

Medicines Partnership of Australia

PBS - no real growth in 2011

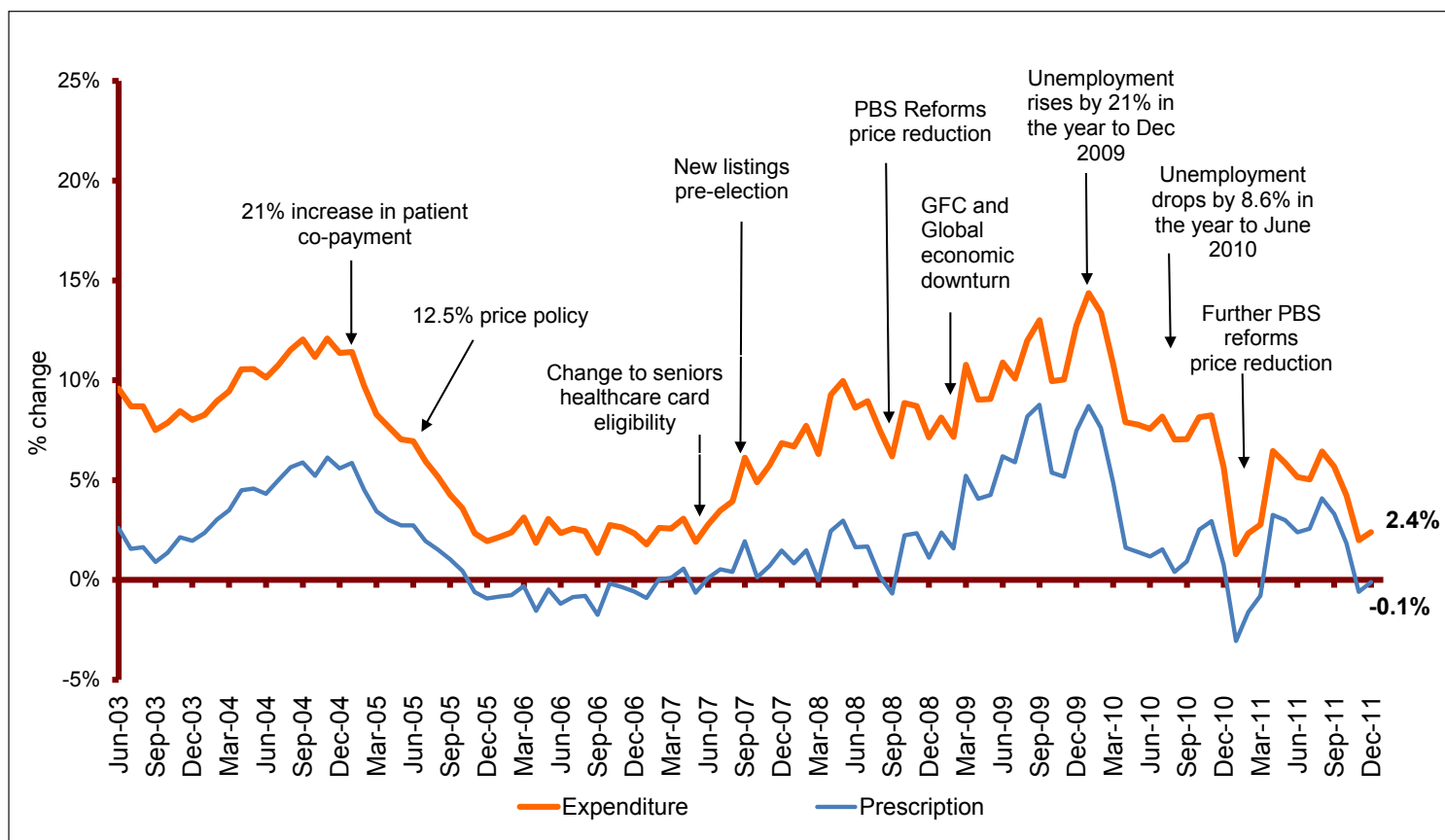
Pharmaceutical Benefits Scheme (PBS) Scorecard

February 2012

Figure 1 – Recent PBS data shows no growth in real terms

Growth in government expenditure on the PBS in the year ended 31 Dec 2011 was 2.4%. After adjusting for inflation, this represents **no growth** in real terms. Given inflation over the same period was 3.1 %, it suggests that PBS expenditure actually fell in real terms. This growth rate is even below the Government’s own target of two per cent growth in real terms. The current growth is likely to continue as another major round of PBS Reform price reductions is due to take effect on 1 April 2012. The current lack of (real) growth re-iterates Industry’s position that PBS is well under control.

