



Australian Government

**Department of Health
and Aged Care**

Eighth Community Pharmacy Agreement

The Honourable Mark Butler MP, Minister for Health and Aged Care
on behalf of the **Commonwealth of Australia**

and

The Pharmacy Guild of Australia

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Eighth Community Pharmacy Agreement

Dated 3 June 2024

Parties

Name	The Hon Mark Butler MP, Minister for Health and Aged Care on behalf of the Commonwealth of Australia
Short name	Commonwealth
Name	The Pharmacy Guild of Australia ABN 84 519 669 143
Address	Level 2, 15 National Circuit, Barton in the Australian Capital Territory
Short name	Pharmacy Guild

Background

- A. This Agreement is the Eighth Community Pharmacy Agreement between the Minister for Health and Aged Care (acting on behalf of the Commonwealth of Australia) and the Pharmacy Guild of Australia for the purposes of section 98BAA of the *National Health Act 1953* (Cth), and for related purposes.
- B. This Agreement supports the central pillars of the National Medicines Policy 2022, which are:
 - B.1 equitable, timely, safe and reliable access to medicines and medicines-related services, at a cost that individuals and the community can afford;
 - B.2 medicines meet the required standards of quality, safety and efficacy;
 - B.3 quality use of medicines and medicines safety; and
 - B.4 a collaborative, innovative and sustainable medicines industry and research sectors with the capability, capacity and expertise to respond to current and future health needs.
- C. The Signatories:
 - C.1 recognise that community pharmacies owned by Approved Pharmacists are a central part of the Australian primary health care system, and that this Agreement is designed to provide predictable remuneration for community pharmacies to support a viable, sustainable, efficient and effective network of Approved Pharmacists across Australia; and
 - C.2 share an aspirational goal that community pharmacies transition towards providing a wider range of primary health care services.

1. Definitions

1.1 In this Agreement, unless the contrary intention appears:

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

Additional Patient Charge means the fee specified in clause 6.2.1(c).

Administration, Handling and Infrastructure Fee means the fee described as such in Table 3. **AHI Fee** has the same meaning.

Agreement means this Eighth Community Pharmacy Agreement.

Agreement Oversight Forum means the forum contemplated in clause 9.1.

Appendix means the appendix to this Agreement and includes any attachments to that appendix.

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.

Bill means the bill that will bring about the changes to the Act required to implement the legislated measures described in clause 4.

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 the programs specified in Table 5.

Dangerous Drug means a Pharmaceutical Benefit:

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

Dangerous Drug Fee means the fee described as such in Table 3.

Department means:

- (a) the Department of Health and Aged Care; 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 Department to the Pharmacy Guild in writing from time to time.

Determination means the determination in force from time to time under paragraph 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.

Indexation Date means each 1 July during the Term commencing on 1 July 2025.

Indexed means indexed in accordance with clause 3.3. **Indexation** has a corresponding meaning.

Issue includes a dispute, issue or disagreement.

Legislated Payment means the legislated payment under the Act, as contemplated in clause 4.1 and **Additional Community Supply Support Payment** has a corresponding meaning.

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 Co-payment means the following (as defined in Part VII of the Act), as applicable:

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

NPSA means National Pharmaceutical Services Association Limited ACN 087 033 216.

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

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

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

Pharmacy Board of Australia means the National Health Practitioner Board for pharmacy as recognised in the *Health Practitioner Regulation National Law Regulation 2018*.

Pharmacy Guild means the Pharmacy Guild of Australia.

Pharmacy Guild Representative means:

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

Price to Pharmacists has the meaning given in the Determination.

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

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

Rapid Review has the meaning given in clause 8.3.1.

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. **RPPB** has the corresponding meaning.

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

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

- (a) the Department Representative; and
- (b) the Pharmacy Guild 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);
- (c) *Australian Participants in British Nuclear Tests and British Commonwealth Occupation Force (Treatment) Act 2006* (Cth); and
- (d) *Treatment Benefits (Special Access) Act 2019* (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 Eligibility means when a person is eligible for the purposes of section 84DA of the Act to be issued with a safety net concession card in respect of a relevant entitlement period.

Safety Net Recording Fee means the relevant fee specified in clause 6.2.1(b).

Seventh Community Pharmacy Agreement means the Seventh Community Pharmacy Agreement between the Commonwealth, the Pharmacy Guild and the Pharmaceutical Society of Australia Limited dated 11 June 2020.

Signatory means either of the Commonwealth or the Pharmacy Guild, as the context requires.
Signatories means both of the Commonwealth and the Pharmacy Guild.

Term means the term of this Agreement as set out in clause 10.1.

Tier One AHI Fee means the tier of the Administration, Handling and Infrastructure Fee described as such in Table 3.

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

1.2 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.

2. Overview of funding under this Agreement

2.1 Under this Agreement, pharmacy remuneration is estimated to be \$25.850 billion over the Term, comprising:

2.1.1 Commonwealth contributions of \$16.957 billion; and

2.1.2 patient contributions of \$8.893 billion.

2.2 As part of the Commonwealth contributions under this Agreement, the Australian Government will invest up to an additional \$3 billion over the Term to support achievement of National Medicines Policy 2022 goals and outcomes, as set out in Table 1:

Table 1: Expenditure of \$3 billion in additional investment

Elements	Payment type	Value of investment
1	Legislated Payment, to include: <ul style="list-style-type: none"> ▪ Payment for supply of all PBS and RPBS prescriptions with increased dispensing quantities (Commonwealth subsidised)¹ ▪ Payment for supply of all PBS and RPBS prescriptions (Commonwealth subsidised) 	\$2,111 million
2	New and expanded Community Pharmacy Programs	\$300 million
3	Freezing of indexation and reduction in Maximum Co-payments	\$486 million
4	Implementation and evaluation costs	\$60 million
5	7CPA remuneration adjustment closure cost	\$43 million
Total		Up to \$3 billion

2.3 Table 2 sets out details of the contributions expected to be made by the Commonwealth and patients during the Term, including through the Legislated Payment and under Community Pharmacy Programs.

Table 2: Elements of Agreement funding, including the dispensing remuneration and program funding

Elements	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, but excluding wholesaler mark-up	Commonwealth	\$13,547
	Patient	\$2,207
Pharmacy remuneration for the dispensing of Pharmaceutical Benefits that are not Commonwealth subsidised*, including dispensing fee, Administration, Handling and Infrastructure Fee and Dangerous Drug Fee, but excluding wholesaler mark-up	Commonwealth	Nil
	Patient	\$6,686

¹ Increased dispensing quantity refers to at least 2 months supply of a medicine that has a PBS item code that has been implemented under the Australian Government policy that commenced implementation on 1 September 2023 (also known as the '60-day prescribing' policy).

