

Addendum to the Eighth Community Pharmacy Agreement

The Honourable Mark Butler MP, Minister for Health and Ageing and Minister for Disability and the National Disability Insurance Scheme
on behalf of the **Commonwealth of Australia**

and

The Pharmacy Guild of Australia

Addendum to the Eighth Community Pharmacy Agreement

Dated 12 June 2026

Parties

Name	The Hon Mark Butler MP, Minister for Health and Ageing and Minister for Disability and the National Disability Insurance Scheme 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

Pharmaceutical Benefits Remuneration Tribunal

- A. Paragraph 98B(1)(a) of the *National Health Act 1953* (**the Act**) provides that a function of the Pharmaceutical Benefits Remuneration Tribunal (**the Tribunal**) is *to determine the manner in which the Commonwealth price for particular quantities or numbers of units of all or any pharmaceutical benefits is to be worked out, for the purpose of payments to approved pharmacists in respect to the supply by them of pharmaceutical benefits* (**Commonwealth Price Calculation**).
- B. Subsection 98BAA(1) of the Act requires that, in making a determination under paragraph 98B(1)(a) of the Act, the Tribunal must give effect to any agreement then in effect between the Commonwealth and the Pharmacy Guild of Australia (**Guild**) in relation to the Commonwealth Price Calculation.

Eighth Community Pharmacy Agreement

- C. The Eighth Community Pharmacy Agreement between the Commonwealth and the Guild (**8CPA**) commenced on 1 July 2024. It contains the current Commonwealth Price Calculation contemplated by paragraph 98B(1)(a) of the Act, and is scheduled to expire on 30 June 2029.
- D. The Tribunal gave effect to the Commonwealth Price Calculation contained in the 8CPA (in accordance with subsection 98BAA(1) of the Act) by making the *Commonwealth price (Pharmaceutical benefits supplied by approved pharmacists) Amendment Determination 2024* and *Commonwealth price (Pharmaceutical benefits supplied by approved pharmacists) Amendment Determination 2025*, which varied the *Commonwealth price (Pharmaceutical benefits supplied by approved pharmacists) Determination 2020* (**Determination**), with these amendments taking effect from 1 July 2024 and 1 July 2025, respectively.

First Pharmaceutical Wholesaler Agreement

- E. The First Pharmaceutical Wholesaler Agreement between the Commonwealth and the National Pharmaceutical Services Association Limited (**1PWA**) commenced on 19 December 2024 and is scheduled to expire on 31 December 2029. It sets out changes to the Wholesale Mark-Up (**WMU**) component of the Commonwealth Price Calculation, including the introduction of a four-tier structure for the WMU to apply from 1 July 2026.

Impact on Commonwealth Price and Addendum to the Eighth Community Pharmacy Agreement

- F. The introduction of changes to the WMU has been estimated by the Commonwealth to result in a reduction of \$10,947,269 to the remuneration that would be paid to Approved Pharmacists pursuant to the 8CPA, compared to what would have been paid if the changes were not introduced. To offset this impact to the remuneration of Approved Pharmacists, in accordance with the 8CPA, the Commonwealth and the Guild (**Parties**) have agreed to adjust the Tier One AHI Fee and the Additional Community Supply Support (**ACSS**) Payments from 1 July 2026.
- G. The Act does not contemplate the 1PWA. Accordingly, unless an agreement is entered into between the Parties which gives effect to the WMU changes set out in the 1PWA, the Tribunal will not be either required or authorised under the Act to further amend the Determination to give effect to the changes set out in the 1PWA.
- H. To date, there has been no formal agreement made between the Parties to recognise the WMU changes set out in the 1PWA.
- I. By this Addendum to the 8CPA, the Parties formally agree, for the purposes of subsection 98BAA(1) of the Act, to amend the 8CPA to:
- I.1 vary the method of calculating the WMU component of the Commonwealth Price paid to Approved Pharmacists, with effect from 1 July 2026, in order to reflect the provisions contained in the 1PWA; and
 - I.2 adjust pharmacy dispensary remuneration paid to Approved Pharmacists, with effect from 1 July 2026, in order to offset the impact of the WMU changes on the remuneration of Approved Pharmacists, by:
 - I.2.1 introducing a non-indexed one cent increase to the Tier One AHI fee component of the Commonwealth Price from 1 July 2026, for the remainder of the term of the 8CPA; and
 - I.2.2 adjusting the ACSS Payments made to Approved Pharmacists.