Figure 1: PBS Growth - prescriptions and Government expenditure (Moving Annual Total , MAT)



Source: Medicare Australia. Excludes expenditure on s100 drugs including highly specialised drugs (HSD) used in public hospitals.

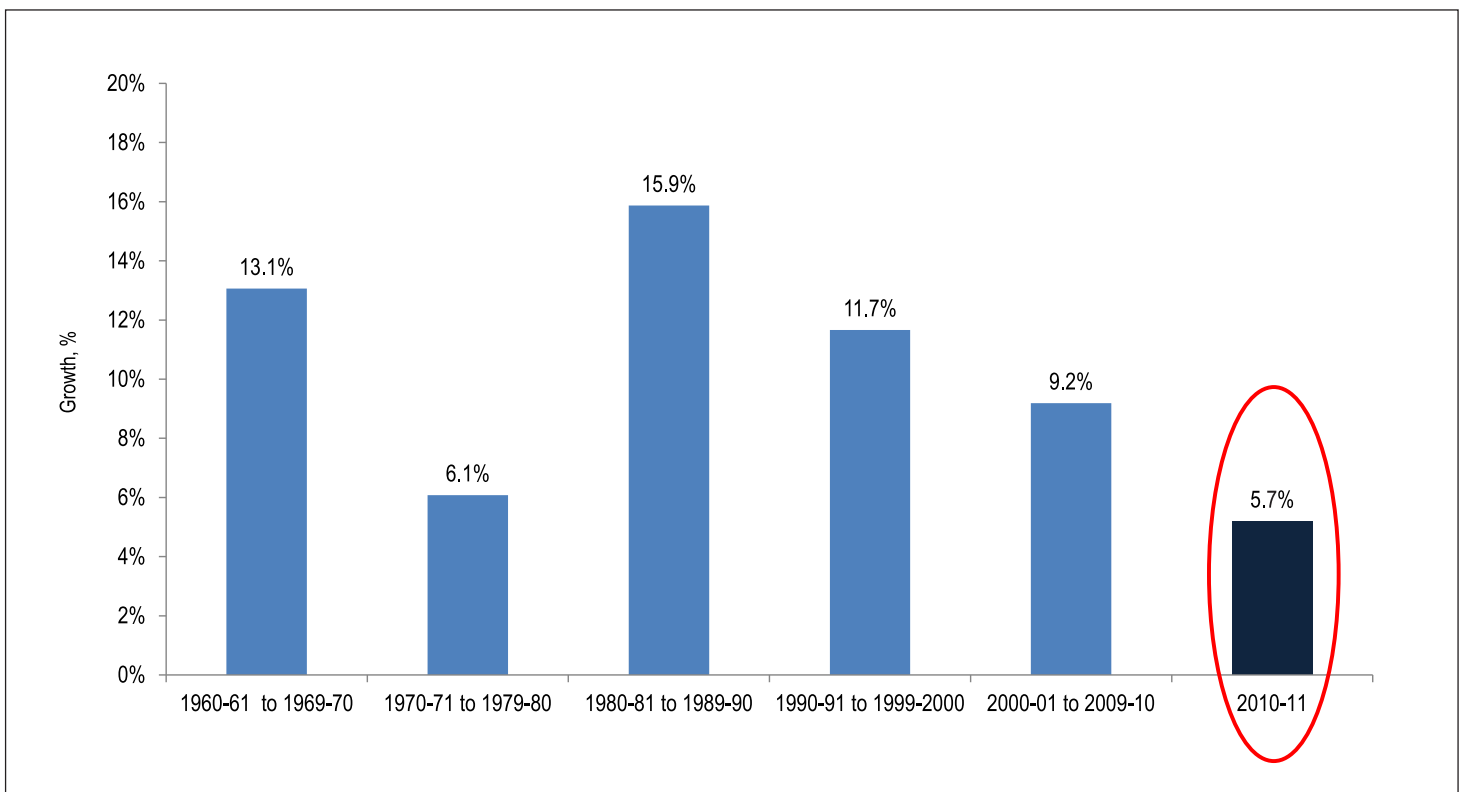
February 2012

Pharmaceutical Benefits Scheme (PBS) Scorecard

Figure 2 - PBS growth is declining decade on decade

The ten year average growth in PBS in the last decade (2000-2010) was one of the lowest since the 1980's. The Department of Health and Ageing Annual Report 2010-11 reported that in the financial year to 30 June 2011, PBS expenditure grew by 5.7%. The current growth rate (2.4%) for calendar year 2011 using Medicare Australia data reaffirms that the long term downward trend is continuing.