Elements	Contributor	\$million (estimated)
Additional Community Supply Support Payment	Commonwealth	\$2,111
	Patient	Nil
Community Pharmacy Programs ²	Commonwealth	\$1,300
	Patient	As set under the program rules
Total ³	Commonwealth	\$16,957
	Patient	\$8,893
	Total	\$25,850

***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, 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.

² Including new or expanded Community Pharmacy Programs described in clause 8.2.

³ The total excludes remuneration when community pharmacies dispense medicines under special arrangements made under section 100 of the Act.

3. Commonwealth Price

3.1 Purpose

This clause 3 is an agreement between the Signatories for the purposes of subsection 98BAA(1) of the Act.

3.2 Commonwealth Price

3.2.1 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.

3.2.2 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**);
- (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.

3.2.3 Subject to this clause 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 Pharmacy Guild, are as set out in Table 3. Additional detail on how these components are defined, calculated and applied will be set out in the Determination.

Table 3 Components of the Commonwealth Price⁴

Payment type	Value of payment		
wholesale mark-up (for Ready-Prepared Pharmaceutical Benefits) ⁵	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% of the Ex-Manufacturer Price per dispense	
	Where the Ex-Manufacturer Price is over \$720	\$54.14 per dispense	
	Tier One AHI Fee	For a Listed Brand with a Price to Pharmacists for Maximum Quantity less than \$100	\$4.79 per dispense of Maximum Quantity

⁴ The figures referred to in Table 3 of this Agreement are as at 1 July 2024. Some components of the Commonwealth Price will be subject to Indexation in accordance with clause 3.2.4, and the Tier One AHI Fee may be reduced in accordance with clause 5 and Appendix A.

⁵ The wholesale mark-up for a Pack Quantity of a Listed Brand is calculated using the Relevant Quantity.

Payment type	Value of payment		
Administration, Handling and Infrastructure Fee ⁶	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
dispensing fee (for Ready-Prepared Pharmaceutical Benefits)	\$8.67 per dispense		
dispensing fee (for Extemporaneously-Prepared Pharmaceutical Benefits)	Dispensing fee for Ready-Prepared Pharmaceutical Benefits, plus \$2.04 per dispense		
Dangerous Drug Fee	\$5.37 per Dangerous Drug dispensed		

3.2.4 The:

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

as described in Table 3, will each be Indexed on the relevant Indexation Date.

3.2.5 The agreement in this clause 3 with respect to the wholesale mark-up set out in Table 3 is made subject to clause 3.2.6.

3.2.6 Where separate negotiations between the Commonwealth and NPSA in relation to PBS wholesaler remuneration (**Pharmaceutical Wholesaler Agreement**) will result in a change in Commonwealth Price, the Pharmacy Guild and the Commonwealth will, as soon as practicable after the signing of the Pharmaceutical Wholesaler Agreement, jointly make an assessment as to whether the terms of the Pharmaceutical Wholesaler Agreement are likely to lead to a reduction in the estimated total pharmacy remuneration set out in Table 2 .

⁶ The AHI Fee is calculated based on 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.

- 3.2.7 Where the assessment conducted under clause 3.2.6 concludes there is likely to be a reduction in estimated total pharmacy remuneration, the parties agree to an adjustment that is designed to ensure the estimated total pharmacy dispensary remuneration to Approved Pharmacists under the Agreement is received. The Commonwealth notes it is the Pharmacy Guild's preference to deliver any such adjustment through elements of the Commonwealth Price.
- 3.2.8 Volumes of Pharmaceutical Benefits for which an Approved Pharmacist has received a payment dispensed during the Term will be tracked and measured, and any necessary adjustment to the Legislated Payment made, in accordance with clause 5 and Appendix A.

3.3 Indexation

- 3.3.1 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 applying the following formula:

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

- 3.3.2 In this clause 3.3:

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.

4. Proposed amendments to the *National Health Act 1953* (Cth)

4.1 New legislated payment for increased dispensing quantities

- 4.1.1 The Signatories agree that the Australian Government will seek amendments to the Act to provide for a new legislated payment, including for increased dispensing quantities.
- 4.1.2 The Bill will provide for:
- (a) recognition of Pharmaceutical Benefits with increased dispensing quantities;
 - (b) the Tribunal to determine, by legislative instrument, the amount of the additional payment, including for increased dispensing quantities; and
 - (c) the Tribunal, in making its determination, giving effect to the terms of any agreement in force between the Minister and the Pharmacy Guild as to the amount of the payment.
- 4.1.3 Subject to this clause 4, the components of the Additional Community Supply Support Payment applying during the Term, as agreed by the Signatories, are as set out in Table 4. Additional details on how these components are defined, calculated and applied will be set out in the determination provided for in the Bill.

Table 4: Components of the Additional Community Supply Support Payment

Component	Payment type	Value of payment in first Financial Year
1	Payment for each supply of a PBS and RPBS prescription of a section 85 medicine with increased dispensing quantities ⁷ dispensed by Approved Pharmacists (Commonwealth subsidised)	\$4.79 per dispense
2	Payment for each supply of a PBS and RPBS prescription of a section 85 medicine dispensed by Approved Pharmacists (Commonwealth subsidised)	\$0.78 per dispense

- 4.1.4 Indexation will be applied to component 1 in Table 4 on the Indexation Date, but the Indexed unit rate may then be adjusted under clause 5 and Appendix A. Component 2 in Table 4 will not be Indexed, but will be adjusted in accordance with clause 5 and Appendix A.
- 4.1.5 Component 1 will initially be equivalent to the Tier One AHI Fee, and the components of the Additional Community Supply Support Payment will be tracked, monitored and adjusted during the Term on the basis set out in clause 5 and Appendix A.
- 4.1.6 The Signatories have the joint goal that the Additional Community Supply Support Payment will be automated by on or about 1 July 2025, recognising that there will need to be manual payments initially. The Commonwealth will consult with the Pharmacy Guild on manual payment arrangements with a view to supporting predictable cash flow to eligible community pharmacies. Should for any reason automated payments not be possible by 1 July 2025, the initial manual arrangements would continue until such time as automated payments are implemented.

⁷ Increased dispensing quantity refers to at least two (2) months supply of a medicine that has a PBS item code that has been implemented under the Australian Government policy that commenced implementation on 1 September 2023 (also known as the '60-day prescribing' policy).

- 4.1.7 The cost of this measure is forecast to be \$2.111 billion over the Term, and the cost will be tracked and measured, and any necessary adjustment to the Additional Community Supply Support Payment made, in accordance with clause 5 and Appendix A.

4.2 Co-payment indexation and discounting

- 4.2.1 The Signatories agree that the Australian Government will seek amendments to the Act to provide for the temporary freezing of indexation for Maximum Co-payments from 1 January 2025 and the reduction of the allowable discount to zero.
- 4.2.2 The Bill will provide for freezing of indexation to result in the Maximum Co-payments being \$1.00 less than they would otherwise have been, providing a universal co-payment reduction in place of the allowable discount by on or about the end of the Term.
- 4.2.3 The cost of this measure is forecast to be \$486 million over the Term and there will be no further adjustment to this amount.
- 4.2.4 After the freezing of indexation has resulted in the \$1.00 universal co-payment reduction, and the reduction of the allowable discount by \$1.00, in accordance with this clause 4.2, the Australian Government intends, at the next available opportunity, to seek further amendments to the Act to reflect that the allowable discount is no longer in use, by removing spent provisions related to the allowable discount such as section 87(2AAAA) of the Act.

