

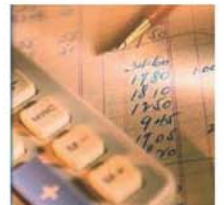
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# **C S O** Funding Pool Administration Agency

*Administered by Australian Healthcare Associates*

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## COMPLAINTS PROCEDURE



June 2013 v2.1

# Complaints Procedure

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## TABLE OF CONTENTS

<b>1</b>	<b>INTRODUCTION .....</b>	<b>1</b>
<b>2</b>	<b>MAKING A COMPLAINT .....</b>	<b>1</b>
2.1	Lodging a complaint .....	1
2.2	Confidentiality of the complaint.....	2
<b>3</b>	<b>COMPLAINT RESOLUTION PROCESS.....</b>	<b>3</b>
3.1	Assessment of type of complaint.....	3
3.2	The Agency's preliminary obligations .....	3
3.3	Investigation .....	3
3.4	Advising parties of the outcome .....	4
3.5	Confidential information of subject of complaint .....	4
3.6	Timeframe for resolution of complaints .....	4
3.7	Withdrawal of a complaint .....	5
<b>4</b>	<b>REVIEW RIGHTS .....</b>	<b>5</b>
4.1	CSO Distributors' review rights.....	5
4.2	Review rights of other complainants.....	6
<b>5</b>	<b>COMPLAINTS REGISTER.....</b>	<b>6</b>
	<b>APPENDIX A: CSO FUNDING POOL COMPLAINT FORM.....</b>	<b>8</b>

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## 1 INTRODUCTION

The Community Service Obligation (CSO) Funding Pool was established from 1 July 2006 under the Fourth Community Pharmacy Agreement. Its objective is to ensure that arrangements are in place to provide all Australians with ongoing, timely access, via their community pharmacy, to all Pharmaceutical Benefits Scheme medicines.

The Department of Health and Ageing (the **Department**) has appointed Australian Healthcare Associates Pty Ltd as the CSO Funding Pool Administration Agency (**the Agency**). The Agency's responsibilities as administrator of the CSO Funding Pool include the handling of complaints relating to the CSO Funding Pool.

This document sets out the Complaints Procedure established by the Agency [and approved by the Department *[June 2013 v2.1]*]. This Complaints Procedure provides a process to receive, consider and resolve:

- complaints lodged by pharmacists, consumers, industry bodies, CSO Distributors, other stakeholders (e.g. health authorities, state and territory wholesaling licensing agencies) or any other entity or person regarding the performance of CSO Distributors against the CSO Service Standards, the CSO Compliance Requirements or any other obligations the CSO Distributor has under its deed of agreement with the Department;
- complaints lodged by CSO Distributors or any entity or person about any aspect of the Agency's administration of the CSO Funding Pool; or
- any other expression of dissatisfaction by any entity or person about the CSO Funding Pool.

Details of the CSO arrangements including CSO Service Standards and CSO Compliance Requirements are available at [<http://www.ahaconsulting.com.au>].

This document will be reviewed and updated on a regular basis.

## 2 MAKING A COMPLAINT

Any person may make a complaint to the Agency about:

- the performance of a CSO Distributor against a CSO Compliance Requirement or Service Standard or another obligation under its deed of agreement with the Department;
- any aspect of the Agency's administration of the CSO Funding Pool; or
- any other issue relating to the CSO Funding Pool.

### 2.1 Lodging a complaint

Complaints can be lodged with the Agency in writing to either of the following:

Email: admin@csoagency.com.au  
Fax: (03) 9639 4459  
Post: Complaints Officer CSO Funding Pool Administration Agency  
Locked Bag 32005 Collins St East, VIC 8003

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Complainants should use the **CSO Funding Pool Complaint Form** (Appendix A) (but this is not compulsory). Complainants should ensure that their written complaint:

1. specifies who the complaint is against;
2. clearly explains what the complaint is about;
3. includes any relevant supporting information and evidence which is available;
4. indicates whether the complainant wishes the matter to be treated as a formal complaint; and
5. indicates whether the complainant consents to their identity being disclosed to the subject of the complaint.

Details regarding each complaint including the above information will be recorded in the Complaints Register. For further details refer to Section 5 of this document.

## 2.2 Confidentiality of the complaint

Confidential and personal information may be involved in the making or resolution of a complaint. The Agency will handle all complaints in accordance with the relevant laws governing the maintenance of confidential and personal information.

In particular, all complaints will be handled in accordance with the information privacy principles in the *Privacy Act 1988* (Cth) (the **Privacy Act**). The information privacy principles in the Privacy Act are strict privacy safeguards that federal government agencies must obey when receiving, considering and resolving a complaint. The Agency is contractually obliged to comply with the Privacy Act.

