dispensing fee, Administration Handling and Infrastructure Fee and Dangerous Drug fee	Commonwealth	\$11,757
	Patient	\$2,177
Remuneration for wholesalers to hold and deliver subsidised Pharmaceutical Benefits to Approved Pharmacists (excluding the Community Service Obligation)	Commonwealth	\$1,746
	Patient	\$320
Pharmacy remuneration for the dispensing of Pharmaceutical Benefits that are not Commonwealth subsidised*, including wholesaler remuneration, dispensing fee, Administration Handling and Infrastructure Fee and Dangerous Drug fee	Commonwealth	N/A
	Patient	\$6,954
Community Pharmacy Programs	Commonwealth	\$1,200
	Patient	As set under the Community Pharmacy Programs
Community Service Obligation funding	Commonwealth	\$1,083
	Patient	N/A
Fees for Community Service Obligation distributors to distribute National Diabetes Services Scheme products	Commonwealth	\$33
	Patient	N/A
Fees for pharmacy to distribute National Diabetes Services Scheme products	Commonwealth	\$33
	Patient	No additional patient charge
Total^[1]	Commonwealth	\$15,852
	Patient	\$9,451
	Total	\$25,303

***Note:** the price that patients pay for prescriptions that are not Commonwealth subsidised may be subject to discretionary discounting and the application of additional allowable fees by Approved Pharmacists. Accordingly, total remuneration for dispensing PBS medicines where the Commonwealth does not subsidise the cost to the patient of the medicine is in no way assured by the Commonwealth, including under clause 3 and Appendix B.

^[1] The total excludes remuneration when community pharmacies dispense medicines under section 100 special arrangements. Chemotherapy compounding fees will be paid directly to chemotherapy compounders, who may not be Approved Suppliers.

1.3 Recognising that:

- 1.3.1** community pharmacy revenues associated with dispensing Pharmaceutical Benefits Scheme medicines may vary over the Term due to variations in the volumes of prescriptions dispensed; and
- 1.3.2** community pharmacies incur fixed costs notwithstanding the volume of Pharmaceutical Benefits Scheme medicines they dispense,

the Commonwealth and the Guild agree to apply the volume based adjustment to the Commonwealth Price in the circumstances specified in clause 3 and Appendix B.

2. Commonwealth Price

2.1 Purpose

This clause 2, as well as clause 3 and Appendix B, are an agreement between the Minister and the Guild for the purposes of subsection 98BAA(1) of the Act.

2.2 Commonwealth Price

- 2.2.1** The Commonwealth Price has been set on the basis of a formula, which comprises the Ex-Manufacturer Price plus allowances for the supply of PBS medicines over and above that price.
- 2.2.2** In agreeing to a Commonwealth Price for a particular medicine, the Commonwealth includes allowances for:
 - (a)** the cost to the Approved Pharmacist (Price to Pharmacists), which includes two (2) components:
 - (i)** production of the medicine (Ex-Manufacturer Price); and
 - (ii)** wholesale distribution of the medicine;
 - (b)** the administration, handling and storage costs entailed in dispensing medicines by the pharmacy, including associated infrastructure; and
 - (c)** a pharmacist's specialised skills in dispensing the medicines.
- 2.2.3** The components of the Commonwealth Price that apply during the Term (in addition to the Ex-Manufacturer Price), as agreed by the Commonwealth and the Guild, are as set out in Table 2. Additional detail on how these components are defined, calculated and applied will be set out in the Determination.

Table 2: Components of the Commonwealth Price

Payment type	Value of payment		
wholesale mark-up ^{[2][3]} (for Ready-Prepared Pharmaceutical Benefits)	Where the Ex-Manufacturer Price is up to and including \$5.50		\$0.41 per dispense
	Where the Ex-Manufacturer Price is over \$5.50 and up to and including \$720		7.52 per cent of the Ex-Manufacturer Price per dispense
	Where the Ex-Manufacturer Price is over \$720		\$54.14 per dispense
Administration, Handling and Infrastructure Fee ^[4]	Tier One AHI Fee	For a Listed Brand with a Price to Pharmacists for Maximum Quantity less than \$100	\$4.28 per dispense of Maximum Quantity
	Tier Two AHI Fee	For a Listed Brand with a Price to Pharmacists for Maximum Quantity from \$100 and up to and including \$2,000	Tier One AHI Fee plus 5% of the amount by which the Price to Pharmacists for Maximum Quantity exceeds \$100, per dispense of Maximum Quantity
	Tier Three AHI Fee	For a Listed Brand with a Price to Pharmacists for Maximum Quantity over \$2,000	Tier One AHI Fee and \$95 per dispense of Maximum Quantity

^[2] The wholesale mark-up for a Pack Quantity of a Listed Brand is calculated using the Relevant Quantity.

^[3] The wholesale mark-up applying for the period from 1 July 2020 to 31 December 2020 will be the wholesale mark-up applying in the last year of the Sixth Community Pharmacy Agreement. The wholesale mark-up arrangements set out in Table 2 will commence from 1 January 2021.

^[4] The AHI Fee is calculated from the per pack price with the AHI Fee applied for the Maximum Quantity proportionate to the number of packs required for the Maximum Quantity, and will be adjusted if less or more than the Maximum Quantity is supplied. Refer to the Determination for further details of the AHI Fee calculation.

Table 2: Components of the Commonwealth Price (continued)

Payment type	Value of payment
dispensing fee (for Ready-Prepared Pharmaceutical Benefits)	\$7.74 per dispense
dispensing fee (for Extemporaneously-Prepared Pharmaceutical Benefits)	Dispensing fee for Ready-Prepared Pharmaceutical Benefits, plus \$2.04, per dispense
Dangerous Drug fee	\$4.80 per Dangerous Drug dispensed

2.2.4 The:

- (a) Tier One AHI Fee;
- (b) dispensing fee for Ready-Prepared Pharmaceutical Benefits; and
- (c) Dangerous Drug fee,

as described in Table 2, will each be Indexed on the relevant Indexation Date (as set out in clause 13).

2.2.5 The wholesale mark-up set out in Table 2 will not be Indexed during the Term.

3. Volume based remuneration adjustment mechanism

3.1 Basis for adjusting the Commonwealth Price

Recognising:

- 3.1.1 the public benefit of accessible pharmacies in primary care;
- 3.1.2 the inherent uncertainty in forecasting prescription volumes due to factors such as patient and PBS Prescriber behaviour;
- 3.1.3 that Approved Pharmacists are paid for their PBS and RPBS dispensing function per prescription dispensed;
- 3.1.4 that Approved Pharmacists have fixed costs in relation to PBS and RPBS dispensing which exist notwithstanding the volume of PBS and RPBS prescriptions they dispense;
- 3.1.5 that PBS and RPBS expenditure below estimated levels may impact some community pharmacies; and
- 3.1.6 that PBS and RPBS expenditure in excess of estimated levels will provide unexpected additional revenue for community pharmacy, while also impacting the Budget,

the Commonwealth and the Guild agree to the periodic volume based adjustment of certain elements of the Commonwealth Price in the circumstances specified in Appendix B.

3.2 Estimates of prescription volumes

The pharmacy remuneration for the dispensing of Pharmaceutical Benefits (including wholesaler remuneration) as set out in Table 1 is based on the estimated number of PBS and RPBS prescriptions during the Term as outlined in Table 5 in the Attachment to Appendix B.

3.3 When adjustment applies

- 3.3.1 Any change in the Commonwealth Price for a Financial Year under Appendix B will be added or subtracted (as applicable) after Indexation has been applied at the commencement of that Financial Year.
- 3.3.2 Any change made under Appendix B will only apply to the Financial Year following the Assessment Period giving rise to the change. When making changes to be applied in the next Financial Year, Indexation and any adjustment under Appendix B are to be applied on the basis that the change under Appendix B in the previous Financial Year had not occurred.
- 3.3.3 Any increase in the Commonwealth Price for a Financial Year under this clause 3 and Appendix B will result in a corresponding reduction in the Additional Patient Charge specified in clause 4 for that Financial Year under Appendix B. At the end of that Financial Year, the Additional Patient Charge is intended to revert to the figure applying under clause 4 and, if necessary, may be reduced again under Appendix B.

3.4 No further agreement required

The Commonwealth and the Guild acknowledge and agree that any change to the Commonwealth Price under Appendix B will occur without the need for the further agreement of the Minister and the Guild under subsection 98BAA(1) of the Act.

3.5 Fitness for purpose of arrangements under this clause

In the third Financial Year, the Department and the Guild will assess the adjustment process in Appendix B to consider whether it remains fit for purpose. If required by the outcome of that assessment, the Department and the Guild will agree on any changes to the processes described in this clause 3 and Appendix B arising from that assessment.