4.3 Content of the Bill

- 4.3.1 The Pharmacy Guild will be provided with an exposure draft of the Bill for comment prior to its introduction to the Australian Parliament.
- 4.3.2 The Pharmacy Guild acknowledges and agrees that the Bill prepared in relation to implementing the measures described in this clause 4 may not adopt the exact language used in this Agreement, provided that the Bill still allows for the substance of the measures described in this clause 4 to be implemented.

4.4 Support for the Bill

- 4.4.1 The Signatories agree to use their respective best endeavours to support the passage of the Bill through the Australian Parliament for a 1 July 2024 start date for the legislated measures described in this clause 4.
- 4.4.2 If, having complied with their obligations under clause 4.4.1, the Signatories consider that the Bill is unlikely to pass the Australian Parliament in the form required to make the legislative changes contemplated by this clause 4 by on or about 1 July 2024, the Signatories will consult with each other in relation to alternative arrangements aimed at achieving the outcomes intended by this clause 4 that have not occurred.

5. Adjustment mechanism

5.1 Recognising:

- 5.1.1 the inherent uncertainty in forecasting prescription volumes due to factors such as patient and PBS prescriber behaviour, particularly as it relates to the uptake of the Australian Government's increased maximum dispensing policy;
- 5.1.2 that Approved Pharmacists are paid for their PBS and RPBS dispensing function per prescription dispensed;
- 5.1.3 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;
- 5.1.4 that PBS and RPBS expenditure below estimated levels may impact some community pharmacies;
- 5.1.5 that PBS and RPBS expenditure in excess of estimated levels will provide unexpected additional revenue to community pharmacy, while also impacting the Budget; and
- 5.1.6 the Signatories' desire to ensure that any required adjustments to community pharmacy remuneration should not increase costs to patients through increased costs for medicines priced below the Maximum Co-payment,

the Signatories agree to the periodic adjustment of the Legislated Payment in the circumstances described in Appendix A.

- 5.2 The Signatories acknowledge and agree that expenditure on relevant measures under this Agreement will be tracked and measured in accordance with Appendix A, and that any associated change to the Legislated Payment required under Appendix A will occur without the need for further agreement of the Minister and the Pharmacy Guild.

6. Charges for Pharmaceutical Benefits below Maximum Co-payment

6.1 Purpose

- 6.1.1 Subject to clause 6.2.4, this clause 6 sets out the written agreement of the Pharmacy 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.
- 6.1.2 Nothing in this clause 6 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.

6.2 Agreed charges

- 6.2.1 For Pharmaceutical Benefits that are priced below the Maximum Co-payment, 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, and subject to clause 6.2.4, a Safety Net Recording Fee of:
 - (i) for Ready-Prepared Pharmaceutical Benefits, up to \$1.45; or

- (ii) for Extemporaneously-Prepared Pharmaceutical Benefits, up to \$1.87; and
 - (c) a further Additional Patient Charge amounting to up to 10% of the relevant Maximum Co-payment plus 29 cents,
- provided that such a sum does not exceed the relevant Maximum Co-payment.
- 6.2.2 The Additional Patient Charge will not accumulate, and must not be recorded by Approved Pharmacists as accumulating, towards patients' Safety Nets.
 - 6.2.3 The Safety Net Recording Fee will be Indexed on the relevant Indexation Date.
 - 6.2.4 The Signatories acknowledge and agree that, should the process for recording Safety Net Eligibility become automated during the Term:
 - (a) the Safety Net Recording Fee will cease to be agreed by the Minister and the Pharmacy Guild for the purposes of subsection 84C(9) of the Act, for both Ready-Prepared Pharmaceutical Benefits and Extemporaneously-Prepared Pharmaceutical Benefits, at 11.59 pm on 31 December of the year a fully automated process for recording Safety Net Eligibility becomes available for all Approved Pharmacists; and
 - (b) from that date, the Safety Net Recording Fee will no longer be chargeable.
 - 6.2.5 The Department will to the extent reasonably practicable provide the Pharmacy Guild with not less than three (3) months written notice of the change.

6.3 Notification to consumers

The Pharmacy Guild must use its best endeavours during the Term to ensure that, prior to dispensing a Pharmaceutical Benefit, Approved Pharmacists make consumers aware 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 that fees and charges may differ between pharmacies.

7. PBS medicines pricing, availability and payments

7.1 Availability of PBS medicines in pharmacy

The Pharmacy Guild agrees to take reasonable steps to ensure that Approved Pharmacists efficiently purchase and maintain adequate medicine stocks for the supply of Pharmaceutical Benefits during the Term 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.

7.2 PBS payment claim acknowledgement

The Pharmacy Guild acknowledges 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:

- 7.2.1 the codes, guidelines and policies established by the Pharmacy Board of Australia (or any other registering authority);
- 7.2.2 the codes, guidelines, professional practice standards and competency standards established by the Pharmaceutical Society of Australia;

- 7.2.3 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);
- 7.2.4 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;
- 7.2.5 all applicable State, Territory and Commonwealth laws with respect to the conduct of their profession; and
- 7.2.6 any other requirements not stated above but that are covered by the *National Health (Pharmaceutical Benefits) (Conditions for approved pharmacists) Determination 2017*.

7.3 Resources to support consumer choice

- 7.3.1 To support consumer choice, the Pharmacy Guild will make resources available to its members throughout the Term that assist an Approved Pharmacist with providing consumers with full disclosure of the total cost of the relevant Pharmaceutical Benefits they seek to have dispensed at the time a consumer provides their prescription to the Approved Pharmacist, and before the associated Pharmaceutical Benefit is given to the consumer, at the request of the consumer.
- 7.3.2 The Pharmacy Guild resources to be made available under clause 7.3.1 (**Resources**):
 - (a) will include instore materials which communicate to consumers that they are entitled to ask for, and receive details of, the total cost of a medicine before it is dispensed to them; and
 - (b) are to be designed to be prominently displayed wherever hardcopy prescriptions are submitted to the Approved Pharmacist.
- 7.3.3 The Department and the Pharmacy Guild will seek the views of patient groups throughout the Term⁸ as to enhancements that can be made to the Resources.
- 7.3.4 The Pharmacy Guild will take reasonable steps throughout the Term to encourage its members to display the Resources in their intended location.

7.4 Enhanced payment timeframes

- 7.4.1 During the Term, the Department and the Pharmacy Guild will consider options within available Agreement funding to enhance payment times for payable PBS prescriptions transmitted and assessed online.
- 7.4.2 Within the first 12 months of the Term, the Department and the Pharmacy Guild will consider other options to enhance payment times for payments under the *National Health (Remote Area Aboriginal Health Services Program) Special Arrangement 2017* (PB 107 of 2017).