The Agency will not disclose the identity of the complainant without the complainant's written consent.

Where consent to disclose identity is not provided, the Agency will not provide any information to the subject of the complaint which it could reasonably be expected would enable the subject of the complaint to ascertain the identity of the complainant.

The complainant may ask the Agency to keep all or any part of the complaint confidential ('confidential complaint information'). In that event, the Agency will not disclose the confidential complaint information to anyone except:

- to officers, employees, agents or advisers of the Agency or the Department who require the information for the purposes of investigating or reporting on or receiving reports on or advising in relation to the complaint (see further in the paragraph below);
- if required to do so by law; or
- with the written consent of the complainant.

Information in relation to a complaint (including all information in the Complaints Register) may be provided by the Agency to the Department. The Agency will identify any information that it has been asked to keep confidential and advise the Department if the complainant has asked that their identity not be disclosed. The Department will take all reasonable steps to protect this information, but complainants should note that the Department can disclose it in very limited circumstances (including, for instance, if it is necessary to avoid a material adverse outcome, or where the Department is required to disclose it to other agencies or Parliamentary committees).

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All complaints will be handled in accordance the information privacy principles in the Privacy Act 1988 (the Privacy Act). The information privacy principles in the Privacy Act are strict privacy safeguards that federal government agencies, including the Agency, must obey when receiving, considering and resolving a complaint.

### **3 COMPLAINT RESOLUTION PROCESS**

#### **3.1 Assessment of type of complaint**

On receipt of a complaint, the Agency will initially determine whether:

- the complaint relates to the CSO Funding Pool - if it does not, the Agency will not proceed with the complaint resolution process; or
- the complaint relates to the policy of the CSO Funding Pool rather than compliance with the Department's deeds of agreement with CSO Distributors or the Agency, in which case the Agency may refer the complaint to the Department for consideration.

The Agency will notify the complainant if it determines that a complaint does not relate to the CSO Funding Pool or that a complaint relates to the policy of the CSO Funding Pool and is to be referred to the Department for consideration.

#### **3.2 The Agency's preliminary obligations**

Where a complaint has been lodged with the Agency, the Agency has the following preliminary obligations:

- confirm that the complainant wants to proceed with a formal complaint (if this is not already specified in the written complaint);
- for complaints about the Agency's administration of the CSO Funding Pool, discuss the complaint, and the timeframes for handling the complaint with the complainant;
- for all other complaints:
  - seek the complainant's consent to the disclosure of the complainant's identity to the subject of the complaint (if it is not clear from the complaint whether that consent has been provided or withheld); and
  - notify the subject of the complaint that a complaint has been received; and
  - for complaints about a CSO Distributor's performance against a CSO Compliance Requirement or Service Standard or another obligation under its deed of agreement with the Department, discuss the complaint with the relevant CSO Distributor.

#### **3.3 Investigation**

The Agency will investigate and assess all complaints (other than those referred to in section 3.1 above), taking into consideration all relevant information sources.

The Agency may seek further information from the subject of the complaint or the complainant and any other relevant sources, where appropriate. This includes the ability to carry out audits of a CSO

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Distributor for compliance with its deed of agreement, CSO Service Standards and other obligations under their deed of agreement with the Department.

### 3.4 Advising parties of the outcome

Once the investigation is completed, the Agency will:

- for complaints about the Agency's administration of the CSO Funding Pool:
  - provide a written summary of the Agency's assessment of the complaint to the complainant; and
  - notify the complainant, in writing, of the action (if any) to be taken as a result of the complaint.
- for all other complaints:
  - notify the subject of the complaint, in writing, of the outcome of the complaint process (e.g. that the CSO Distributor has not complied with a CSO Service Standard) and the action (if any) to be taken as a result of the complaint; and
  - where appropriate, provide general information to the complainant about the outcome of the complaint.

However, for complaints about a CSO Distributor's performance against a CSO Compliance Requirement or Service Standard or any other obligation under its deed of agreement with the Department, the Agency must, prior to providing any information to the complainant about the outcome of the complaint, ensure that:

- the CSO Distributor is notified of, and given a reasonable opportunity to respond in writing to, any alleged Non-Performance (as defined in the deed of agreement); and
- the Agency takes into account the reasons and information provided prior to making a final determination in relation to Non-Performance and Sanctions (as defined in the deed of agreement).

### 3.5 Confidential information of subject of complaint

The Commonwealth has obligations of confidentiality to each CSO Distributor under the Commonwealth's Deed of Agreement with the Distributor. Any feedback given to a complainant by the Agency during the investigation of the complaint and information given to complainants about the outcome of the complaint will need to be consistent with and in compliance with these confidentiality obligations.