1. Operative Clauses

- 1.1 The 8CPA is amended, with effect from 1 July 2026, as set out in this clause 1. Unless otherwise indicated, all other references to 'clauses', 'sections', 'tables' and 'appendices' in this clause 1 are references to clauses, sections, tables and appendices in the 8CPA.
- 1.2 Table 3 in clause 3.2.3, and the corresponding footnotes 4, 5 and 6, are deleted and replaced by the following table and corresponding footnotes:

Table 3: Components of the Commonwealth Price⁴

Payment Type	Value of Payment		
Wholesale Mark-Up (WMU) (for Ready-Prepared Pharmaceutical Benefits) ⁵	When the Ex-Manufacturer Price is up to and including \$5.50.	\$0.24 per dispense.	
	When the Ex-Manufacturer Price is over \$5.50 and up to and including \$1,000.	4.3% of the Ex-Manufacturer Price per dispense.	
	When the Ex-Manufacturer Price is over \$1,000 and up to and including \$10,000.	\$43 + 2% of the amount of the Ex-Manufacturer Price over \$1,000 per dispense.	
	When the Ex-Manufacturer Price is over \$10,000.	\$223 per dispense.	
Administration, Handling and Infrastructure (AHI) Fee ⁶	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
	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.		

4. The figures referred to in Table 3 of this Agreement are as at 1 July 2024, except for the figures for the Wholesale Mark-Up, which are operative from 1 July 2026. 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. For clarity, the Wholesale Mark-Up will not be subject to indexation.
5. From 1 July 2026, the WMU payment per dispense is calculated using the Ex-Manufacturer Price for the Pack Quantity of a Listed Brand dispensed by the Approved Pharmacist (rather than the Relevant Quantity).
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.

- 1.3 The text of the existing clauses 3.2.5, 3.2.6 and 3.2.7 is deleted and replaced in each case by the words “Not used”.
- 1.4 The following new clauses 3.2.9 and 3.2.10 are inserted immediately after the existing clause 3.2.8:
- 3.2.9 In consideration of the estimated reduction in Approved Pharmacist remuneration that will result from changes to the Wholesale Mark-Up from 1 July 2026, as introduced by the First Pharmaceutical Wholesaler Agreement (1PWA) and incorporated into Table 3 of this Agreement (**1PWA WMU Change**), the Tier One AHI Fee will be increased by \$0.01 (one cent) non-indexed, as follows:
- (a) The Tier One AHI Fee applicable to the 2025/26 Financial Year will be Indexed on 1 July 2026, and on each subsequent Indexation Date during the Term, in accordance with clause 3.3, so as to produce the **AHI Base Amount** for the 2026/27 Financial Year and each subsequent Financial Year during the Term; and
 - (b) \$0.01 (one cent) will be added to the AHI Base Amount for the 2026/27 Financial Year and each subsequent Financial Year during the Term, in order to determine the amount of the Tier One AHI Fee payable per dispense in the relevant Financial Year.
- 3.2.10 The adjustment described in clause 3.2.9(b):
- (a) is a one-off adjustment to be made from 1 July 2026 which, for clarity, will be added to the AHI Base Amount for the 2026/27 Financial Year and for each subsequent Financial Year during the Term after the AHI Base Amount for the previous Financial Year has been Indexed;
 - (b) is estimated to compensate Approved Pharmacists for \$8,873,672 out of an estimated \$10,947,269 total impact on remuneration that is expected to result from the 1PWA WMU Change; and
 - (c) will also be applied in determining the value of Component 1 of the ACSS Payment from 1 July 2026, in accordance with section 3 of Appendix A.
- 1.5 A new clause 4.1.8 is inserted immediately following the existing clause 4.1.7:
- 4.1.8 In addition to the arrangement described in clauses 4.1.1 to 4.1.7, the amount of \$2,073,597 will be distributed to Approved Pharmacists through adjustments to Component 1 and Component 2 of the ACSS Payment, commencing in the assessment period immediately following 1 July 2026 (Fifth Assessment Period), as set out in sections 4.3.2 and 4.6.1 of Appendix A.
- The Parties anticipate that this will add \$1,592,062 to the Component 1 payments and \$481,535 to the Component 2 payments.
- 1.6 The definition of ‘R’ in section 2.2 of Appendix A is deleted and replaced by the following:
- R** means:
- (a) for the first four (4) Assessment Periods, 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; and
 - (b) for the Fifth Assessment Period and all Assessment Periods thereafter, the sum of the AHI Base Amount plus the dispensing fee for RPPBs (as applying under the Determination) as at the end of the Assessment Period.