⁸ Such feedback may be sought jointly or separately.

8. Community Pharmacy Programs

8.1 Continuing Community Pharmacy Programs

8.1.1 The Community Pharmacy Programs in Table 5 will continue under this Agreement.

Table 5: Community Pharmacy Programs

Program name	Indicative allocation for 2024-25 (\$million)
Dose Administration Aids Program	\$100
Indigenous Dose Administration Aids Program	\$22
MedsCheck Program	\$47
Diabetes MedsCheck Program	
Staged Supply Program	\$9
Regional Pharmacy Maintenance Allowance Program	\$49
Indicative ⁹ Total	\$227

8.1.2 Recognising the historical growth in patient demand for Community Pharmacy Programs, the Department shall provide the Pharmacy Guild with indicative budgets for the remaining years of the Term as they become available through regular Government processes.

8.1.3 The Commonwealth intends to make available a further \$52 million over the term of the Agreement¹⁰ for the Regional Pharmacy Maintenance Allowance Program, in addition to other funding sources under this Agreement. The Commonwealth will consult with the Pharmacy Guild on the profile of such payments over the Term, with increased payments to commence from July 2024.

8.1.4 Pharmacy programs operating at the end of the Seventh Community Pharmacy Agreement, which are not Community Pharmacy Programs, will continue under this Agreement for the first Financial Year, with funding for these programs to be in addition to Community Pharmacy Program funding described in Table 5.

8.1.5 To support clinical safety and quality in health care through an appropriate clinical governance framework, providers of Community Pharmacy Programs are to be accredited against AS 8500:2017 Quality Care Community Pharmacy Standard¹¹ through an approved pharmacy or primary care accreditation program, such as the Quality Care Pharmacy Program, or another pharmacy accreditation program.¹²

8.2 New and expanded Community Pharmacy Programs

8.2.1 The Signatories agree that the base cap for Dose Administration Aids under the Dose Administration Aids Program will be increased from 60 to 90 per week from on or about 1 July 2024, with this increase to be funded from the additional funding referred to Table 1.

⁹ The Minister retains the discretion to vary these indicative amounts.

¹⁰ \$10 million of which is included in Table 5.

¹¹ Should a new standard of equivalent or higher quality become available, the Signatories will consider in good faith the adoption of that standard.

¹² The Department may waive this requirement for accreditation on a case by case basis in circumstances where the requirement restricts patients' access to the Community Pharmacy Program, and the Department is satisfied that the relevant provider adheres, in all material respects, to the requirements of an Australian pharmacy accreditation program, but any such waivers will cease on 30 June 2027.

- 8.2.2 During the Term the Signatories may propose other Community Pharmacy Programs to be funded from the additional funding referred to Table 1.
- 8.2.3 The cost of these new or expanded Community Pharmacy Programs is forecast to be \$300 million over the Term, and the cost will be tracked and measured. The Signatories acknowledge that expenditure needs to be within this available funding, and modification of program rules may be necessary, recognising that the Signatories do not intend to reduce the per service fee.
- 8.2.4 If there is a need to cease or reduce the level of funding for a particular Community Pharmacy Program (the **revised program**), any funding allocated for the revised program shall be distributed to other Community Pharmacy Programs.

8.3 Rapid Review

- 8.3.1 As soon as practicable after 1 July 2024, the Department will implement a review of the Community Pharmacy Programs that is intended to be completed by 31 December 2024 (**Rapid Review**).
- 8.3.2 The purpose of the Rapid Review is to:
- (a) assess how the objectives, outputs, outcomes, and cost effectiveness of the Community Pharmacy Programs can be better defined and measured;
 - (b) determine current gaps in Community Pharmacy Program data available to the Department and the Pharmacy Guild, and how these gaps may be closed; and
 - (c) assist with establishing a suitable monitoring and evaluation framework for the Community Pharmacy Programs.
- 8.3.3 Based on the outcome of the Rapid Review, the Department will work with the administrator of the Community Pharmacy Programs to prepare any proposed changes to the Community Pharmacy Program rules and related documents with respect to data collection, and provide the draft changes to the Pharmacy Guild for comment.

8.4 Community Pharmacy Programs evaluation

- 8.4.1 The Department will implement an evaluation framework for each of the Community Pharmacy Programs as soon as practicable after completion of the Rapid Review.
- 8.4.2 The Department will appoint third party evaluators to assess data collected from the Community Pharmacy Programs, apply the evaluation framework and prepare a draft report on the evaluation of cost effectiveness and clinical effectiveness of the Community Pharmacy Programs (**Evaluation Report**).
- 8.4.3 The Department will invite the Pharmacy Guild and other relevant stakeholders to comment on the draft Evaluation Report before it is finalised for presentation to the Commonwealth.
- 8.4.4 The Commonwealth, in consultation with the Pharmacy Guild, will make decisions regarding the continuation, reform or cessation of any Community Pharmacy Program based on the Evaluation Report.
- 8.4.5 It is the Commonwealth's intention to implement any decisions made following receipt of the Evaluation Report prepared under this clause 8.4 on, or as soon as practicable after, 1 July 2026.

8.5 Payment claim acknowledgement

The Pharmacy Guild acknowledges that, by submitting a claim for payment for delivering services under any Community Pharmacy Program, an Approved Pharmacist is acknowledging that the Approved Pharmacist has complied with all relevant Community Pharmacy Program rules and terms, and all other relevant requirements, including:

- 8.5.1 applicable codes, guidelines, professional practice standards and competency standards; and
- 8.5.2 any other laws, codes, guidelines and policies applicable to the services.

8.6 Administration

The cost of third parties administering, reviewing and evaluating programs delivered by pharmacists will be met from within available Agreement program funding.

9. Consultation arrangements

9.1 Agreement Oversight Forum

- 9.1.1 The Signatories will meet formally at least twice in each Financial Year to monitor the implementation of the Agreement.
- 9.1.2 As soon as practicable after the minutes of a meeting of the Agreement Oversight Forum have been settled, the Signatories will ensure communication to enable public scrutiny of the Agreement's implementation and achievements.

9.2 Consultation on Location Rules arrangements

- 9.2.1 The Australian Government has no plan to change the Location Rules during the Term.
- 9.2.2 The Department will consult with the Pharmacy Guild, and will provide reasonable time for the Pharmacy Guild to comment on any proposal, prior to any change being made to the Location Rules during the Term.

9.3 Consultation on 60-day prescribing policy arrangements

- 9.3.1 The Australian Government has no plans to change the policy allowing increased dispensing quantities that commenced implementation on 1 September 2023 (also known as the "60-day prescribing policy").
- 9.3.2 The Department will consult with the Pharmacy Guild, and will provide reasonable time for the Pharmacy Guild to comment on any proposal, prior to any change being made to the policy described in clause 9.3.1 during the Term that would increase dispensing quantities above two (2) months.