4. Charges for Pharmaceutical Benefits below Maximum Copayment

4.1 Purpose

- 4.1.1 This clause 4 sets out the written agreement of the Guild, for the purposes of subsection 84C(9) of the Act, to the fees and amounts determined by the Minister in accordance with paragraph 84C(8)(d) of the Act.
- 4.1.2 Nothing in this clause 4 is intended to limit any other section of the Act, including any section which prescribes when amounts are, or are not to be, counted as accumulating towards a patient's Safety Net.

4.2 Agreed charges

- 4.2.1 For Ready-Prepared Pharmaceutical Benefits that are priced below the Maximum Copayment, Approved Pharmacists can charge the sum of:
- (a) the Commonwealth Price;
 - (b) where a patient's prescriptions are recorded by the Approved Pharmacist towards that patient's Safety Net, a Safety Net Recording Fee of up to \$1.29; and
 - (c) a further Additional Patient Charge amounting to up to 10 per cent of the Maximum Copayment plus 29 cents,
- provided that such a sum does not exceed the Maximum Copayment.
- 4.2.2 For Extemporaneously-Prepared Pharmaceutical Benefits that are priced below the Maximum Copayment, Approved Pharmacists can charge the sum of:
- (a) the Commonwealth Price;
 - (b) where a patient's prescriptions are recorded by the Approved Pharmacist towards that patient's Safety Net, a Safety Net Recording Fee of up to \$1.66; and
 - (c) a further Additional Patient Charge amounting to up to 10 per cent of the Maximum Copayment plus 29 cents,
- provided that such a sum does not exceed the Maximum Copayment.
- 4.2.3 The Additional Patient Charge will not accumulate, and must not be recorded by Approved Pharmacists as accumulating, towards patients' Safety Nets.
- 4.2.4 The Safety Net Recording Fee will be Indexed on the relevant Indexation Date.
- 4.2.5 The amount of the Additional Patient Charge may be adjusted from time to time under Appendix B.

4.3 Transparency of charges

- 4.3.1 The Guild must use its best endeavours during the Term to ensure that Approved Pharmacists make consumers aware, prior to dispensing a Pharmaceutical Benefit, of any Safety Net Recording Fee and Additional Patient Charge to be charged, the fact that the Additional Patient Charge is not Commonwealth initiated, and the total cost to the consumer of that Pharmaceutical Benefit.
- 4.3.2 In addition to the Guild's commitment under clause 4.3.1, the Guild will work with the Department during the first Financial Year to develop arrangements and processes for Approved Pharmacists to make the disclosures required under clause 4.3.1, and to notify consumers, prior to dispensing, of the price of the Pharmaceutical Benefit.
- 4.3.3 The Guild must submit details of its proposed arrangements and processes, and any associated communications materials, to the Department by 30 June 2021 for endorsement by the Department. The Guild will incorporate any reasonable amendments suggested by the Department prior to finalising the proposed arrangements and processes (and associated materials).

- 4.3.4 When considering the Guild's proposed arrangements and processes (and associated materials), the Department may seek the views of consumer groups to ensure they are fit for purpose and consumer centric.
- 4.3.5 The Guild will promptly make the final arrangements and processes (and associated materials) developed for the purposes of this clause 4.3 available to all Approved Pharmacists at the Guild's cost.

5. Availability of PBS medicines in pharmacy

The Guild agrees to take reasonable steps to ensure that Approved Pharmacists efficiently purchase and maintain adequate medicine stocks for the supply of Pharmaceutical Benefits to facilitate reasonable and timely access to those medicines by patients where the demand is, or should reasonably have been, anticipated by the Approved Pharmacist.

6. NDSS arrangements for Approved Pharmacists

- 6.1 The Commonwealth intends that the arrangements for the supply and delivery of products under the NDSS to Approved Pharmacists through the established CSO distribution network will continue during the Term.
- 6.2 Approved Pharmacists that supply NDSS products will receive a payment of \$1 for each NDSS product supplied. Such payments will be made to Approved Pharmacists who are NDSS access points in accordance with separate arrangements for the NDSS between the Commonwealth and such Approved Pharmacists.
- 6.3 The amount of the payment in clause 6.2 will remain fixed for the Term, with no Indexation applied.

7. Payment claim acknowledgement and payment times

- 7.1 The Guild and its members recognise that, by submitting a PBS or RPBS claim, Approved Suppliers are acknowledging that they have complied with all relevant Commonwealth, State and Territory legislative requirements for the dispensing of a PBS or RPBS medicine, including:
 - 7.1.1 the codes, guidelines and policies established by the Pharmacy Board of Australia (or any other registering authority);
 - 7.1.2 the codes, guidelines, professional practice standards and competency standards established by the PSA;
 - 7.1.3 the standards and requirements as established by other authorities, including the Therapeutic Goods Administration and Society of Hospital Pharmacists of Australia (as applicable to specialised areas of practice);
 - 7.1.4 any regulations or requirements as established by States and Territories with respect to one or more of the registration, practice or handling of medicines established within that State or Territory;
 - 7.1.5 all applicable State, Territory and Commonwealth laws with respect to the conduct of their profession; and
 - 7.1.6 any other requirements not stated above but that are covered by the *National Health (Pharmaceutical Benefits) (Conditions of approval for approved pharmacists) Determination 2017*.

- 7.2 During the Term, the Commonwealth and the Guild will consider options within the available Agreement funding to enhance payment times for payable PBS prescriptions transmitted and assessed online.
- 7.3 During the first twelve (12) to twenty four (24) months of the Term, the Commonwealth and the Guild will consider options within the available Agreement funding for a Commonwealth system permitting payments to Approved Pharmacists under the *National Health (Remote Area Aboriginal Health Services Program) Special Arrangement 2017* (PB 107 of 2017) to be paid within the same timeframe as payable PBS prescriptions transmitted and assessed online.

8. Community Service Obligation funding

8.1 CSO funding pool

- 8.1.1 The Commonwealth intends to continue the CSO funding pool during the Term to ensure that all Australians have access to the PBS medicines and NDSS products they require, regardless of the cost of the medicine, or where they live.
- 8.1.2 The value of the CSO funding pool to remunerate eligible pharmaceutical wholesalers for the additional costs they incur in ensuring the timely supply of PBS medicines and NDSS products to Approved Pharmacists will be up to \$1.083 billion over the Term. The value of the CSO funding pool in the first Financial Year will be up to \$223 million.
- 8.1.3 The CSO funding pool will be allocated to eligible pharmaceutical wholesalers in accordance with deeds the Commonwealth enters into with such wholesalers.

8.2 NDSS measures

- 8.2.1 CSO distributors will be entitled to a \$1 per unit fee for each NDSS product they supply through the CSO arrangements. Such payments will be made to CSO distributors in accordance with deeds referred to in clause 8.1.3.
- 8.2.2 The amount of the payment in clause 8.2.1 will remain fixed for the Term.

8.3 Administration of the CSO funding arrangements

The cost of administering the CSO funding arrangements will be met from within the CSO funding pool.

8.4 Consultation on CSO service standard changes

The Commonwealth will consult with the Guild prior to making any changes during the Term to the CSO service standards in place on 1 July 2020, where such changes could have a material impact on access to PBS medicines and NDSS products for Australians.

9. Community Pharmacy Programs

9.1 Allocation of Community Pharmacy Program funding

9.1.1 The Commonwealth will make available up to \$1.2 billion in funding over the Term for patient focused professional pharmacy programs and services (**Community Pharmacy Programs**)^[5] directed at supporting access to medicines, minimising adverse medicine events, and supporting medication compliance and the quality use of medicines.

9.1.2 The Commonwealth will take all reasonable steps to ensure that the funding for Community Pharmacy Programs described in clause 9.1.1 is fully expended, but not exceeded, during the Term, subject to such expenditure being a Proper use of Public Resources.

9.2 Continuation of pharmacy program trials

Pharmacy trials established and funded under the Sixth Community Pharmacy Agreement that are intended to continue beyond the commencement of the Term will continue until the current trial end date, unless the Minister determines otherwise in consultation with the trial proponents.

9.3 Community Pharmacy Program changes

9.3.1 The Australian Government has committed to provide ongoing funding for Community Pharmacy Programs as part of its commitment to advancement of The 10 Year Primary Health Care Plan.