1.7 The definition of 'C1UA' in section 3.2 of Appendix A is deleted and replaced by the following:

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;
- (b) for the Third and Fourth Assessment Periods, the Tier One AHI Fee that would apply in those Assessment Periods after the application of Indexation, but before any adjustment under section 4.5; and
- (c) for the Fifth Assessment Period and all Assessment Periods thereafter, the Tier One AHI Fee that would apply in the Assessment Period:
 - (i) after the application of Indexation in accordance with clause 3.2.9(a) to determine the AHI Base Amount and the addition of \$0.01 (one cent) to the AHI Base Amount in accordance with clause 3.2.9(b); but
 - (ii) before any adjustment under section 4.5.

1.8 The definition of 'URC1' in section 4.2 of Appendix A is deleted and replaced by the following:

URC1 means:

- (a) for the first two (2) Assessment Periods, the Tier One AHI Fee for the Next Period after the application of Indexation, but before any adjustment under this Appendix A; and
- (b) for all Assessment Periods thereafter, the Tier One AHI Fee for the Next Period after the application of Indexation in accordance with clause 3.2.9(a) to determine the AHI Base Amount and the addition of \$0.01 (one cent) to the AHI Base Amount in accordance with clause 3.2.9(b), but before any adjustment under this Appendix A.

1.9 Section 4.6.1 of Appendix A is revised as shown in the marked up version below:

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:

(a) \$2.111 billion referred to as element 1 in Table 1 (in clause 2.2 of the Agreement); and

(b) \$2,073,597 referred to in clause 4.1.8,

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.

1.10 Table B of the Attachment to Appendix A and the corresponding footnote are deleted and replaced by the following table and corresponding footnotes:

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	\$135,636,711	\$124,817,404	\$143,723,332	\$131,296,046	\$151,877,714	\$138,263,225
B	Component 2 pool	\$124,580,322	\$73,284,111	\$82,180,643	\$74,627,026	\$84,968,657	\$77,934,511	\$88,978,931	\$81,643,776	\$92,460,769	\$84,315,019
C	Sum of row A and row B [Total Estimated Expenditure]	\$218,875,328	\$166,492,568	\$201,952,340	\$189,111,419	\$220,605,368	\$202,751,915	\$232,702,263	\$212,939,822	\$244,338,483	\$222,578,244

For clarity, these estimates for Assessment Periods (defined in section 4.2 as 'C1PN' and 'C2PN') will be revised under section 4.3, and the revised estimates (defined in sections 4.2 and 4.3 as 'RC1PN' and 'RC2PN') will apply for the purposes of determining 'CO' under section 4.4.

The estimates for the Fifth and all subsequent Assessment Periods include an amount to account for the addition of \$1,592,062 to Component 1 payments and \$481,535 to Component 2 payments, in respect of offsetting the impact of WMU changes from 1 July 2026, on the remuneration of Approved Pharmacists.

Signing page

Signed by The Hon Mark Butler MP,
Minister for Health and Ageing and Minister
for Disability and the National Disability
Insurance Scheme on behalf of the
Commonwealth of Australia



in the presence of:



Witness




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



Executive Director



Full name



Full name



Date



Date