9.4 Consultation on policy reforms

- 9.4.1 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.

9.4.2 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 Pharmacy Guild can demonstrate that implementation of the Health portfolio policy reform is likely to have a significant and sustained impact on the viability of the community pharmacy sector,

the Pharmacy Guild may request that the Department consults with the Pharmacy Guild with respect to the implementation of that policy reform.

9.4.3 If the Pharmacy Guild requests a consultation under clause 9.4.2, the Australian Government will consider (but is not obliged to adopt) the views of the Pharmacy Guild provided via the consultation when finalising the arrangements for the implementation of the announced policy reform or reviewing its outcomes.

9.5 Consultation generally

Nothing in this clause 9 precludes the Department from consulting with any person at any time.

10. Other general matters

10.1 Doctor of Pharmacy

The Signatories agree, within the first twelve months of the Term, to take all reasonable steps available to them to enable the holder of an Australian Qualifications Framework Level 9 master's 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.

10.2 Term and commencement

10.2.1 Subject to clause 10.2.2, this Agreement commences on 1 July 2024 and expires on 30 June 2029.

10.2.2 Clauses 1 and 4 and this clause 10 commence on the date of this Agreement.

10.2.3 The Signatories agree that the Seventh Community Pharmacy Agreement will end at 11.59 pm on 30 June 2024.

10.3 Issue resolution

10.3.1 Any Issue arising in connection with, or from the operation of, this Agreement (other than an Issue to which clause 10.3.3 applies) will be resolved as follows:

- (a) the Signatory with the Issue will send to the other Signatory a notice setting out the nature of the Issue (**Issue Notice**);
- (b) the Representatives will attempt to resolve the Issue by direct negotiation; and
- (c) if the Issue is not so resolved by direct negotiation under clause 10.3.1(b) within three (3) months, or such longer period agreed between the Signatories, from the date the Issue Notice is given, a Signatory may immediately request the Issue be referred to confidential mediation, to be conducted by a person agreed between the Signatories. If the Signatories cannot agree on a mediator within one (1) month after a request for mediation under this clause 10.3.1(c), a Signatory may refer the Issue to the chairperson of an accredited mediation

organisation to appoint a mediator, for mediation to commence within a further thirty (30) days. The mediation will be conducted in accordance with the rules specified by the mediator.

- 10.3.2 If an Issue is not resolved during a mediation conducted under clause 10.3.1(c), or within ten (10) Business Days after the conclusion of that mediation, then a Signatory may refer the matter for direct negotiation between the Minister and the National President of the Pharmacy Guild.
- 10.3.3 Any Issue between the Signatories during the Term in relation to the Commonwealth Price, the Legislated Payment and the arrangements set out in clause 5 and Appendix A will be determined as follows:
- (a) the Signatory claiming that there is an Issue will send to the other Signatory a notice setting out the nature of the Issue;
 - (b) the Representatives will then attempt to resolve the Issue by direct negotiation; and
 - (c) if the Issue is not resolved within ninety (90) days after the date of the notice given under clause 10.3.3(b) in respect of the Issue, then either the Minister or the Pharmacy Guild may, after the expiry of that period, refer the Issue to the Tribunal for a binding determination.
- 10.3.4 Despite the reference of an Issue to negotiation, mediation or the Tribunal under this clause 10.3, the Signatories must continue to perform their obligations under this Agreement.
- 10.3.5 Each Signatory will bear its own costs arising from the process set out in this clause 10.3.
- 10.3.6 The Signatories agree for the purposes of subsection 98B(1) of the Act that the Tribunal has the function of determining Issues arising between the Commonwealth and the Pharmacy Guild under clause 10.3.3.

10.4 Variation

This Agreement may only be varied by a document signed by the Minister and the Pharmacy Guild.

10.5 Arrangements at the end of this Agreement

The Signatories will use their best endeavours to ensure that negotiations for a Ninth Community Pharmacy Agreement to apply after the expiry of this Agreement will commence no later than twelve (12) months prior to the expiry of this Agreement and conclude by 31 March 2029.

10.6 Notices

- 10.6.1 A notice under this Agreement is only effective if it is in writing, and:
- (a) if given by the Pharmacy Guild to the Commonwealth – addressed to the Department Representative; or
 - (b) if given by the Commonwealth to the Pharmacy Guild – addressed to the Pharmacy Guild Representative.

- 10.6.2 A notice is to be:
- (a) signed by the person giving the notice and delivered by hand;
 - (b) signed by the person giving the notice and sent by pre-paid post; or
 - (c) transmitted electronically by the person giving the notice by email.
- 10.6.3 Communications take effect from the time they are received or taken to be received under clause 10.6.4 (whichever happens first) unless a later time is specified.
- 10.6.4 Communications are taken to be received:
- (a) if sent by post, six (6) days after posting; or
 - (b) if sent by email;
 - (i) when the sender receives an automated message confirming delivery; or
 - (c) two (2) 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.
- 10.6.5 A notice received, or taken to be received, under clause 10.6.4 after 5.00 pm, or on a day that is not a Business Day, is deemed to be effected on the next Business Day.

10.7 Interpretation

In this Agreement, unless expressed to the contrary:

- 10.7.1 words denoting the singular include the plural and vice versa;
- 10.7.2 the word 'includes' in any form is not a word of limitation;
- 10.7.3 where a word or phrase is defined, another part of speech or grammatical form of that word or phrase has a corresponding meaning;
- 10.7.4 headings and sub-headings are for ease of reference only and do not affect the interpretation of this Agreement;
- 10.7.5 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; and
- 10.7.6 a reference to:
- (a) a decision or a determination of the Minister includes a decision or determination of the Minister's delegate;
 - (b) consulting on a matter, means seeking the views of the Pharmacy Guild or third party, and is not an obligation to seek or obtain the agreement of the Pharmacy Guild or any third party;
 - (c) a section is a reference to a section of the Act;
 - (d) any legislation (including subordinate legislation) is to that legislation as amended, re-enacted or replaced, and includes any subordinate legislation issued under it;

- (e) 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;
- (f) writing includes writing in digital form;
- (g) 'this Agreement' is to this Agreement as amended from time to time;
- (h) 'A\$', '\$', 'AUD', 'dollars' or 'cents' is a reference to Australian units of currency;
- (i) a clause, appendix, part, table or attachment is a reference to a clause, appendix, part, table or attachment in or to this Agreement;
- (j) 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
- (k) 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.

Signing page

Signed by The Hon Mark Butler MP,
Minister for Health and Aged Care on behalf
of the Commonwealth of Australia

MB 

in the presence of:

BC 
Witness

Blair Comley, Secretary

Name of witness

3 June 2024

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

Prof. Trent Tuomey

Full name

3 June 2024

Date


Executive Director

Gerard Benedet

Full name

3 June 2024

Date



Appendix A – Payment adjustment mechanism

1. Interpretation

1.1 For the purposes of this Appendix A:

ACSS Payment means the Additional Community Supply Support Payment as described in clause 4.1.3 of the Agreement.