9.3.2 The Commonwealth and the Guild intend to make changes to Community Pharmacy Programs to support:

- (a) enhanced medication management for older Australians wherever they live, such as drug utilisation reviews of psychotropics with feedback and medicines education and also to make an appropriately funded investment in medication management and adherence programs to support the implementation of recommendations contained in the Royal Commission into Aged Care Quality and Safety;
- (b) the Australian Government's Closing the Gap initiatives to enable and empower Aboriginal and Torres Strait Islander people to live healthy and full lives, including expanding culturally responsive pharmacy services and increasing access to affordable PBS medicines for any Aboriginal and Torres Strait Islander person regardless of location; and
- (c) greater access to PBS and RPBS medicines and advice about the use of medicines for Australians in regional, rural and remote areas.

9.3.3 The Community Pharmacy Programs continuing on and from 1 July 2020 are as set out in Table 3. Indicative funding allocations for the continuing Community Pharmacy Programs during the first Financial Year are also set out in Table 3. Without limiting the Minister's discretion, the continuing Community Pharmacy Programs may be reformed or combined^[6] during the first Financial Year.

^[5] The Community Pharmacy Programs listed in Table 3 are not delivered exclusively by Approved Pharmacists.

^[6] For example, and without limitation, it is intended that the Residential Medication Management Review Program and the Quality Use of Medicines in Residential Aged Care Facilities Program will be combined into a single more efficient and effective Community Pharmacy Program. It is also intended that the MedsCheck and Diabetes MedsCheck Community Pharmacy Programs may be combined into a single Community Pharmacy Program.

Table 3: Continuing Community Pharmacy Programs and indicative funding in First Financial Year

Continuing Community Pharmacy Programs	Indicative allocation for 2020-21 (\$ million)
Medication Adherence Programs: - Dose Administration Aids - Staged Supply	105.5
Medication Management Programs - Home Medicines Review - Residential Medication Management Review - Quality Use of Medicines in Residential Aged Care Facilities - MedsCheck - Diabetes MedsCheck	96.4
Aboriginal and Torres Strait Islander Specific Programs - QUMAX/S100 Support - Closing The Gap PBS Copayment Measure - Aboriginal and Torres Strait Islander Workforce Programs	12.6
Rural Support Programs - Rural Pharmacy Maintenance Allowance - Rural Workforce Programs	24.6
eHealth - Electronic Prescription Fee	18
Other activity - Program administration, oversight and assessment	11
Indicative^[7] Total	268.1

- 9.3.4 The Commonwealth and the Guild intend that the above Community Pharmacy Programs will be largely unchanged during the first Financial Year, noting the intention of the Commonwealth to:
- increase the investment in regional, rural and remote areas through an increased investment of ten (10) per cent in the Rural Pharmacy Maintenance Allowance (increasing further in subsequent years);
 - enhance the Dose Administration Aid Program, by doubling the base cap during the first Financial Year and providing uncapped access for Aboriginal and Torres Strait Islander people; and
 - maintain the increased investment in Community Pharmacy Programs designed to support older Australians and arising from the Interim Report of the Royal Commission into Aged Care Quality and Safety.
- 9.3.5 The Minister may make other changes to Community Pharmacy Programs during the Term, including following any assessment under clause 9.6.

^[7] The Minister retains the discretion to vary these indicative amounts.

9.4 Arrangements for prescribing

- 9.4.1 To continue to support the uptake of electronic prescriptions by Approved Pharmacists, the Commonwealth intends to:
- (a) continue the Electronic Prescription Fee arrangements in place under the Sixth Community Pharmacy Agreement during the first Financial Year; and
 - (b) after the first Financial Year, establish (instead of the payment by the Commonwealth of the Electronic Prescription Fee to Approved Pharmacists) direct arrangements between the Commonwealth and prescription exchange services to facilitate pharmacists' receipt of electronic prescriptions.
- 9.4.2 The Commonwealth will consult with the Guild:
- (a) prior to the establishment of the direct arrangements between the Commonwealth and prescription exchange services described in clause 9.4.1(b), on measures to be implemented to safeguard against Commonwealth funded prescription exchange services charging Approved Pharmacists fees intended to be paid or otherwise addressed by the Commonwealth arrangements; and
 - (b) throughout the Term, on mechanisms related to prescribing that enable choice by patients in relation to their selection of pharmacies while maintaining patient privacy. The Signatories acknowledge that the National Requirements for Electronic Prescriptions published by the Australian Digital Health Agency and approved under the *National Health (Pharmaceutical Benefits) Regulations 2017* already provide that electronic prescriptions are to be capable of being dispensed in any pharmacy or other authorised place irrespective of which authorised prescriber issued the prescription and which State or Territory it was issued in (subject to regulatory constraints).
- 9.4.3 The Department will put in place such direct arrangements between the Commonwealth and prescription exchange services as it considers represent best value for money for the Commonwealth, which may involve the Department undertaking a formal process in accordance with the Commonwealth Procurement Rules (20 April 2019) or the Commonwealth Grant Rules and Guidelines 2017.

9.5 Administration of Community Pharmacy Programs

- 9.5.1 The cost of administering Community Pharmacy Programs will be met from within the funding referred to in clause 9.1.1.
- 9.5.2 The arrangements for the administration of Community Pharmacy Programs were established via a competitive tender process conducted during the term of the Sixth Community Pharmacy Agreement. At the end of the current administration arrangements, the Department will put in place such new arrangements for the administration of Community Pharmacy Programs as it considers represent best value for money for the Commonwealth, which may involve the Department undertaking a formal competitive tender process in accordance with the Commonwealth Procurement Rules (20 April 2019) to appoint a Pharmacy Program administrator.

9.6 Community Pharmacy Program assessment

- 9.6.1 Appropriate oversight and assessment of Community Pharmacy Programs will occur during the Term to ensure that the program outcomes achieved continue to result in a Proper use of Public Resources. Such oversight will occur, at least in part, via the work undertaken by the administrator of Community Pharmacy Programs.

- 9.6.2 The Commonwealth intends to undertake or commission an assessment of Commonwealth funded services under Community Pharmacy Programs during the Term to identify and assess the outcomes, efficiency and effectiveness of such programs. Such an assessment may include seeking patient feedback.
- 9.6.3 It is expected that the assessment will commence during the second Financial Year. Following the conclusion of the assessment, results will be published.

10. The Closing the Gap - PBS Copayment Measure

- 10.1 The Closing the Gap PBS Copayment Measure (**Measure**) was implemented on 1 July 2010 to reduce the cost of PBS medicines for eligible Aboriginal and Torres Strait Islander people living with, or at risk of, chronic disease.
- 10.2 As part of the Australian Government's ongoing commitment to improving the health outcomes of Aboriginal and Torres Strait Islander people, the Measure will be enhanced to:
 - 10.2.1 expand the range of health care professionals who can register patients for the Measure; and
 - 10.2.2 enable Aboriginal and Torres Strait Islander patients to register for the Measure regardless of where they are located at the time of registration and their chronic disease status.
- 10.3 Enhancements to the Measure will be funded from within the available Agreement funding.

11. New or enhanced community pharmacy initiatives and incentives

- 11.1 The Department and the Guild will consult during the Term regarding the possible implementation of appropriately funded new or enhanced initiatives and incentives for community pharmacy that support implementation of Australian Government policies to improve health services and outcomes for Australians.^[8]
- 11.2 Examples of initiatives and incentives to be discussed could include measures that drive innovation and technological changes that enhance patients' access to medicines, information and other health services. Such measures could include:
 - 11.2.1 eHealth and e-prescribing initiatives;
 - 11.2.2 measures that make it easier and more affordable for patients to access medicines where they live;
 - 11.2.3 initiatives that support improved mental health;
 - 11.2.4 initiatives to be developed in response to recommendations from the Royal Commission into Aged Care Quality and Safety; and
 - 11.2.5 any pharmacy program trial assessed as being suitable for ongoing funding.

^[8]Existing programs operating as at the commencement of the Agreement are contained in Table 3.

12. Other commitments by the Australian Government and the Guild

12.1 Clinical Governance Framework for community pharmacy

The Guild is recognised as the custodian of the Clinical Governance Framework for community pharmacy.

12.2 Pharmacists administering vaccines

12.2.1 Recognising that:

- (a) appropriately trained registered pharmacists can administer certain approved vaccines, where such arrangements are approved in their State or Territory;
- (b) the scope of these pharmacist administered vaccinations can differ depending on the State or Territory where the pharmacist practices; and
- (c) the Australian Government and the Guild both:
 - (i) consider it desirable that a nationally consistent approach be adopted in relation to appropriately trained registered pharmacists administering vaccines included on the National Immunisation Program Schedule, as appropriate; and
 - (ii) believe that there may be improved health outcomes for Australians if the arrangements for pharmacists administering vaccines are harmonised across Australia,

the Australian Government intends to support, via the Council of Australian Governments Health Council (or equivalent body between Commonwealth, State and Territory Health Ministers), the adoption of a nationally consistent approach in respect of the vaccines that may be administered by appropriately trained registered pharmacists.