Figure 2: Ten year average expenditure growth (1960-2011)



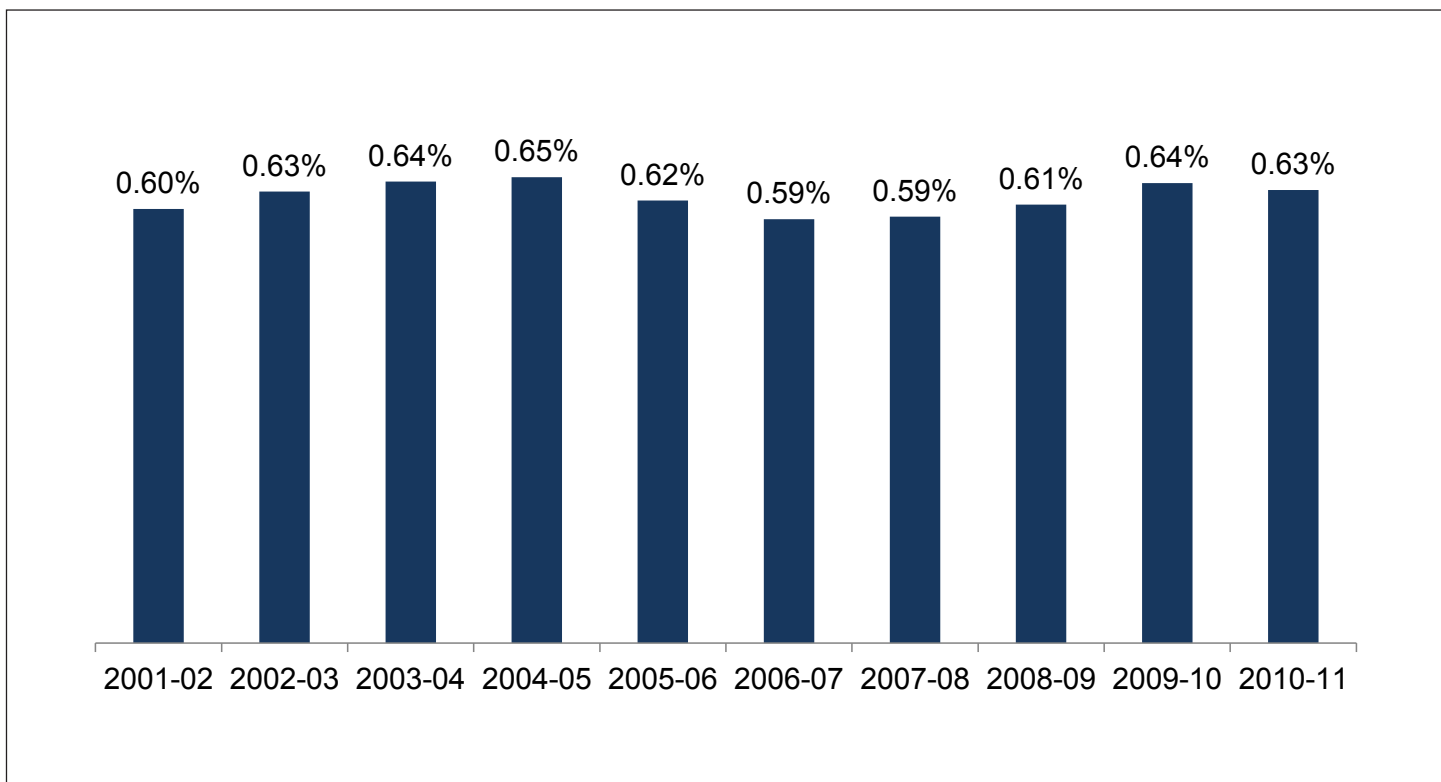
Source: Department of Health and Ageing, Annual reports , various years.

Pharmaceutical Benefits Scheme (PBS) Scorecard

Figure 3 - PBS as a % of GDP remains stable

Over the last decade, PBS expenditure as a proportion of GDP has remained steady at between 0.6% and 0.65%.

Figure 3: PBS expenditure as a proportion of Australian GDP



Source: PBS expenditure-DoHA Annual Reports, Department of Health and Ageing, Various Years.