Assessment Period means the First Assessment Period, or any subsequent six (6) month period, described as an 'Assessment Period' in a Table, as applicable.

Attachment means the attachment to this Appendix A.

Census Date means the date at which the actual number of Prescriptions will be calculated, being the date three (3) months after the end of the relevant Assessment Period.

Component 1 means the part of the ACSS Payment for all Subsidised Prescriptions with Increased Dispensing Quantities.

Component 2 means the part of the ACSS Payment for all Subsidised Prescriptions.

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.

First Assessment Period means the nine (9) month period commencing 1 April 2024 and ending 31 December 2024, described as an 'Assessment Period' in a Table, as applicable.

Increased Dispensing Quantity means at least 2 months' supply of a medicine that has a PBS item code that has been implemented under the Australian Government policy that commenced implementation on 1 September 2023 (also known as the '60-day prescribing' policy). **IDQ** has the same meaning.

LPDA has the meaning given in section 3.2.

Next Period means the Assessment Period commencing 6 months after the end of the relevant Assessment Period giving rise to the adjustment, being the Assessment Period in which the adjustment will apply.

Prescription means a PBS or RPBS prescription for an item listed under section 85 of the Act and dispensed by Approved Pharmacists, as included in Date of Supply Data.

PVDA has the meaning given in section 2.2.

row means a row in a Table, as the context requires.

section mean a section in this Appendix A, as the context requires.

Subsidised Prescription means a Prescription that is Commonwealth subsidised.

Table, where used in this Appendix A, means a table in the Attachment, unless expressed to the contrary.

Total Actual Prescriptions means, for an Assessment Period, the actual number of Prescriptions for that Assessment Period.

Total Actual Subsidised Prescriptions means, for an Assessment Period, the actual number of Subsidised Prescriptions for that Assessment Period.

Total Estimated Expenditure means, for an Assessment Period, the sum of estimated expenditure on the Component 1 pool and the Component 2 pool (as described in row C of Table B). **TEE** has the same meaning.

Total Estimated Prescriptions means, for an Assessment Period, the estimated number of Prescriptions as set out in row A of Table A2.

unit amount means a dollar amount calculated on a per Prescription basis as part of a calculation step in this Appendix A (for the purpose of ultimately calculating the unit payment).

unit payment means the dollar amount payable to Approved Pharmacists per Prescription following the performance of the calculation required to be performed under this Appendix A (for the Component 1, the Component 2 and the Tier One AHI Fee).

1.2 For the purposes of any calculations in this Appendix A that result in a dollar figure, the amount will be rounded to the nearest cent.

2. Prescription volume variance assessment

2.1 The Department will assess, with respect to an Assessment Period, as soon as possible after the Census Date for that Assessment Period, whether Total Actual Prescriptions exceeded, or were below, the Total Estimated Prescriptions.

2.2 For the purposes of the calculations in section 2.3:

PVDA means the total dollar value of the adjustment for the Next Period, if required, as calculated in section 2.3.

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.

TAP means Total Actual Prescriptions for the Assessment Period.

TEP means Total Estimated Prescriptions for the Assessment Period.

2.3 The following calculations will be conducted by the Department when quantifying the PVDA for an Assessment Period:

2.3.1 if TAP are less than TEP, the following formula will apply:

$$\text{PVDA} = \text{R} \times (\text{TEP} - \text{TAP})$$

2.3.2 if TAP are between 0% and 10% greater than TEP, the following formula will apply:

$$\text{PVDA} = 0$$

2.3.3 if TAP are more than 10% greater than TEP, the following formula will apply:

$$\text{PVDA} = \text{R} \times [(1.10 \times \text{TEP}) - \text{TAP}]$$

2.4 The PVDA will be used in section 4 even if it is zero.

3. Legislated payment variance assessment

3.1 The Department will assess, with respect to an Assessment Period, as soon as possible after the Census Date for that Assessment Period, whether the total ACSS Payment expenditure¹ exceeded, or was below, the Total Estimated Expenditure².

3.2 For the purposes of the calculations in section 3.3:

C1TASP means, for an Assessment Period, the Total Actual Subsidised Prescriptions for which a Component 1 unit payment is paid.

C1UA means, for an Assessment Period, the Component 1 unit amount, being:

- (a) for the first two (2) Assessment Periods, the unit amount set out in row A of Table C; and
- (b) for all Assessment Periods thereafter, the Tier One AHI Fee that would apply in that Assessment Period after the application of Indexation, but before any adjustment under section 4.5.

C2TASP means, for an Assessment Period, the Total Actual Subsidised Prescriptions for which a Component 2 unit payment is paid (or would have been paid if the Component 2 unit payment was not zero).

C2UA means, for an Assessment Period, the Component 2 unit amount, being:

- (a) for the first two (2) Assessment Periods, the unit amount set out in row B of Table C; and
- (b) for all Assessment Periods thereafter, the Component 2 unit amount recalibrated under section 4.3 (as 'URC2').

LPDA means the total dollar value of the adjustment for the Next Period, if required, as calculated in section 3.3.

TUE means, for an Assessment Period, the total unadjusted expenditure, being the total of all ACSS Payments (Component 1 unit payment and Component 2 unit payment) that would have been made but for the application of the adjustments required under section 4.4 and section 4.5 of this Appendix A (if any) in that Assessment Period, as calculated under section 3.3.

3.3 The following calculations will be conducted by the Department when quantifying the LPDA for the relevant Assessment Period, performed in sequence.

$$\mathbf{TUE} = (\mathbf{C1UA} \times \mathbf{C1TASP}) + (\mathbf{C2UA} \times \mathbf{C2TASP})$$

$$\mathbf{LPDA} = \mathbf{TEE} - \mathbf{TUE}$$

3.4 The LPDA will be used in section 4 even if it is zero.

¹ Defined in this section 3 as TUE.

² Defined in this section 3 as TEE.

4. Adjustments to payments

4.1 Overview

- 4.1.1 Following the section 2 and section 3 calculations, payments in the Next Period will be calculated or adjusted (or both) by the Department in accordance with this section 4.
- 4.1.2 Any changes to the ACSS Payment or the Tier One AHI Fee under section 4 will be made for the Next Period. The intent being that:
- a) the adjustment will be first applied to Component 2 unit payment as either a reduction or an increase;
 - b) if there is a reduction to the Component 2 unit payment in the Next Period and, as determined through section 4.4.2, the Component 2 unit payment will be zero for the Next Period, the Component 1 unit payment and Tier One AHI Fee in the Next Period will be reduced accordingly, and remain equal to each other; and
 - c) subject to the application of Indexation on Indexation Dates, there will be no increase in the Component 1 unit payment or the Tier One AHI Fee, with all increases to flow through the Component 2 unit payment.