Generally, the Agency will provide a complainant with all relevant information, except any information that is of a commercial nature or otherwise confidential. This type of information cannot be provided without the consent of the relevant CSO Distributor.

### 3.6 Timeframe for resolution of complaints

The Agency will use its best endeavours to resolve complaints within a reasonable time. As an indicative guide, resolution of complaints will generally take at least 45 working days (9 weeks),

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including 16 days for actions by the Agency and 29 days for action and response by the complainant and the subject of the complaint.

Complaints may be resolved in a shorter or longer timeframe depending upon a number of factors including the following:

- the complainant providing sufficient information, supporting evidence or other assistance to support their complaint, and/or responding promptly to any request by the Agency for further information;
- the complainant providing a timely response to any request made by the Agency to disclose the identity of the complainant to the subject of the complaint;
- the subject of the complaint providing sufficient information, including (where requested) supporting evidence, or other assistance to enable resolution of the complaint; and
- the nature of the complaint, including whether a response to, or resolution of, the complaint requires expert advice, which may include legal counsel or consultation with the Department on policy/interpretation matters regarding the Deed.

Where the Agency has not resolved a complaint within one month, the Agency will provide regular updates to the complainant (at least monthly) regarding progress.

### **3.7 Withdrawal of a complaint**

A complainant is able to withdraw his or her complaint at any time. The complainant must however notify the Agency in writing. In withdrawing a complaint, the complainant acknowledges that while the Agency may choose to terminate action in response to the issues raised in the complaint:

- The Agency retains the right, and may have an obligation, to proceed with action in response to the issues raised in the complaint despite the complainant withdrawing the complaint.
- The Agency will consider whether to take action in relation to the issues raised in the complaint on a case by case basis. In determining whether further action is required, the Agency will consider the seriousness of the issues raised in the complaint and whether sufficient information and/or supporting evidence has been provided or can be obtained to warrant further action.
- Where the Agency takes further action in response to the issues raised in the complaint, the Agency may, in its discretion, inform the complainant of the outcome of this action.

## **4 REVIEW RIGHTS**

### **4.1 CSO Distributors' review rights**

A CSO Distributor who is dissatisfied with the action taken by the Agency:

- as a result of a complaint lodged about a CSO Distributor's performance against a CSO Compliance Requirement or Service Standard or any other obligation under its deed of agreement with the Department; or
- as a result of a complaint lodged by the CSO Distributor about the Agency's administration of the CSO Funding Pool,

may refer the complaint, in writing, to the Department's Authorised Officer or the Department's nominee within 28 days after receiving notification from the Agency of the action to be taken.

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Review requests must be lodged in writing, in hard copy, to the following address:

Assistant Secretary  
Pharmaceutical Access Branch  
Department of Health and Ageing  
GPO Box 9848  
CANBERRA ACT 2601

The decision made by the Department in any review is final and binding, and there are no other review rights available to a CSO Distributor in relation to a complaint.

#### 4.2 Review rights of other complainants

Complaints about any aspect of the CSO Funding Pool may be directed to the Commonwealth Ombudsman in accordance with the *Ombudsman Act 1976 (Cth)*.

Complaints may be made to the Commonwealth Ombudsman in writing, by phone, in person or by using the Ombudsman's online complaint form. Contact details for the Ombudsman are:

Phone: 1300 362 072 (calls from mobile phones at mobile phone rates)  
Email: [Ombudsman email](#)  
Post: GPO Box 442, CANBERRA ACT 2601  
Fax: 02 6276 0123  
Website: [Ombudsman Website](#)

## 5 COMPLAINTS REGISTER

The Agency has established and will continue to operate a Complaints Register to record all information/actions/outcomes associated with each complaint. The Complaints Register is required to include at least the following information:

- details of all complaints received directly by the Agency;
- details of all complaints referred to the Agency,

and in particular:

- contact details of the parties to the complaint;
- the date of receipt of the complaint;
- the date the Agency acknowledged the complaint;
- where relevant, the date the Agency contacted the complainant to request further information or supporting evidence and the date the complainant provided this information to the Agency;
- whether the complainant provided consent for its identity to be disclosed to the subject of the complaint;
- the Agency personnel responsible for investigation of the complaint;
- the nature of the complaint;
- action taken to investigate the complaint (including dates);
- whether, and if so when, the complaint was referred to the Department;
- information on any other contact with the complainant and/or the subject of the complaint in relation to the complaint;



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- the action taken as a result of the investigation of the complaint;
  - the date of resolution of the complaint, including the date that the complainant and subject of the complaint were provided with a response in relation to the outcome of the complaint;
  - any follow-up action required; and
  - if applicable, any changes to services or procedures, or other actions, resulting or recommended for implementation from the complaint.