12.2.2 The Australian Government and the Guild support the development of The 10 Year Primary Health Care Plan.

12.2.3 The Department will provide twice yearly updates to the Guild on the progress of the arrangements described in this clause 12.2.

12.3 Location Rules arrangements

12.3.1 The Australian Government has legislated to ensure the continuation of the Location Rules and has no plan to change the Location Rules during the Term.

12.3.2 The Commonwealth will consult with the Guild, and will provide reasonable time for the Guild to comment on any proposal, prior to any change being made to the Location Rules during the Term.

12.4 Doctor of Pharmacy

The Signatories agree to take all reasonable steps available to them to enable the holder of an Australian Qualifications Framework Level 9 Masters Degree (extended) in pharmacy to be treated by exemption as a level 10 qualification similar to the treatment of other health professions covered under the National Registration and Accreditation Scheme.

13. Indexation

13.1 Where this Agreement specifies that an amount is to be Indexed under this Agreement, the amount will be varied on the relevant Indexation Date by:

13.1.1 on the Indexation Dates on 1 July 2021 and 1 July 2022, applying the following formula:

$$\text{New Amount} = \text{Last Amount} \times 1.005$$

or

13.1.2 on the Indexation Dates on 1 July 2023 and 1 July 2024, applying the following formula:

$$\text{New Amount} = \text{Last Amount} \times \left(\frac{\text{MRIN}}{\text{LIN}} \right)$$

13.2 In this clause 13:

index number, in relation to a quarter, means the All Groups Consumer Price Index number that is the weighted average of the eight capital cities and is published by the Australian Statistician in respect of that quarter.

Last Amount means the amount immediately before the relevant Indexation Date.

LIN means the quarterly index number, as published for the same quarter as the MRIN in the year immediately preceding the year of the MRIN.

MRIN means the most recently published quarterly index number as at the relevant Indexation Date.

New Amount means the amount, rounded to the nearest cent, on and from the relevant Indexation Date.

Part 2 Arrangements between the Commonwealth and the PSA

Signing page for Part 2

Signed by The Honourable Greg Hunt MP,
Minister for Health on behalf of the
Commonwealth of Australia

in the presence of:

Witness

ADRIANA PLATONA

Name of witness

Date

Signed by Pharmaceutical Society of Australia
Limited ACN 008 532 072 by:

National President

CHRISTOPHER FREEMAN

Full name

Date

Chief Executive Officer

MARK KINSELA

Full name

Date

14. Professional practice of pharmacists in Australia

14.1 Role of PSA

The PSA is recognised as the national peak body for pharmacists in Australia, and is the custodian of the Code of Ethics, National Competency Standards Framework for Pharmacists, Professional Practice Standards, and Practice Guidelines governing the professional practice of pharmacists in Australia.

14.2 Code of Ethics

The PSA agrees to work with the Commonwealth in relation to the further development and support of the PSA Code of Ethics that underpins the practice of pharmacists in Australia.

14.3 Assistance in the design, implementation and evaluation of Community Pharmacy Programs

The PSA will support:

14.3.1 the design of Community Pharmacy Programs, including by reference to the PSA's professional standards and guidelines; and

14.3.2 the implementation and evaluation of Community Pharmacy Programs, including through its representation on the PSCC.

14.4 Professional pharmacy standards

The Australian Government and the PSA are committed to supporting the highest standard of professionalism in the pharmacy sector to support access to primary health care through community pharmacy, and the safe and quality use of medicines.

14.5 Commonwealth support of professional pharmacy

The Commonwealth intends to provide funding to the PSA during the Term to be directed to achieving the objective of further promoting the standards of professionalism in the pharmacy profession.

14.6 Professional Practice Standards and guidelines

With support from the Commonwealth, the PSA will continue to maintain the Professional Practice Standards and relevant clinical guidelines with the aim of providing pharmacists with practice information to support the safe and quality use of medicines. Implementation and support materials will be developed to support the Professional Practice Standards and clinical guidelines, including for the new or enhanced Community Pharmacy Programs referred to in Part 1.

Part 3 Arrangements between the Commonwealth, the Guild and the PSA

Signing page for Part 3

Signed by The Honourable Greg Hunt MP,
Minister for Health on behalf of the
Commonwealth of Australia

in the presence of:

Witness

AORIANA PLATONIA

Name of witness

Date

The Common Seal of The Pharmacy Guild of
Australia was affixed pursuant to a resolution
of its National Council in the presence of:

National President

Full name

Date

Executive Director

Full name

Date

Signed by Pharmaceutical Society of Australia
Limited ACN 008 532 072 by:

National President

Full name

Date

Chief Executive Officer

Full name

Date



15. Consumer medicines information

15.1 Consumer medicines information (CMI):

- 15.1.1 is free, reader-friendly documentation that provides information about prescription medicines;
- 15.1.2 answers common questions about the medicine; and
- 15.1.3 is a valuable resource for patients and should be provided in conjunction with counselling from a health professional.

- 15.2 Recognising the benefits of CMI, the Guild will ensure that Approved Pharmacists provide CMI to patients in accordance with all relevant professional practice standards and guidelines, including Standard 6 (Medicines Information) of the PSA's Professional Practice Standards, as clinically appropriate.

16. Consultation

16.1 Community Pharmacy Consultation Committee

- 16.1.1 The Commonwealth and the Guild establish the Community Pharmacy Consultation Committee (**CPCC**) to enable consultation by them in relation to matters between them in this Agreement.
- 16.1.2 The CPCC is to be the primary consultation mechanism to support the achievement of the Commonwealth and the Guild's objectives under this Agreement and will meet up to two (2) times per year, unless the Department and the Guild agree that one or more additional meetings are required.
- 16.1.3 The CPCC will not be a decision-making body and recommendations arising from the CPCC need not be unanimous.
- 16.1.4 The terms of reference for the CPCC are set out in Appendix C (**CPCC Terms of Reference**). Meetings of the CPCC will be conducted in accordance with the CPCC Terms of Reference.
- 16.1.5 Each of the Department and the Guild may appoint up to three (3) people to be members of the CPCC. Either of the Department or the Guild may invite additional stakeholders to attend a committee meeting, with prior notice to the Chair of that meeting.
- 16.1.6 The CPCC will be chaired by a senior representative of the Department or the Guild, in turn, on a revolving basis.

16.2 Consultation with others

- 16.2.1 The Commonwealth and the Guild establish the Pharmacy Stakeholder Consultation Committee (**PSCC**) to enable wider consultation between the Department and the broader pharmacy sector.
- 16.2.2 The PSCC is a consultation mechanism intended to facilitate broad engagement between parties interested in the operation and development of the elements of the pharmacy sector funded by the Commonwealth, including Community Pharmacy Programs.

- 16.2.3 The PSCC will meet up to two (2) times per year, unless the Department considers that one or more additional meetings are required. It is the Department's intention that any meetings of the CPCC and PSCC will occur on the same day, if possible.
- 16.2.4 The Guild and the PSA will be standing members of the PSCC, and the Department may invite other stakeholders (including NACCHO and Consumers Health Forum) as it considers appropriate.
- 16.2.5 The PSCC will not be a decision-making body and recommendations arising from the PSCC need not be unanimous.
- 16.2.6 The terms of reference for the PSCC (**PSCC Terms of Reference**) will be developed by the Department, in consultation with the Guild and the PSA, and endorsed by the Minister from time to time. Meetings of the PSCC will be conducted in accordance with the PSCC Terms of Reference.
- 16.2.7 Each of the Department, the Guild and the PSA may appoint up to three (3) people to be members of the PSCC. The number of representatives of other attendees will be determined by the Chair of the PSCC from time to time.
- 16.2.8 Meetings of the PSCC will be chaired by a senior representative of the Department or, where the PSCC is considering matters relevant to the Aboriginal and Torres Strait Islander peoples, a representative of the Aboriginal and Torres Strait Islander community.

16.3 Consultation on policy reforms

- 16.3.1 Nothing in this Agreement, or any other document connected with this Agreement, limits the ability of the Australian Government to announce or implement policy reforms that may impact the community pharmacy sector or the pharmacy profession.
- 16.3.2 If:
 - (a) the Australian Government intends to announce a Health portfolio policy reform that is relevant to the community pharmacy sector or the pharmacy profession (or both); and
 - (b) the Guild or the PSA (or both) can demonstrate that the implementation of the Health portfolio policy reform is likely to have a significant and sustained impact on the viability of the community pharmacy sector or the pharmacy profession (or both),

the Guild or the PSA (or both) may request that the Department consults with the Guild or the PSA (or both) with respect to the implementation of that policy reform.
- 16.3.3 If the Guild or the PSA (or both) requests a consultation under clause 16.3.2, the Australian Government will consider (but is not obliged to adopt) the views of the Guild and PSA provided via the consultation when finalising the arrangements for the implementation of the announced policy reform or reviewing its outcomes.