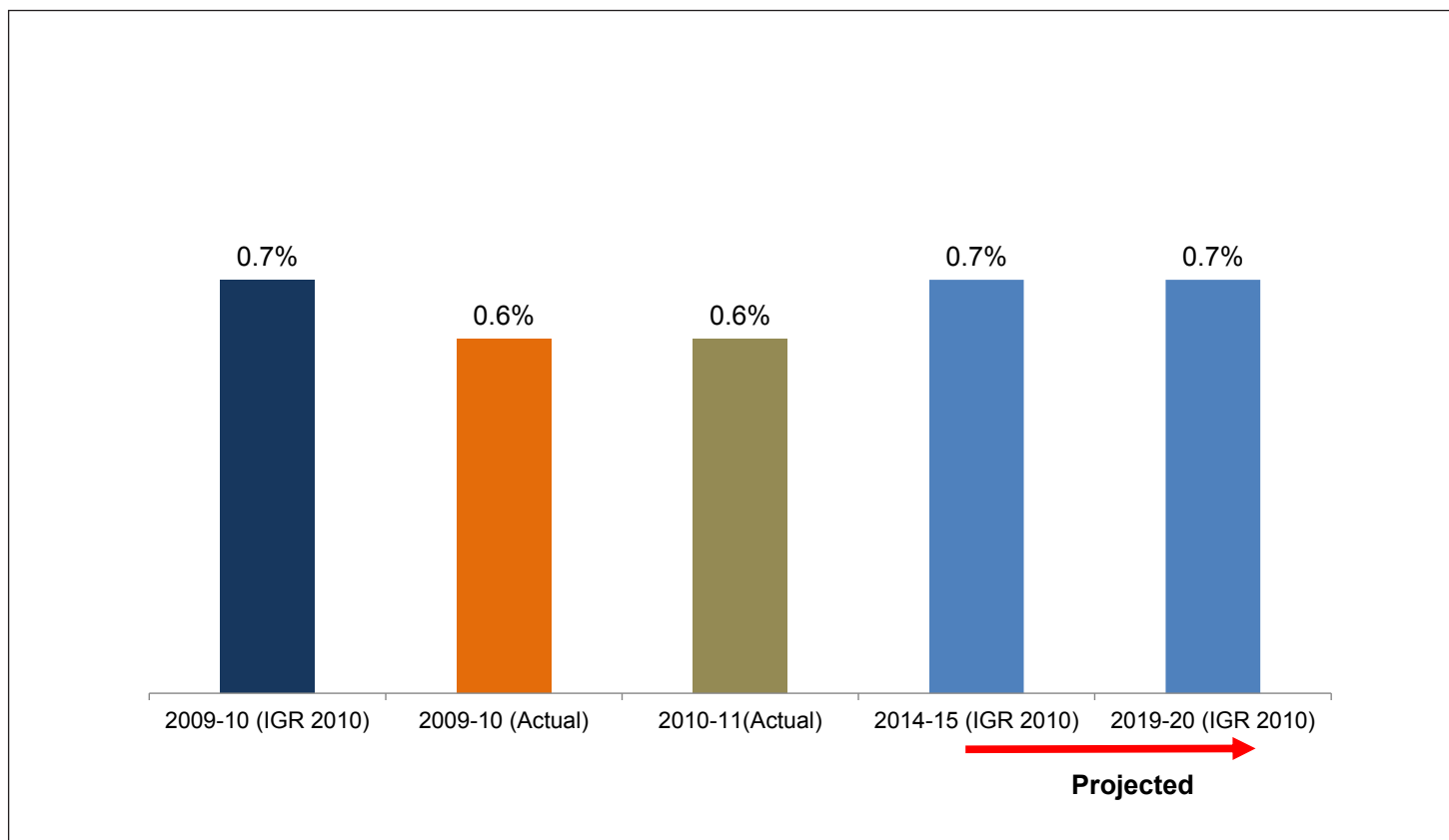
GDP-Australian Bureau of Statistics, catalogue 5206.0 - Australian National Accounts: National Income, Expenditure and Product, various years

Pharmaceutical Benefits Scheme (PBS) Scorecard

Figure 4: PBS as a proportion of GDP – Actual vs Projected

Australia's 2010 Intergenerational Report predicted that expenditure on the PBS will remain steady at 0.7% of GDP through to 2020. Already, actual expenditure in 2009-10 and 2010-11 was below the 0.7% of GDP forecasted in Intergenerational Report 2010.

Figure 4: PBS as a proportion of Australian GDP- Actual vs. Projected



The Medicines Partnership of Australia (MPA) is an alliance of peak industry associations representing key members in the supply chain that deliver medicines and pharmacy expertise to Australian consumers. Its members include Medicines Australia, the Australian Self Medication Industry, the National Pharmaceutical Services Association, the Pharmacy Guild of Australia, the Pharmaceutical Society of Australia and the Generic Medicines Industry Association.