# Appendix A: CSO Funding Pool Complaint Form

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## APPENDIX A: CSO FUNDING POOL COMPLAINT FORM

### Before lodging a complaint

Before lodging a complaint, or to assist you in completing this form, it may be useful to contact the CSO Funding Pool Administration Agency toll free in VIC on 1300 309 213 to discuss your complaint or seek assistance.

A summary of the CSO Compliance Requirements and Service Standards CSO Distributors are required to meet has also been attached for your reference.

Complaints can be lodged with the Agency in writing to either of the following:

Email: [CSO Agency email](#)  
Fax: (03) 9639 4459  
Post: Complaints Officer CSO Funding Pool Administration Agency  
Locked Bag 32005 Collins St East, VIC 8003

**I want to lodge a formal complaint with the CSO Funding Pool Administration Agency –** **Yes No**

### My details are:

Mr/Mrs/Ms (other) \_\_\_\_\_ First Name: \_\_\_\_\_ Last Name: \_\_\_\_\_

Address: \_\_\_\_\_

Postcode: \_\_\_\_\_ State: \_\_\_\_\_

Telephone: (business hours) \_\_\_\_\_

Mobile: \_\_\_\_\_ Fax: \_\_\_\_\_ Email address: \_\_\_\_\_

### I am lodging this complaint on behalf of:

Myself (go to page 2 of the form)

Another company or person (complete the details below)

### Details of the company or person who was affected by the actions or service that you wish to complain about are:

Mr/Mrs/Ms (other) \_\_\_\_\_ First Name: \_\_\_\_\_ Last Name: \_\_\_\_\_

Or company name: \_\_\_\_\_

Address: \_\_\_\_\_

Postcode: \_\_\_\_\_ State: \_\_\_\_\_

Telephone: (business hours) \_\_\_\_\_

Mobile: \_\_\_\_\_ Fax: \_\_\_\_\_ Email address: \_\_\_\_\_

Is the person or company aware you are making this complaint? Yes No

# Appendix A: CSO Funding Pool Complaint Form

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My relationship with the company or person is (for example shareholder, director business partner, family member): \_\_\_\_\_

## I want to complain about:

**CSO Distributor One**

CSO Distributor Name: \_\_\_\_\_

CSO Distributor contact details (if known): \_\_\_\_\_

**CSO Distributor Two**

CSO Distributor Name: \_\_\_\_\_

CSO Distributor contact details (if known): \_\_\_\_\_

**If there are more CSO Distributors you want to complain about please attach their details on a separate piece of paper to the back of this form.**

**Another aspect of the CSO Funding Pool**

## My complaint is:

Use the space below to provide details of your complaint. It is useful to include what happened, when it happened and who was involved. Include as much supporting information and evidence as you can (attach any relevant documents you have to the back of this form). If you need more space, please attach a separate piece of paper to the back of this form.

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The main issues I am concerned about are:

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# Appendix A: CSO Funding Pool Complaint Form

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As a result of my complaint I want:

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Where this complaint is against a CSO Distributor, have you approached the CSO Distributor about this complaint? Yes No

If yes, what was the outcome?

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Have you complained to another organisation about the same matter? Yes No

If yes, please give details.

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*The Agency will send details of this complaint to any CSO Distributor/s you have identified in your complaint asking them to provide a response to the Agency.*

I agree that my identity can be released for this purpose - Yes No

You do not have to agree to the release of your identity.

I agree that a copy of my complaint can be released for this purpose? Yes No

You do not have to agree to release a copy of this complaint. If you select 'No', you need to advise below any information in this form that you do not want released to the subject of the complaint (e.g. your name, others names, other details about the complaint).

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Signature: \_\_\_\_\_

Date: \_\_\_\_\_

# CSO Compliance Requirements and Service Standards

{CSO Compliance Requirements and CSO Service Standards: relevant extract from the executed Deeds of Agreement between the Commonwealth of Australia represented by the Department of Health and Ageing and the CSO Distributors}.

## 3. CSO COMPLIANCE REQUIREMENTS

- 3.1 The CSO Distributor must, at all times, meet the CSO Compliance Requirements set out in this clause.

### **Requirement to enter into the Deed as a Single Business Entity**

- 3.2 The Commonwealth will only enter into this Deed with a Single Business Entity. The CSO Distributor must therefore enter into this Deed as a Single Business Entity. For the Term of this Deed, the CSO Distributor must continue to meet its Obligations under this Deed as a Single Business Entity.
- 3.3 Subject to the requirements of clause 17 of this Deed, clause 3.2 of this Schedule does not restrict the Single Business Entity from using other entities, such as subcontractors to provide logistic or transport services, to assist in ensuring the Obligations under this Deed are met.