4.2 Formula terms

For the purposes of the calculations under this section 4:

ATAEA means the aggregate actual expenditure during the first six (6) Assessment Periods on:

- (a) the Component 1 unit payment; and
- (b) the Component 2 unit payment,

adjusted by:³

- (c) the aggregate of each of the values of any actual adjustments arising from the PVDA during the first six (6) Assessment Periods as applied to the Component 1 unit payment and the Component 2 unit payment, which will not be included in the calculated value of ATAEA;⁴ and
- (d) the aggregate of each of the values of any actual reductions to the Tier One AHI Fee attributable to the LPDA during the first six (6) Assessment Periods, which will be included in the calculated value of ATAEA.⁵

ATEE means the aggregate of the TEE for the first six (6) Assessment Periods.

AUR1 means, for the Next Period, the Component 1 adjusted unit amount calculated under section 4.5.

³ The values represented by each of paragraphs (c) and (d) in this definition may be positive or negative and will be accounted as such.

⁴ Any value of the actual adjustments arising from the PVDA during the first six (6) assessment periods as applied to the Tier One AHI Fee will not be included in the calculation of ATAEA.

⁵ If LPDA is negative in an Assessment Period and contributes to a reduction in the Tier One AHI, this will reduce the amount calculated for ATAEA. If LPDA is positive in an Assessment Period but PVDA is sufficiently negative to result in an overall reduction to Component 1 unit payment and Tier One AHI Fee, the LPDA adjustment component will still increase the amount calculated for ATAEA.

AUR2 means, for the Next Period, the Component 2 adjusted unit amount calculated under section 4.4.

AURT1AHI means, for the Next Period, the adjusted Tier One AHI Fee calculated under section 4.5.

C1PN means, for the Next Period, the Component 1 pool as set out in row A of Table B.

C2PN means, for the Next Period, the Component 2 pool as set out in row B of Table B.

CO means, for an Assessment Period, the amount calculated under section 4.4.1.

RC1PN means, for the Next Period, the revised Component 1 pool as calculated under section 4.3.

RC2PN means, for the Next Period, the revised Component 2 pool as calculated under section 4.3.

RTESPN means, for the Next Period, the revised total estimated Subsidised Prescriptions as calculated under section 4.3.

RTESPIDQN means, for the Next Period, the revised total estimated Subsidised Prescriptions with increased dispensing quantities as calculated under section 4.3.

TASPA means, for an Assessment Period, the total actual Subsidised Prescriptions receiving Component 2 unit payments (or which would have received a unit payment if the Component 2 unit payment was not zero).

TASPIDQA means, for an Assessment Period, the total actual Subsidised Prescriptions receiving Component 1 unit payments.

TDA means, for an Assessment Period, the total dollar amount calculated under section 4.4.1.

TESPA means, for an Assessment Period, the total estimated Subsidised Prescriptions to which a Component 2 unit payment is forecast to be applied as set out in row B of Table A1.

TESPIDQA means, for an Assessment Period, the total estimated Subsidised Prescriptions as set out in row A of Table A1.

TESPIDQN means, for the Next Period, the total estimated Subsidised Prescriptions to which a Component 1 unit payment is forecast to be applied as set out in row A of Table A1.

TESPN means, for the Next Period, the total estimated Subsidised Prescriptions to which a Component 2 unit payment is forecast to be applied as set out in row B of Table A1.

URA1 means the Component 1 unit amount calculated for the Next Period under section 4.5.

URA2 means the Component 2 unit amount calculated for the Next Period under section 4.3.

URC1 means, for the Next Period, the Tier One AHI Fee after the application of Indexation, but before any adjustment under this Appendix A.

URC2 means, for the Next Period, the Component 2 unit amount calculated under section 4.3.

4.3 Recalibration of Component 2 unit amounts

- 4.3.1 For each Assessment Period, the Department will perform a calculation to set the Component 2 unit payment for the Next Period.⁶ The purpose of this calculation is to best ensure that the overall funding for the Component 1 unit payment and the Component 2 unit payment tracks closely with the estimated allocation for each Assessment Period, and that revised estimates are used to calibrate the unit payment appropriately.
- 4.3.2 For each Assessment Period, the Department will calculate the Component 2 unit amount by applying the following formulas in sequence:

$$\text{RTESPIDQN} = \text{TESPIDQN} \times \frac{\text{TASPIDQA}}{\text{TESPIDQA}}$$

$$\text{RC1PN} = \text{URC1} \times \text{RTESPIDQN}$$

$$\text{RC2PN} = (\text{C1PN} + \text{C2PN}) - \text{RC1PN}$$

$$\text{RTESPN} = \text{TESPN} \times \frac{\text{TASPA}}{\text{TESPA}}$$

$$\text{URC2} = \frac{\text{RC2PN}}{\text{RTESPN}}$$

and the Department will use RTESPIDQN, RC1PN, RC2PN, RTESPN and URC2 for the calculations in section 4.4.

4.4 Adjustments to Component 2 unit payments

Subject to the prior performance by the Department of the calculations in section 4.3, the following calculations will be conducted by the Department in sequence to quantify the Component 2 unit payment for the Next Period:

- 4.4.1 for the relevant Assessment Period, the Department will calculate the total dollar amount available (either a positive or negative number) for the purpose of determining the Component 2 unit payment in the Next Period, applying the following formulas in sequence:

$$\text{TDA} = \text{PVDA} + \text{LPDA}$$

$$\text{CO} = \text{RC2PN} + \text{TDA}$$

and the Department will use CO for the calculation in section 4.4.2, section 4.4.3 and section 4.5; and

⁶ For clarity, the first calculation under section 4.3 will occur after the Census Date for the first Assessment Period, with the corresponding recalibration applying in the third Assessment Period (being the Next Period for the first Assessment Period).

4.4.2 if CO is less than or equal to zero, the following calculations will be performed by the Department in sequence:

$$\mathbf{URA2} = \mathbf{URC2 \times -1}$$

$$\mathbf{AUR2} = \mathbf{0}$$

and AUR2 will apply as the Component 2 unit payment in the Next Period, following which the Department will proceed to the calculation under section 4.5; and

4.4.3 if CO is greater than zero, the following calculations will be performed by the Department in sequence:

$$\mathbf{URA2} = \frac{\mathbf{TDA}}{\mathbf{RTESPN}}$$

$$\mathbf{AUR2} = \mathbf{URC2 + URA2}$$

and AUR2 will apply as the Component 2 unit payment in the Next Period.