16.4 Consultation generally

- 16.4.1 Nothing in this clause 16 precludes the Department from consulting with any person at any time.
- 16.4.2 In the second Financial Year, the Department may conduct a review of the arrangements under clauses 16.1 and 16.2 to assess their continued suitability.

17. Issue resolution

- 17.1 Any Issue arising in connection with, or from the operation of, this Agreement (other than an Issue to which clause 17.3 applies) will be resolved as follows:
- 17.1.1 the Signatory with the Issue will send to those Signatories it considers are counterparties to the Issue (**Counterparty**) a notice setting out the nature of the Issue (**Issue Notice**);
 - 17.1.2 if a Counterparty considers that another Signatory should also be a counterparty to the Issue, the Counterparty may give that Signatory a notice enclosing the Issue Notice and joining it as Counterparty;
 - 17.1.3 the Representatives of the relevant Signatories will attempt to resolve the Issue by direct negotiation; and
 - 17.1.4 if the Issue is not so resolved by direct negotiation under clause 17.1.3 within three (3) months, or such longer period agreed between the relevant Signatories, from the date the Issue Notice is given, a Signatory involved in the negotiation may immediately request the Issue be referred to confidential mediation, to be conducted by a person agreed between the relevant Signatories. If the relevant Signatories cannot agree on a mediator within one (1) month after a request for mediation under this clause 17.1.4, a Signatory involved in the Issue may ask the Chair of the Resolution Institute ACN 008 651 232 or their delegate to appoint a mediator. The mediation will be conducted in accordance with the rules specified by the mediator.
- 17.2 If an Issue is not resolved during a mediation conducted under clause 17.1.4, or within ten (10) Business Days after the conclusion of that mediation, then any of the relevant Signatories to the Issue may refer the matter for direct negotiation between the Minister and the National President(s) of the other Signatory or Signatories involved in the mediation.
- 17.3 Any Issue between the Commonwealth and the Guild during the Term in relation to the Commonwealth Price and the arrangements set out clauses 2 and 3 and Appendix B will be determined as follows:
- 17.3.1 the Signatory (being either the Commonwealth or the Guild, but not the PSA) claiming that there is an Issue will send to the other Signatory (being either the Commonwealth or the Guild, but not the PSA) a notice setting out the nature of the issue;
 - 17.3.2 the Department Representative and the Guild Representative will then attempt to resolve the Issue by direct negotiation;
 - 17.3.3 if the Issue is not resolved within ninety (90) days after the date of the notice given under clause 17.3.1 in respect of the Issue, then the Minister may, after the expiry of that period, refer the Issue to the Tribunal for a binding determination; and
 - 17.3.4 if the Commonwealth and the Guild resolve the Issue by agreeing to vary any of clauses 2 or 3, or Appendix B, the Minister shall present the varied agreement to the Tribunal to enable it to give effect to the agreement as required under section 98BAA(1) of the Act.
- 17.4 Despite the reference of an Issue to negotiation, mediation or the Tribunal under this clause 17, the Signatories must continue to perform their obligations under this Agreement.
- 17.5 Each Signatory will bear its own costs arising from the process set out in this clause 17.

- 17.6 The Commonwealth and the Guild agree for the purposes of section 98B(1) of the Act that the Tribunal has the function of determining Issues arising between the Commonwealth and the Guild in relation to the Commonwealth Price and the arrangements set out in clauses 2 and 3 and Appendix B.

18. Assistance with inquiries

- 18.1 The Signatories will consider, in good faith, requests made by the Commonwealth to provide assistance to specific inquiries identified by the Commonwealth and determine:
- 18.1.1 the nature of assistance to be provided by the Signatory; and
 - 18.1.2 the advice provided to members as to the nature of assistance that should be provided by members of the Signatory.

19. Other general matters

19.1 Term and commencement

This Agreement commences on 1 July 2020 and expires on 30 June 2025.

19.2 Variation

This Agreement may only be varied as follows:

- 19.2.1 Part 1, clauses 16.1 and 17.3, Appendix B and Appendix C can only be varied by a document signed by the Minister and the Guild;
- 19.2.2 Part 2 can only be varied by a document signed by the Minister and the PSA; and
- 19.2.3 the remainder of this Agreement can only be varied by a document signed by the Minister, the Guild and the PSA.

19.3 Arrangements at the end of this Agreement

The Signatories will use their best endeavours to ensure that negotiations for any new community pharmacy agreement to apply after the expiry of this Agreement will commence twelve (12) months prior to the expiry of this Agreement and conclude by 31 March 2025.

20. Notices

- 20.1 A notice under this Agreement is only effective if it is in writing, and addressed to the relevant Signatory or Signatories as specified in Appendix A, or as otherwise notified by that Signatory to the other Signatories in writing from time to time.
- 20.2 A notice is to be:
- 20.2.1 signed by the person giving the notice and delivered by hand;
 - 20.2.2 signed by the person giving the notice and sent by pre-paid post; or
 - 20.2.3 transmitted electronically by the person giving the notice by email.
- 20.3 Communications take effect from the time they are received or taken to be received under clause 20.4 (whichever happens first) unless a later time is specified.

- 20.4 Communications are taken to be received:
- 20.4.1 if sent by post, six (6) days after posting (or ten (10) days after posting if sent from one country to another); or
- 20.4.2 if sent by email;
- (a) when the sender receives an automated message confirming delivery; or
- (b) four (4) hours after the time sent (as recorded on the device from which the sender sent the email) unless the sender receives an automated message that the email has not been delivered,
- whichever happens first.
- 20.5 A notice received, or taken to be received, under clause 20.4 after 5.00 pm, or on a day that is not a Business Day, is deemed to be effected on the next Business Day.
-

21. Interpretation

21.1 Structure of this Agreement

- 21.1.1 This Agreement consists of:
- (a) Part 1 and Appendices B and C between the Commonwealth and the Guild;
- (b) Part 2 between the Commonwealth and PSA; and
- (c) this Part 3 and Appendix A between the Commonwealth, the Guild and the PSA.
- 21.1.2 Notwithstanding their inclusion in this Part 3, clauses 17 to 22 (inclusive) also apply to Part 1, Part 2 and the Appendices to this Agreement.

21.2 Words and headings

In this Agreement, unless expressed to the contrary:

- 21.2.1 words denoting the singular include the plural and vice versa;
- 21.2.2 the word 'includes' in any form is not a word of limitation;
- 21.2.3 where a word or phrase is defined, another part of speech or grammatical form of that word or phrase has a corresponding meaning;
- 21.2.4 headings and sub-headings are for ease of reference only and do not affect the interpretation of this Agreement; and
- 21.2.5 no rule of construction applies to the disadvantage of the person preparing this Agreement on the basis that it prepared or put forward this Agreement or any part of it.

21.3 Specific references

In this Agreement, unless expressed to the contrary, a reference to:

- 21.3.1 a decision or a determination of the Minister includes a decision or determination of the Minister's delegate;
- 21.3.2 consulting on a matter, means seeking the views of the relevant other Signatory or third party and is not an obligation to seek or obtain the agreement of any other Signatory or third party;
- 21.3.3 a section is a reference to a section of the Act;
- 21.3.4 any legislation (including subordinate legislation) is to that legislation as amended, re-enacted or replaced and includes any subordinate legislation issued under it;
- 21.3.5 any document (such as a deed, agreement or other document) is to that document (or, if required by the context, to a part of it) as amended, novated, substituted or supplemented at any time;
- 21.3.6 writing includes writing in digital form;
- 21.3.7 'this Agreement' is to this Agreement as amended from time to time;
- 21.3.8 'A\$', '\$', 'AUD', 'dollars' or 'cents' is a reference to Australian units of currency;
- 21.3.9 a clause, appendix, part, table or attachment is a reference to a clause, appendix, part, table or attachment in or to this Agreement;
- 21.3.10 to a 'person' includes an individual, a firm, a body corporate, a partnership, a joint venture, an unincorporated body or association, or any Government Agency; and
- 21.3.11 any body (**Original Body**) which no longer exists or has been reconstituted, renamed, replaced or whose powers or functions have been removed or transferred to another body or agency, is a reference to the body which most closely serves the purposes or objects of the Original Body.