### **Requirement to provide a single entry point for Community Pharmacies**

- 3.4 The CSO Distributor must provide a single entry point through which Community Pharmacies within its CSO Jurisdiction can order any Brand of any PBS Medicine and receive information or resolve any inquiries in relation to those orders.
- 3.5 The requirement set out in clause 3.4 of this Schedule does not prevent a CSO Distributor from providing additional entry points for Community Pharmacies within its CSO Jurisdiction to, for example:
- 3.5.1 access special pricing offers made available through a specific Manufacturer or under a specific program; and/or
  - 3.5.2 place turnover orders.

### **Requirement to maintain access to established Infrastructure and sufficient financial capacity to meet the CSO Service Standards and CSO Compliance Requirements**

- 3.6 The CSO Distributor must maintain access to established Infrastructure and sufficient financial capacity to meet all its Obligations, including the CSO Service Standards and Compliance Requirements, under the Deed.

### **Requirement to maintain the quality of PBS Medicines**

- 3.7 The CSO Distributor must maintain the quality of all PBS Medicines that it Supplies, including meeting all applicable storage condition requirements. The CSO Distributor must hold all necessary State and Territory licences and/or certificates for their warehouses and distribution centres. The CSO Distributor must also comply with the *Code of Good Wholesaling Practice for Medicines in Schedules 2, 3, 4 and 8 (the Code)*, where compliance with the Code is not already mandatory under the necessary State and Territory licences and/or certificates.

## 4. CSO SERVICE STANDARDS

- 4.1 The CSO Distributor must, at all times, meet the CSO Service Standards set out in this clause.

### **Requirement to Supply to any Community Pharmacy**

# CSO Compliance Requirements and Service Standards

- 4.2 The CSO Distributor must Supply PBS Medicines to any Community Pharmacy within its CSO Jurisdiction, including Rural and Remote Pharmacies.
- 4.3 The CSO Distributor will not be required to Supply PBS Medicines to any Community Pharmacy while that Community Pharmacy is a bad debtor. The CSO Distributor must resume Supply as soon as the Community Pharmacy is no longer a bad debtor.
- 4.4 The Administration Agency and/or the Commonwealth has the right, by notice in writing, to clarify or change the exception to the requirement to Supply to any Community Pharmacy in clause 4.3 of this Schedule.
- 4.5 The CSO Distributor must ensure that its volume of Sales of PBS Medicines to Rural and Remote Pharmacies within its CSO Jurisdiction is not more than 10% below the Industry Average.
- 4.6 For the first Year of the Term of the Deed, 2011-12, the Industry Average for the purposes of clause 4.5 will be calculated on the basis of data and reports provided by those Wholesalers who were eligible to access the CSO arrangements under the Fourth Agreement for the previous Year. For all following Years within the Term of the Deed, the Industry Average of volume of Sales of PBS Medicines to Rural and Remote Pharmacies will be calculated on the basis of Data and Reports provided by CSO Distributors for the previous Year and as reconciled by the Administration Agency.
- 4.7 The Industry Average will apply from October of each Year until September of the subsequent Year, and performance of the CSO Distributor against the applicable Threshold will be assessed for every Month during that period.
- 4.8 For each Month in the Year 2011-12, and all following Months of each Year within the Term of this Deed, a CSO Distributor must ensure that its volume of Sales of PBS Medicines to Rural and Remote Pharmacies within its CSO Jurisdiction is not more than 10% below the applicable Industry Average (the **Threshold**). On this basis:
- 4.8.1 in each Month, the Administration Agency will notify the CSO Distributor of its performance against the applicable Threshold for Sales to Rural and Remote Pharmacies; and
- 4.8.2 Sanctions may be applied if the CSO Distributor fails to meet the applicable Threshold for Sales to Rural and Remote Pharmacies in any Month.
- 4.9 Where a State Based CSO Distributor is eligible to access the CSO Funding Pool in more than one State or Territory:
- 4.9.1 The Industry Average and applicable Threshold for Sales to Rural and Remote Pharmacies for that State Based CSO Distributor will be calculated based on Sales made by CSO Distributors in those State/s and/or Territory/ies in which that State Based CSO Distributor has been assessed as eligible to access the CSO Funding Pool. This calculation will be made by comparing:
- (a) the proportion of total Sales to Rural and Remote Pharmacies by all CSO Distributors (National and State Based) in those State/s and/or Territory/ies in which that State Based CSO Distributor has been assessed as eligible to access the CSO Funding Pool; against;
- (b) total Sales by all CSO Distributors (National and State Based) in those State/s and/or Territory/ies in which that State Based CSO

# CSO Compliance Requirements and Service Standards

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Distributor has been assessed as eligible to access the CSO Funding Pool.