4.5 Potential reduction to Component 1 unit payments and Tier One AHI Fee

If AUR2 is calculated as zero under section 4.4.2, the following calculations will be conducted by the Department in sequence to quantify the Component 1 unit payment and Tier One AHI Fee for the Next Period:

4.5.1 for the relevant Assessment Period, the Department will determine if CO is less than zero and, if yes, the following calculations will be conducted in sequence by the Department to quantify the Component 1 unit payment and the Tier One AHI Fee:

$$\mathbf{URA1} = \frac{\mathbf{CO}}{\mathbf{RTESPN + RTESPIDQN}}$$

$$\mathbf{AUR1} = \mathbf{URC1 + URA1}$$

$$\mathbf{AURT1AHI} = \mathbf{URC1 + URA1}$$

and AUR1 will apply as the Component 1 unit payment in the Next Period and AURT1AHI will apply as the Tier One AHI Fee in the Next Period; and

4.5.2 at the end of the Next Period, the adjustments calculated for the Next Period under section 4.5.1 will cease prior to, and not be included for the purposes of, the next application of Indexation under the Agreement.

4.6 Adjustment of payments for final Assessment Periods

4.6.1 If, as at the end of the sixth Assessment Period, the ATAEA is more than 5 per cent greater or less than the ATEE (as calculated by the Department), then the Department will adjust the Component 1 unit payment, Component 2 unit payment and the Tier One AHI Fee (as necessary) commencing in the Next Period, to seek to bring the aggregate dollar expenditure on the ACSS Payment as close as practicable to the \$2.111 billion referred to as element 1 in Table 1 (in clause 2.2 of the Agreement), and will consult with the Pharmacy Guild on the unit amount adjustments required to do so. In determining any adjustments that may be required under this section 4.6.1, the Department will account for known adjustments arising from the first six (6)

Assessment Periods (as a result of this Appendix A) to payments that will take effect after the sixth Assessment Period.

- 4.6.2 Unless agreed otherwise by the Signatories in writing, where the Next Period would be after the end of the Term, the total dollar equivalent of any payment adjustments arising under section 4⁷ for such Next Periods will be added to or subtracted from (as applicable) the funding available for community pharmacy remuneration during a Ninth Community Pharmacy Agreement, despite the Agreement having ended. This Appendix A and all associated clauses of the Agreement (including clause 10.3) survive the end of this Agreement for that purpose.

⁷ Defined in this section 4 as TDA.

Attachment to Appendix A – Estimates tables

Table A1 – Assessment Periods and aggregate estimated Subsidised Prescription volumes

		Assessment Periods									
		1 April 2024 – 31 December 2024	1 January 2025 – 30 June 2025	1 July 2025 – 31 December 2025	1 January 2026 – 30 June 2026	1 July 2026 – 31 December 2026	1 January 2027 – 30 June 2027	1 July 2027 – 31 December 2027	1 January 2028 – 30 June 2028	1 July 2028 – 31 December 2028	1 January 2029 – 30 June 2029
Rows	Description	First Assessment Period*	Second Assessment Period	Third Assessment Period	Fourth Assessment Period	Fifth Assessment Period	Sixth Assessment Period	Seventh Assessment Period	Eighth Assessment Period	Ninth Assessment Period	Tenth Assessment Period
A	Total estimated Subsidised Prescriptions for IDQ #	19,685,805	19,458,968	24,393,421	23,316,577	26,805,674	24,667,471	27,745,817	25,346,727	28,602,206	26,038,272
B	Total estimated Subsidised Prescriptions	159,718,361	93,953,989	102,725,804	93,283,782	103,522,440	94,944,214	105,831,756	97,099,429	108,682,956	99,099,721

The Estimated Prescription quantities for the first Assessment Period reflect the actual quantities from 1 April 2024 to 31 December 2024.

Table A2 – Assessment Periods and aggregate estimated Prescription volumes

		Assessment Periods									
		1 July 2024 – 31 December 2024	1 January 2025 – 30 June 2025	1 July 2025 – 31 December 2025	1 January 2026 – 30 June 2026	1 July 2026 – 31 December 2026	1 January 2027 – 30 June 2027	1 July 2027 – 31 December 2027	1 January 2028 – 30 June 2028	1 July 2028 – 31 December 2028	1 January 2029 – 30 June 2029
Rows	Description	First Assessment Period	Second Assessment Period	Third Assessment Period	Fourth Assessment Period	Fifth Assessment Period	Sixth Assessment Period	Seventh Assessment Period	Eighth Assessment Period	Ninth Assessment Period	Tenth Assessment Period
A	Total estimated Prescriptions	154,761,254	139,113,714	147,090,193	138,006,488	148,213,463	140,424,556	151,384,037	143,828,184	155,600,806	147,916,127

Table B – Assessment Periods and Total Estimated Expenditure by component

		Assessment Periods									
		1 April 2024 – 31 December 2024	1 January 2025 – 30 June 2025	1 July 2025 – 31 December 2025	1 January 2026 – 30 June 2026	1 July 2026 – 31 December 2026	1 January 2027 – 30 June 2027	1 July 2027 – 31 December 2027	1 January 2028 – 30 June 2028	1 July 2028 – 31 December 2028	1 January 2029 – 30 June 2029
Rows	Description	First Assessment Period*	Second Assessment Period	Third Assessment Period	Fourth Assessment Period	Fifth Assessment Period	Sixth Assessment Period	Seventh Assessment Period	Eighth Assessment Period	Ninth Assessment Period	Tenth Assessment Period
A	Component 1 pool #	\$94,295,006	\$93,208,457	\$119,771,697	\$114,484,393	\$135,368,654	\$124,570,729	\$143,445,874	\$131,042,579	\$151,591,692	\$138,002,842
B	Component 2 pool	\$124,580,322	\$73,284,111	\$82,180,643	\$74,627,026	\$84,888,401	\$77,854,255	\$88,898,675	\$81,563,520	\$92,380,513	\$84,234,763
C	Sum of row A and row B [Total Estimated Expenditure]	\$218,875,328	\$166,492,568	\$201,952,340	\$189,111,419	\$220,257,055	\$202,424,984	\$232,344,549	\$212,606,099	\$243,972,205	\$222,237,605

For clarity, these estimates for Assessment Periods (defined in section 4 as 'C1PN' and 'C2PN') will be revised under section 4.3, and the revised estimates (defined in section 4 as 'RC1PN' and 'RC2PN') will apply for the purposes determining 'CO' under section 4.

Table C – Assessment Periods and estimated Component 1 and Component 2 unit payments

		Assessment Periods									
		1 April 2024 – 31 December 2024	1 January 2025 – 30 June 2025	1 July 2025 – 31 December 2025	1 January 2026 – 30 June 2026	1 July 2026 – 31 December 2026	1 January 2027 – 30 June 2027	1 July 2027 – 31 December 2027	1 January 2028 – 30 June 2028	1 July 2028 – 31 December 2028	1 January 2029 – 30 June 2029
Rows	Description	First Assessment Period	Second Assessment Period	Third Assessment Period*	Fourth Assessment Period	Fifth Assessment Period	Sixth Assessment Period	Seventh Assessment Period	Eighth Assessment Period	Ninth Assessment Period	Tenth Assessment Period
A	Component 1 unit payment	\$4.79	\$4.79								
B	Component 2 unit payment	\$0.78	\$0.78								