22. Definitions

22.1 In this Agreement, unless the contrary intention appears:

Act means the *National Health Act 1953* (Cth).

Additional Patient Charge means the fees specified in clauses 4.2.1(c) and 4.2.2(c).

Administration, Handling and Infrastructure Fee means the fee described as such in Table 2. **AHI Fee** has the same meaning.

Agreement means this Seventh Community Pharmacy Agreement.

Appendix means an appendix to this Agreement.

Approved Ex-Manufacturer Price has the meaning given in Part VII of the Act.

Approved Pharmacist has the meaning given in Part VII of the Act.

Approved Supplier has the meaning given in Part VII of the Act.

Business Day means a day other than a Saturday, Sunday or public holiday in the Australian Capital Territory.

Commonwealth means the Minister on behalf of the Commonwealth of Australia.

Commonwealth Price means the price for a Pharmaceutical Benefit of a particular quantity or number of units, as set out in the Determination.

Community Pharmacy Programs means programs of the kind described in Part 1 that are funded by the Commonwealth and delivered in a clinically effective and cost effective way.

Community Service Obligation means the Commonwealth prescribed timeframes and services standards which eligible pharmaceutical wholesalers must satisfy when providing the full range of PBS medicines to pharmacies in order to be eligible for Commonwealth funding. **CSO** has the same meaning.

Consumers Health Forum means the Consumers Health Forum of Australia Limited ACN 146 988 927.

Dangerous Drug means:

- (a) a Pharmaceutical Benefit mentioned in Schedule 3 to the *National Health (Commonwealth Price and Conditions for Commonwealth Payments for Supply of Pharmaceutical Benefits) Determination 2019*; or
- (b) a Pharmaceutical Benefit that, under the law of a State or Territory, is classified as a dangerous drug.

Department means:

- (a) the Department of Health; or
- (b) any successor department or agency of the Commonwealth having responsibility for the administration of Part VII of the Act.

Department Representative means:

- (a) the person from time to time holding or acting in the position of First Assistant Secretary, Technology Assessment and Access Division within the Department; or
- (b) a person from time to time holding or acting in such other position notified by the Commonwealth to the other Signatories in writing from time to time.

Determination means the determination in force from time to time under subsection 98B(1)(a) of the Act.

Extemporaneously-Prepared Pharmaceutical Benefit means a Pharmaceutical Benefit that is not a Ready-Prepared Pharmaceutical Benefit.

Ex-Manufacturer Price means, as applicable, the:

- (a) Approved Ex-Manufacturer Price; or
- (b) Proportional Ex-Manufacturer Price for a Pack Quantity (other than the Pricing Quantity),

of a Listed Brand.

Financial Year means each successive period of twelve (12) months during the Term commencing on 1 July and ending on the immediately following 30 June.

Government Agency means any governmental, semi-governmental, administrative, fiscal, judicial or quasi-judicial body, department, commission, authority, tribunal, agency or entity.

Guild means the Pharmacy Guild of Australia.

Guild Representative means:

- (a) the person from time to time holding or acting in the position of Executive Director of the Guild; or
- (b) a person from time to time holding or acting in such other position notified by the Guild to the other Signatories in writing from time to time.

Indexation Date means each 1 July during the Term commencing on 1 July 2021.

Indexed means indexed in accordance with clause 13. **Indexation** has the same meaning.

Issue includes a dispute, issue or disagreement.

Listed Brand has the meaning given in Part VII of the Act.

Location Rules means the rules determined by the Minister under section 99L of the Act.

Maximum Copayment means the following (as defined in Part VII of the Act), as applicable:

- (a) the general patient reduced charge;
- (b) the concessional beneficiary charge; or
- (c) the general patient charge,

as applying from time to time under Part VII of the Act.

Maximum Quantity has the meaning given in the Determination.

Minister means the Minister who administers the Act.

NACCHO means the National Aboriginal Community Controlled Health Organisation ACN 078 949 710.

National Diabetes Services Scheme means the Australian Government's scheme aimed at enhancing the capacity of people with diabetes to understand and manage their life with diabetes. **NDSS** has the same meaning.

Pack Quantity has the meaning given in Part VII of the Act.

Part means a part of this Agreement.

PBAC means the Pharmaceutical Benefits Advisory Committee established under section 100A of the Act.

PBS means the Pharmaceutical Benefits Scheme established under Part VII of the Act.

PBS Prescriber has the meaning given in Part VII of the Act.

PGPA Act means the *Public Governance, Performance and Accountability Act 2013* (Cth).

Pharmaceutical Benefit has the meaning given in Part VII of the Act.

Price to Pharmacists has the meaning given in the Determination.

Pricing Quantity has the meaning given in Part VII of the Act.

Proper has the meaning given in the PGPA Act.

Proportional Ex-Manufacturer Price has the meaning given in Part VII of the Act.

PSA means the Pharmaceutical Society of Australia Limited ACN 008 532 072.

PSA Representative means:

- (a) the person from time to time holding or acting in the position of Chief Executive Officer of the PSA; or
- (b) a person from time to time holding or acting in such other position notified by the PSA to the other Signatories in writing from time to time.

PSCC has the meaning given in clause 16.2.1.

Public Resources has the meaning given in the PGPA Act.

Ready-Prepared Pharmaceutical Benefits means a brand of a pharmaceutical item included in an operative determination in place under subsection 85(6) of the Act. **RPPBs** has the same meaning.

Relevant Quantity has the meaning given in Part 2 of the Determination.

Representative means, as the context requires, one or more of:

- (a) the Department Representative;
- (b) the Guild Representative; and
- (c) the PSA Representative.

RPBS means the Repatriation Pharmaceutical Benefits Scheme established under the:

- (a) *Veterans' Entitlements Act 1986 (Cth)*;
- (b) *Military Rehabilitation and Compensation Act 2004 (Cth)*; and
- (c) *Australian Participants in British Nuclear Tests and British Commonwealth Occupation Force (Treatment) Act 2006 (Cth)*.

Safety Net means the following (as defined in Part VII of the Act), as applicable:

- (a) the concessional beneficiary safety net; or
- (b) the general patient safety net,

as applying from time to time under Part VII of the Act.

Safety Net Recording Fee means the fees specified in clauses 4.2.1(b) and 4.2.2(b).

Signatory means, as the context requires in respect of a relevant Part or Appendix, one of the Commonwealth, the Guild and the PSA and **Signatories** means the Signatories to a Part or Appendix as set out in clause 21.1.1.

Sixth Community Pharmacy Agreement means the Sixth Community Pharmacy Agreement between the Commonwealth and the Guild for the purposes of section 98BAA(1) of the Act and for related purposes.

Term means the term of this Agreement as set out in clause 19.1.

Tier One AHI Fee means the tier of the Administration, Handling and Infrastructure Fee described as such in Table 2.

Tier Three AHI Fee means the tier of the Administration, Handling and Infrastructure Fee described as such in Table 2.

Tier Two AHI Fee means the tier of the Administration, Handling and Infrastructure Fee described as such in Table 2.

Tribunal means the Pharmaceutical Benefits Remuneration Tribunal established under section 98A of the Act.

- 22.2 Unless otherwise defined in this Agreement, a term (including a term that is not capitalised) that is given a particular meaning in Part VII of the Act has the same meaning in this Agreement as it has in Part VII of the Act.

Appendix A – Signatories

Name	The Honourable Greg Hunt MP, Minister for Health on behalf of the Commonwealth of Australia
Address for notices	First Assistant Secretary Technology Assessment and Access Division Department of Health Email: adriana.platona@health.gov.au MDP 900 GPO Box 9848 CANBERRA ACT 2601

Name	The Pharmacy Guild of Australia
Address for notices	Executive Director The Pharmacy Guild of Australia Email: suzanne.greenwood@guild.org.au Level 2, 15 National Circuit BARTON ACT 2600 PO Box 310 FYSHWICK ACT 2609

Name	Pharmaceutical Society of Australia Limited ACN 008 532 072
Address for notices	Chief Executive Officer Pharmaceutical Society of Australia Limited Email: mark.kinsela@psa.org.au Level 1, 17 Denison Street DEAKIN ACT 2600 PO Box 42 DEAKIN WEST ACT 2600

Appendix B – Remuneration adjustment mechanism

1. Interpretation

For the purposes of this Appendix B:

Actual Subsidised Prescriptions means the actual number of Commonwealth Subsidised Prescriptions for the relevant Assessment Period reported in Date of Supply Data at the time of the Census Date.

Actual Unsubsidised Prescriptions means the actual number of Unsubsidised Prescriptions for the relevant Assessment Period reported in Date of Supply Data at the time of the Census Date.

Assessment Period means an Assessment Period described in Table 4 in the Attachment to this Appendix B.