For example, if a State Based CSO Distributor has been assessed as eligible to access the CSO Funding Pool in New South Wales and Victoria and:

- (a) total Sales to Rural and Remote Pharmacies in New South Wales and Victoria by all CSO Distributors (National and State Based) is 25 million Units; and
- (c) total Sales in New South Wales and Victoria by all CSO Distributors (National and State Based) is 100 million Units,

the Industry Average for that State Based CSO Distributor would be calculated by dividing the 25 million Units in (a) by the 100 million Units in (b), giving an Industry Average of 25.0%. To determine the applicable Threshold for Sales to Rural and Remote Pharmacies for that State Based CSO Distributor, 10% is subtracted from the Industry Average. In this example, 10% of the Industry Average is 2.5%. Therefore, the applicable Threshold for Sales to Rural and Remote Pharmacies for the State Based CSO Distributor in this example is 22.5%.

- 4.9.2 The performance of that State Based CSO Distributor against the applicable Threshold for Sales to Rural and Remote Pharmacies will be calculated based on the proportion of the State Based CSO Distributor's total Sales to Rural and Remote Pharmacies against the total Sales by that CSO Distributor across all State/s and/or Territory/ies in which that State Based CSO Distributor has been assessed as eligible to access the CSO Funding Pool.

For example, if a State Based CSO Distributor has been assessed as eligible to access the CSO Funding Pool in New South Wales and Victoria and that State Based CSO Distributor's:

- (a) total Sales to Rural and Remote Pharmacies in New South Wales and Victoria is 750,000 for the Month (300,000 Units in New South Wales and 450,000 Units in Victoria); and
- (b) total Sales in New South Wales and Victoria is 3 million Units for the Month (1 million Units in New South Wales and 2 million Units in Victoria),

the State Based CSO Distributor's volume of Sales to Rural and Remote Pharmacies for the Month would be 25.0%.

## **Requirement to Supply any PBS Medicine**

- 4.10 The CSO Distributor must Supply any Brand of any PBS Medicine, where requested, to Community Pharmacies within its CSO Jurisdiction. This means the CSO Distributor must obtain any Brand of PBS Medicine from its warehouses, distribution centres or elsewhere (for example, a Manufacturer or pre-Wholesaler) and deliver it to Community Pharmacies within its CSO Jurisdiction if that Brand has been requested.
- 4.11 The CSO Distributor will not be required to Supply PBS Medicines that are not available to it because of an Exclusive Supply Arrangement, or PBS Medicines that are out-of-stock with the Manufacturer or cannot be supplied by the Manufacturer.

# CSO Compliance Requirements and Service Standards

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## Stocking Requirement for PBS Medicines

- 4.12 The CSO Distributor must hold Stock in its warehouses or distribution centres (the warehouses or distribution centres that the CSO Distributor will use to meet the CSO Service Standards) of at least one Brand of every PBS Medicine. For multi-Branded PBS Medicines, the CSO Distributor must hold Stock of at least one Innovator Brand and two additional Brands which are Benchmark Priced. Where only one Benchmark Priced Brand is available, the CSO Distributor must hold Stock of that Brand.
- 4.13 The CSO Distributor will not be required to hold Stock of PBS Medicines that are not available to it because of an Exclusive Supply Arrangement, or PBS Medicines that are out-of-stock with the Manufacturer or cannot be supplied by the Manufacturer.
- 4.14 If a CSO Distributor is unable to apply a particular PBS Medicine for any reason other than those mentioned in clause 4.13 of this Schedule, the CSO Distributor must provide the Administration Agency with an explanation as to why the PBS Medicine is unable to be Supplied. If the explanation, in the Administration Agency's reasonable opinion, is insufficient or is not provided, this will be considered a Non-Performance of the CSO Distributor's Obligations under this Deed.

