

community pharmacy service. Hence the breakdown of the consumer's dollar for services and goods:

62¢	— paid to the manufacturer/distributor
23½¢	— paid for salaries to locally resident employees
2½¢	— paid for rent to local landlord
2½¢	— for advertising in local media
	— for delivery service by local citizens
	— for repairs by local tradesmen
1½¢	— for heat, power, telephone, taxes to local utilities and government
½¢	— for insurance purchased from local agents
1¼¢	— for depreciation, interest and bad debts
2¢	— for miscellaneous expenses of an internal and local nature
4½¢	— profit before deductions for income tax, surplus account, etc.
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\$1.00	

7.6 As stated in previous representations, it is generally accepted—contrary to the above-stated 62 cents—that, in view of the professional fees applied, ingredients represent 50 cents of the prescription dollar. However, existing statistics do not permit the pharmacist's "direct expenses" (salaries, spoilage, delivery costs, depreciation, interest) and "indirect expenses" (rent, power, telephone, etc.) relative to prescriptions alone to be factually apportioned and/or completely divorced from the operation of the retail pharmacy as a whole. Mere weighting of the breakdown of the 38 cent portion to bring it up to a 50 cent level would not provide an adequate answer and, in any event, would be a misrepresentation of the facts surrounding an all-inclusive pharmaceutical service.

7.7 At the same time, we do not disagree that the 50 cent ingredient cost be referred to by others having a direct responsibility for it. It is not the purpose of this particular Brief by the C.Ph.A. to discuss the disposition by the manufacturer of the amounts paid to him by the community pharmacist. Industry, a vital area of modern pharmaceutical endeavour, provides Canadian practitioners with the tools with which to fight disease, and in so doing, faces problems—scientific and economic—characteristic of its highly specialized nature not shared by any other manufacturing undertaking.

7.8 Two matters directly related to drug ingredient costs and prices must be understood:

- (1) The highly improper tax on illness—the 11 per cent Federal Sales Tax—is included in the 62 cents paid by the retail pharmacist and hence, its influence constitutes a 9 cents portion of the consumer dollar. In relation to the 50-50 prescription dollar, its 8.3 cents influence cost the ill and diseased over 14 million consumer dollars in 1964.
- (2) The retail pharmacist pays top dollar for his drug preparations. This causes a disproportionate weighting on the prescription purchased by