Census Date means the date at which the actual number of Commonwealth Subsidised Prescriptions and Unsubsidised Prescriptions will be calculated, being 1 March immediately following the relevant Assessment Period.

Commonwealth Subsidised Prescription means a PBS or RPBS prescription for an item listed under section 85 of the Act that is subsidised by the Commonwealth, as included in Date of Supply Data.

Date of Supply Data means the PBS and RPBS date of supply data published by the Department from time to time in relation to Approved Pharmacists, which does not include data regarding medicines supplied under section 100 special arrangements and RPBS only items.

Estimated Subsidised Prescriptions means the estimated number of Commonwealth Subsidised Prescriptions during an Assessment Period as set out in Table 4 in the Attachment to this Appendix B.

Estimated Unsubsidised Prescriptions means the estimated number of Unsubsidised Prescriptions as set out in Table 4 in the Attachment to this Appendix B.

Next Financial Year means the Financial Year commencing immediately after the Assessment Period just ended.

Total Estimated Prescriptions means the sum of Estimated Subsidised Prescriptions and Estimated Unsubsidised Prescriptions for a Financial Year as set out in Table 5 in the Attachment to this Appendix B.

Unsubsidised Prescription means a PBS or RPBS prescription for an item listed under section 85 of the Act that is not subsidised by the Commonwealth, as included in Date of Supply Data.

2. Initial assessment

- 2.1 The Department will perform the following calculations under this Appendix B as soon as possible after the end of each Assessment Period.

Calculation 1

- 2.2 In the first three (3) Assessment Periods of the Agreement as set out in Table 4:

- 2.2.1 if Actual Subsidised Prescriptions during the relevant Assessment Period is less than a number equal to Estimated Subsidised Prescriptions for the relevant Assessment Period, the Department will proceed with Calculation 2 below; or
- 2.2.2 if Actual Subsidised Prescriptions during the relevant Assessment Period is within five (5.0) per cent above a number equal to Estimated Subsidised Prescriptions for the relevant Assessment Period, there will be no adjustment to the Commonwealth Price in the Next Financial Year.

- 2.3 In the fourth Assessment Period of the Agreement as set out in Table 4:

- 2.3.1 if Actual Subsidised Prescriptions during that Assessment Period is two (2.0) per cent or more below a number equal to Estimated Subsidised Prescriptions for that Assessment Period, the Department will proceed with Calculation 2 below; or
- 2.3.2 if Actual Subsidised Prescriptions during that Assessment Period is less than (2.0) per cent below, or within five (5.0) per cent above, a number equal to Estimated Subsidised Prescriptions for that Assessment Period, there will be no adjustment to the Commonwealth Price in the Next Financial Year.

Calculation 2

- 2.4 If Actual Subsidised Prescriptions within the first three (3) Assessment Periods are below a number equal to Estimated Subsidised Prescriptions for the relevant Assessment Period, or two (2) per cent or more below a number equal to Estimated Subsidised Prescriptions in the fourth Assessment Period, and either:

- 2.4.1 for that Assessment Period, Actual Unsubsidised Prescriptions are not higher than a number equal to Estimated Unsubsidised Prescriptions; or
- 2.4.2 for that Assessment Period, Actual Unsubsidised Prescriptions exceed a number equal to Estimated Unsubsidised Prescriptions, and the sum of:

- (a) Actual Subsidised Prescriptions; and
- (b) the excess in Actual Unsubsidised Prescriptions over a number equal to Estimated Unsubsidised Prescriptions,

are still:

- (c) in the first three (3) Assessment Periods, below a number equal to the Estimated Subsidised Prescriptions for the relevant Assessment Period; or
- (d) in the fourth Assessment Period, two (2.0) per cent or more below a number equal to the Estimated Subsidised Prescripts for that Assessment Period,

then, subject to section 5.2 below, there will be an increase in the Commonwealth Price for the Next Financial Year in accordance with section 3 below.

Calculation 3

2.5 If Actual Subsidised Prescriptions during the relevant Assessment Period are five (5.0) per cent or more above a number equal to the Estimated Subsidised Prescriptions for that Assessment Period, and either:

2.5.1 for that Assessment Period, Actual Unsubsidised Prescriptions are not less than a number equal to Estimated Unsubsidised Prescriptions for the Assessment Period; or

2.5.2 for that Assessment Period, Actual Unsubsidised Prescriptions do not exceed a number equal to the Estimated Unsubsidised Prescription for the Assessment Period, and the sum of:

(a) the number of Actual Subsidised Prescriptions; and

(b) the shortfall (expressed as a negative number) in Actual Unsubsidised Prescriptions below a number equal to Estimated Unsubsidised Prescriptions,

are still 5.0 per cent or more above the Estimated Subsidised Prescriptions,

then there will be a reduction to the Commonwealth Price for the Next Financial Year in accordance with section 4 below.

3. Increase in the Commonwealth Price arising from Calculation 2

If an increase to the Commonwealth Price is required under Calculation 2, then the Department will determine the increase in the Commonwealth Price for the Next Financial Year by applying the following formula:

$$S = \frac{R \times [(M \times A) - B]}{E}$$

where:

R means the sum of the Tier One AHI Fee plus the dispensing fee for RPPBs (as applying under the Determination) as at the end of the Assessment Period just ended.

M means the relevant multiplier applicable to the Estimated Subsidised Prescriptions value for the relevant Assessment Period, being:

(a) 1.0 in the first three (3) Assessment Periods; and

(b) 0.98 for the fourth Assessment Period.

A means Estimated Subsidised Prescriptions for the Assessment Period just ended.

B means Actual Subsidised Prescriptions for the Assessment Period just ended.

E means Total Estimated Prescriptions for the Next Financial Year.

S means the supplement (expressed as a dollar amount and rounded to the nearest cent) to be added to the dollar amount of the Tier One AHI Fee after Indexation at the beginning of the Next Financial Year.

4. Reduction to the Commonwealth Price arising from Calculation 3

If a reduction to the Commonwealth Price is required under Calculation 3, then the Department will determine the reduction to the Commonwealth Price for the Next Financial Year by applying the following formula:

$$D = \frac{R \times [B - (1.05 \times A)]}{E}$$

where:

R means the sum of the Tier One AHI Fee plus the dispensing fee for RPPBs (as applying under the Determination) as at the end of the Assessment Period just ended.

A means Estimated Subsidised Prescriptions for the Assessment Period just ended.

B means Actual Subsidised Prescriptions for the Assessment Period just ended.

E means Total Estimated Prescriptions for the Next Financial Year.

D means the reduction (expressed as a dollar amount and rounded to the nearest cent) to be made from the Tier One AHI Fee after Indexation is added at the beginning of the Next Financial Year.

If the reduction exceeds the Tier One AHI Fee, the remainder of the reduction in excess of the Tier One AHI Fee will be deducted from the dispensing fee for RPPBs. Any reduction to the Tier Two AHI Fee and the Tier Three AHI Fee will not exceed any reduction applied to the Tier One AHI Fee.

5. Adjustment of the Additional Patient Charge

5.1 Where the Commonwealth Price is increased in the Next Financial Year as a result of a supplement (S) arrived at under section 3 above, the total Additional Patient Charge during that Next Financial Year will also be reduced by a dollar amount equal to that supplement (S) arrived at under section 3 above, subject to the Guild's agreement under section 84C(9) of the Act.

5.2 The increase in the Commonwealth Price in a Next Financial Year arising as a result of the calculation under section 3 above is subject to the Guild agreeing to the corresponding change to the Additional Patient Charge for that Next Financial Year.

6. Disregarding adjustments for future calculations

Any change made under this Appendix B will only apply to the Next Financial Year (following the Assessment Period giving rise to the change). When making changes to be applied in the subsequent Financial Year, Indexation and any adjustment under this Appendix B are to be applied on the basis that the change under Appendix B in the previous Financial Year had not occurred.

Attachment to Appendix B – Estimates tables

Table 4 – Assessment Periods and estimated PBS & RPBS prescription volumes

	Assessment Periods			
	1 July 2020 – 31 December 2020	1 January 2021 – 31 December 2021	1 January 2022 – 31 December 2022	1 January 2023 – 31 December 2023
	First Assessment Period	Second Assessment Period	Third Assessment Period	Fourth Assessment Period
Estimated Subsidised Prescriptions	109,521,070	207,523,772	208,099,570	210,456,812
Estimated Unsubsidised Prescriptions	49,456,523	101,184,232	104,377,953	107,648,589

Table 5 –Estimated PBS & RPBS prescription volumes per Financial Year

	Financial Year				
	1 July 2020 – 30 June 2021	1 July 2021 – 30 June 2022	1 July 2022 – 30 June 2023	1 July 2023 – 30 June 2024	1 July 2024 – 30 June 2025
Estimated Subsidised Prescriptions	207,813,105	207,638,079	209,166,163	211,720,230	214,332,499
Estimated Unsubsidised Prescriptions	99,410,720	102,880,240	106,002,898	109,279,314	112,577,109
Total Estimated Prescriptions	307,223,824	310,518,319	315,169,063	320,999,545	326,909,608

Appendix C – Terms of reference for the Community Pharmacy Consultation Committee

1. Title of Committee

The Community Pharmacy Consultation Committee.