## Requirement to Supply any Low Volume PBS Medicine

- 4.15 The CSO Distributor must Supply any Brand of any Low Volume PBS Medicine, including in single Units, where requested.
- 4.16 For 2011-12, the Industry Average will be calculated on the basis of data and reports provided by those Wholesalers who were eligible to access the CSO arrangements under the Fourth Agreement for the previous Year. For all following Years within the Term of the Deed, the Industry Average of volume of Sales of Low Volume PBS Medicines will be calculated on the basis of Data and Reports provided by CSO Distributors for the previous Year and as reconciled by the Administration Agency.
- 4.17 For the Year 2011-12, a CSO Distributor must ensure that its volume of Sales of Low Volume PBS Medicines within its CSO Jurisdiction is not more than 10% below the Industry Average. In 2010-2011, the Industry Average of volume of Sales of Low Volume PBS Medicines was 20.3%. This means that a CSO Distributor's volume of Sales of Low Volume PBS Medicines must be at least 18.3% for the Year 2011-12.
- 4.18 The Industry Average will apply from October of each Year until September of the subsequent Year, and performance of the CSO Distributor against the applicable Threshold will be assessed for every Month during that period.
- 4.19 For each Month in the Year 2011-12 and all following Months of each Year within the Term of this Deed, a CSO Distributor must ensure that its volume of Sales of Low Volume PBS Medicines within its CSO Jurisdiction is not more than 10% below the applicable Industry Average (the **Threshold**). On this basis:
- 4.19.1 in each Month, the Administration Agency will notify the CSO Distributor of its performance against the applicable Threshold for Sales of Low Volume PBS Medicines; and
- 4.19.2 Sanctions may be applied if the CSO Distributor fails to meet the applicable Threshold for Sales of Low Volume PBS Medicines in any Month.
- 4.20 A CSO Distributor must ensure that its volume of Sales of Low Volume PBS Medicines within its CSO Jurisdiction is not more than 10% below the Industry Average.



# CSO Compliance Requirements and Service Standards

- 4.21 Where a State Based CSO Distributor is eligible to access the CSO Funding Pool in more than one State or Territory, the performance of that State Based CSO Distributor against the applicable Threshold for Sales of Low Volume PBS Medicines will be calculated based on the proportion of the State Based CSO Distributor's total Sales of Low Volume PBS Medicines against the total Sales by that CSO Distributor across all State/s and/or Territory/ies in which that State Based CSO Distributor has been assessed as eligible to access the CSO Funding Pool. For example, if a State Based CSO Distributor has been assessed as eligible to access the CSO Funding Pool in New South Wales and Victoria and that State Based CSO Distributor's:
- 4.21.1 total Sales of Low Volume PBS Medicines in New South Wales and Victoria is 550,000 Units for the Month (250,000 Units in New South Wales and 300,000 Units in Victoria); and
- 4.21.2 total Sales in New South Wales and Victoria is 3 million Units for the Month (1 million Units in New South Wales and 2 million Units in Victoria);
- the State Based CSO Distributor's volume of Sales of Low Volume PBS Medicines for the Month would be 18.3%.

## **Requirement to Supply any PBS Medicine at or below the Approved Price to Pharmacist, Claimed Price, or Price Per Unit**

- 4.22 The CSO Distributor must Supply any PBS Medicine, in any quantity:
- 4.22.1 at or below the Approved Price to Pharmacist for the maximum quantity of the PBS Medicine as published in the Schedule of Pharmaceutical Benefits; or
- 4.22.2 where no price agreement is in place, at or below the Claimed Price for the maximum quantity of the PBS Medicine; or
- 4.22.3 if the Unit is not a Standard or Non-Standard Pack Size, at the Price Per Unit for the PBS Medicine.
- 4.23 The CSO Distributor is able to apply existing commercially acceptable fees of an accounting nature, such as fees applied for overdue accounts or fees applied for dishonoured payments. However, CSO Distributors must ensure that their trading terms and other agreements with Community Pharmacies do not circumvent or are otherwise inconsistent with their Obligations under this Deed, and must not apply fees that circumvent or are otherwise inconsistent with their Obligations under this Deed.
- 4.24 The CSO Distributor must refer new fees of and increases to existing commercially acceptable fees to the Administration Agency for consideration and approval. Before approving any new fee or increase, the Administration Agency must be satisfied that a new or increased fee is fully justified.

## **Requirement for timely Supply**

- 4.25 The CSO Distributor must Supply any Brand of PBS Medicine to any Community Pharmacy within their CSO Jurisdiction within 24 hours from the Regular Order Cut Off Time, unless:
- 4.25.1 the Community Pharmacy specifies otherwise; or
- 4.25.2 the location of the Community Pharmacy is on the list of locations provided by the Commonwealth at Annexure A of this Schedule, that falls outside the requirement to Supply PBS Medicines within 24 hours from the Regular Order Cut Off Time; or