2. Establishment

The Seventh Community Pharmacy Agreement (7CPA) is a five-year agreement between the Minister for Health on behalf of the Commonwealth of Australia, the Pharmacy Guild of Australia (the **Guild**) and the Pharmaceutical Society of Australia (PSA) that governs, amongst other things, the remuneration arrangements for Approved Pharmacists for the supply of medicines listed on the Pharmaceutical Benefits Scheme. The Department of Health (**Department**) has responsibility for the implementation and management of the 7CPA on behalf of the Commonwealth of Australia.

Clause 16 of the 7CPA establishes consultation arrangements for the term of the Agreement.

The Community Pharmacy Consultation Committee (CPCC) is the primary consultation mechanism to support the achievement of the Commonwealth and the Guild's objectives under the 7CPA. The CPCC is not a decision making body, but the CPCC may provide advice or options to the signatories to the 7CPA, and to the representative of the Australian Government for the purpose of the 7CPA.

3. Functions and Responsibilities

The CPCC will be convened from time-to-time to enable the Department and the Guild to consult on matters between them in the 7CPA. The Department and the Guild will undertake such consultations and discussions to assist them to fulfil their responsibilities under the 7CPA and to progress the achievement of the objectives of the 7CPA. The CPCC provides a mechanism for open dialogue, in good faith, to allow for consultation on matters between them in the 7CPA. The CPCC does not supplant or limit the Department's obligations under the *Public Governance, Performance and Accountability Act 2013* (Cth) (**PGPA Act**) to ensure the Proper use of Public Resources^[9].

The responsibilities of the CPCC are to:

1. Formulate options for key performance measures aligned to 7CPA outcomes;
2. Support achievement of key performance measures aligned to 7CPA outcomes, through contribution to monitoring, evaluation and performance frameworks;
3. Discuss options to respond to issues directly relating to the services and programs under the 7CPA, with a particular focus on where performance outcomes are not being achieved;
4. Support adherence to the 7CPA and relevant legislative obligations, and discuss options to address issues if compliance is not being achieved;
5. Discuss and support 7CPA programs' intent, design and guidelines, including the facilitation of appropriate stakeholder feedback (including through the Pharmacy Stakeholder Consultation Committee);
6. Consider and comment on the outcomes of any assessments of Commonwealth funded services under Community Pharmacy Programs to support advice to the Australian Government;
7. Consider and comment on any review by the Department (in accordance with clause 16.4.2 of the 7CPA) of the arrangements under clause 16.1 of the 7CPA;

^[9] Section 8 of the PGPA Act defines 'proper' as follows: 'proper, when used in relation to the use and management of public resources, means efficient, effective, economical and ethical.'

8. Provide a mechanism for discussion and consultation where:
 - a. Changes may be required to implementation and administration arrangements relating to the 7CPA;
 - b. Other policy or interactions outside the 7CPA (which may have a material impact on the 7CPA) should be considered and discussed, including matters not defined in the 7CPA; and
 - c. Changes may be proposed to the 7CPA; and
9. Support an ongoing, positive working relationship between the signatories to the 7CPA.

4. Composition

The design of the CPCC seeks to increase transparency over the management of the 7CPA and the investment of Public Resources in relation to the 7CPA.

Each party will have discretion to determine their own representatives at the CPCC, provided that representatives have suitable expertise and authority to participate effectively.

The Department or the Guild may also propose additional CPCC attendees where they consider that such attendees could add to consultations between the Department and the Guild on one or more matters to be discussed at a committee meeting, and the Department and the Guild will not unreasonably decline any such proposal from the other.

5. Chair of the CPCC

The Chair will be a senior representative of the Department or the Guild, in turn, on a revolving basis.

The role of the Chair will be to lead and facilitate discussion on any items nominated for discussion and perform any other functions provided for under these Terms of Reference or designated by the Minister for Health. It will be the responsibility of the Chair to ensure any discussion and agreed outcomes are clearly communicated and agreed for inclusion in meeting minutes.

The Department and the Guild will jointly make all decisions relating to the conduct, administration and management of CPCC meetings, except where provided otherwise in the 7CPA or these Terms of Reference, or where directed otherwise by the Minister for Health.

6. Secretariat

The Department will provide secretariat support for the CPCC. The Secretariat will prepare agendas for meetings, keep minutes of all meetings, coordinate communications in a timely manner among CPCC participants and organise associated public communiques resulting from the CPCC.

7. Meetings

The CPCC will be convened from time-to-time by agreement of the Department and the Guild, with an expectation of a minimum of two meetings per year, with additional meetings convened as agreed by the Department and the Guild.

Unless the Department determines the circumstances require an earlier meeting, a minimum of fourteen days' notice must be given to all CPCC participants of meetings of the CPCC and subcommittees. Each notice of meeting will include an agenda specifying in reasonable detail the matters to be discussed at the meeting and is to be accompanied by relevant papers for discussion at the meeting. The Department will determine the information that is to be provided to CPCC participants prior to any meeting.

Meetings of the CPCC and subcommittees may be held in several locations using any technology that gives participants at those locations a reasonable opportunity to participate in the meeting.

Minutes of CPCC meetings

All proceedings of each meeting of the CPCC (and its subcommittees) must be minuted, specifying in reasonable detail the matters discussed at the meeting, the outcomes of any discussion and any options to be provided to the signatories or to the Australian Government. All minutes will be endorsed by the Chair of the committee or subcommittee (as relevant) as a correct record of the proceedings upon confirmation from a majority of participants.

Circulating reports and outcomes

Following each meeting, a communique will be prepared and approved by the Department for publication to interested stakeholders of key outcomes from each meeting. These will be published on the Department's website.

8. Limitations of the CPCC

The CPCC (and subcommittee) participants must not:

- Purport to make a change to the 7CPA. Additionally, the CPCC cannot cease to conduct, or change the nature or scope of, the 7CPA arrangements, except where expressly provided for in the 7CPA; or
- Disclose confidential information^[10] shared or discussed at a meeting of the CPCC to any third party, except that such confidential information may be disclosed:
 - By CPCC participants to other persons within their organisation, and to their professional advisers who have a need to know such information and who are subject to an obligation of confidence;
 - By the Department in response to a request by a Commonwealth Minister, by a House or a Committee of Parliament or by a Secretary of another Department;
 - By CPCC participants where authorised or required by law; and
 - By CPCC participants who have the prior written consent of the organisation who contributed the information to the meeting.

9. Establishment of working parties or subcommittees

The CPCC may from time-to-time appoint working parties or subcommittees as they consider necessary. In this regard:

- Subject to the 7CPA, the CPCC may agree a person as chair of a working party or subcommittee.
- Each working party or subcommittee (via its chair if one is appointed) must report its proceedings to the CPCC and must conduct its business in accordance with any rules or directions of the CPCC.
- The existence of, or delegation to, a working party or subcommittee does not derogate from the powers to act in any manner consistent with this Terms of Reference.

^[10] For the purposes of these terms of reference, 'confidential information' means information that the discloser designates as confidential or provides on a confidential basis, or which the recipient ought reasonably expect to be confidential, but does not include information in the public domain (unless in the public domain due to a breach of confidentiality by any person).

10. Conflict of Interest

A conflict of interest is where a financial or other interest of an CPCC (or subcommittee) participant may reasonably be seen to be in conflict with duties undertaken as a participant of the CPCC. Each CPCC (or subcommittee) participant should be alert to any potential, actual or perceived conflicts of interest, financial or otherwise, and disclose these to the Department. This includes conflicts of interest that may arise between members.

A CPCC participant must disclose any potential, actual or perceived conflict of interest at the earliest possible time.

The Department may take any steps to resolve or otherwise deal with any disclosed conflicts in their absolute discretion.

11. Amendment of these Terms of Reference

No variation of these Terms of Reference is permitted unless agreed by the Commonwealth and the Guild, and endorsed by the Minister for Health.

A review of the operation of the CPCC may be conducted by the Department under clause 16.4.2 of the 7CPA, and the outcomes of any such review will be considered by the CPCC.