# CSO Compliance Requirements and Service Standards

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- 4.25.3 the CSO Distributor's is unable to meet this Service Standard due to a Force Majeure Event.
- 4.26 If the CSO Distributor is unable to undertake its Obligations under this Deed due to a Force Majeure Event:
- 4.26.1 that CSO Distributor must promptly give the Administration Agency written notice of that fact, including:
- (a) full particulars of the Force Majeure Event;
  - (b) an estimate of its likely duration;
  - (c) the Obligations affected by the Force Majeure Event and the extent of its effect on those Obligations; and
  - (d) the steps taken and to be taken to rectify it; and
- 4.26.2 if, in the Administration Agency's reasonable opinion, the written explanation is reasonable and sufficient, a Non-Performance will not be recorded by the Administration Agency.
- 4.27 The CSO Distributor claiming a Force Majeure Event must remove, overcome and minimise the impact of that Force Majeure Event on its operations and the performance of Obligations as quickly as possible.
- 4.28 If a Force Majeure Event that affects a CSO Distributor's distribution centre, continues for more than 30 Days, either Party to this Deed may immediately terminate this Deed by written notice to the other. If the Commonwealth exercises its Right under this clause, it will not be liable for compensation for termination.
- 4.29 CSO Distributors must develop and maintain a Business Continuity Plan that complies with the requirements at Schedule 7 to mitigate any failure to Supply to Community Pharmacies within 24 hours from the Regular Order Cut Off Time.
- 4.30 A day on which the Community Pharmacy is closed for business, such as a Sunday or Public Holiday, will not count towards the 24 hour period from the Regular Order Cut Off Time.
- 4.31 The Commonwealth provides the CSO Distributor with a list of locations that are included in the requirement to Supply PBS Medicines within 24 hours from the Regular Order Cut Off Time
- 4.32 The Administration Agency and/or the Commonwealth has the right, by notice in writing, to amend Annexure A of this Schedule.
- 4.33 The CSO Distributor must make available a Daily delivery service to any Community Pharmacy within its CSO Jurisdiction as part of their standard service delivery Infrastructure, except where:
- 4.33.1 particular Community Pharmacies within the CSO Distributor's CSO Jurisdiction have identified that they do not need a Daily delivery service, or do not need all of their orders filled within 24 hours from the Regular Order Cut Off Time; or
- 4.33.2 the CSO Distributor's failure to meet this Service Standard is a result of a Force Majeure Event and the explanation has been accepted by the Administration Agency under clause 4.26.2, in which case, clauses 4.26.1 to 4.28 apply.
- 4.34 The CSO Distributor must provide an explanation to the Administration Agency as to why it failed to make a Daily delivery service available to any Community Pharmacy
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# CSO Compliance Requirements and Service Standards

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within its CSO Jurisdiction. If, in the Administration Agency's reasonable opinion, the explanation is reasonable and sufficient, a Non-Performance will not be recorded.

# CSO Compliance Requirements and Service Standards

## SCHEDULE 1 ANNEXURE A

1 List of locations that fall outside the requirement to Supply PBS Medicines within 24 hours from the Regular Order Cut Off Time

1.1 The following locations fall outside the requirement to Supply PBS Medicines within 24 hours from the Regular Order Cut Off Time:

Postcode	State / Territory	Community Pharmacy Location
860	Northern Territory	TENNANT CREEK
4874	Queensland	WEIPA
4875	Queensland	THURSDAY ISLAND
6714	Western Australia	KARRATHA
6728	Western Australia	DERBY
6798	Western Australia	CHRISTMAS ISLAND

1.2 The CSO Distributor must make all reasonable efforts to Supply PBS Medicines within 24 hours from the Regular Order Cut Off Time to the locations listed at clause 1.1 of this Annexure. Community Pharmacies in the locations listed at clause 1.1 of this Annexure should not receive a lesser standard of service than they received at the time that the CSO Distributor entered into this Deed.

2 Locations included in the requirement to Supply PBS Medicines within 24 hours from the Regular Order Cut Off Time

2.1 All locations with the exception of those listed at clause 1.1 of Annexure A above are included in the requirement to Supply PBS Medicines within 24 hours from the Regular Order Cut Off Time, but are subject to clauses 2.2 and 2.3 of this Annexure:

2.2 The CSO Distributor must Supply PBS Medicines within 24 hours from the Regular Order Cut Off Time to the locations listed at clause 0 of this Annexure.

2.3 If the CSO Distributor is unable to Supply PBS Medicines within 24 hours from the Regular Order Cut Off Time to a location identified in clause 0 of this Annexure, the CSO Distributor must provide reasons for the failure to the Administration Agency in the Monthly Report due under Schedule 3. The Administration Agency will consider the reasons provided by the CSO Distributor for its failure to Supply PBS Medicines within 24 hours from the Regular Order Cut-Off Time if this failure is a result of a Force Majeure Event in accordance with Schedule 1.