

# Medicines Partnership of Australia

Government spending on PBS remains under control

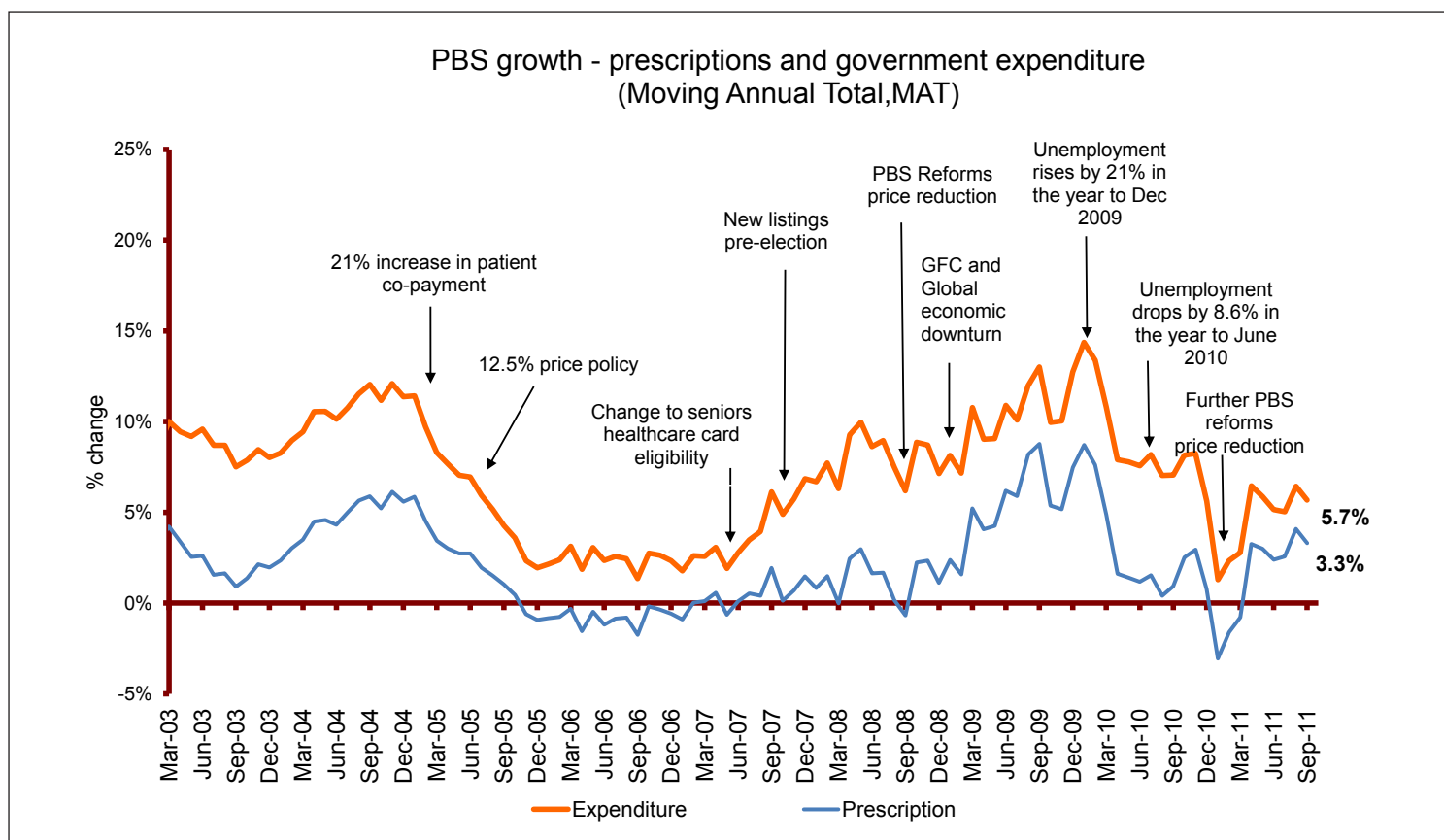
## Pharmaceutical Benefits Scheme (PBS) Scorecard

November 2011

### Figure 1 – Recent PBS data shows growth remains low and is continuing to trend downwards

Growth in government expenditure on the PBS in the year ended 30 September 2011 was 5.7%. After adjusting for inflation, this represents growth of approximately 2% in real terms. This is a sustainable level of growth, and existing arrangements such as price disclosure will ensure expenditure remains well under control. Further price reductions, unrelated to PBS Reforms, take effect from 1 December 2011 and a major round of PBS Reform price reductions is due to take effect on 1 April 2012. The April reductions will average 23% across more than 200 drugs.

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



Source: Medicare Australia. Excludes expenditure on <math>\leq 100</math> drugs including highly specialised drugs (HSD) used in public hospitals.

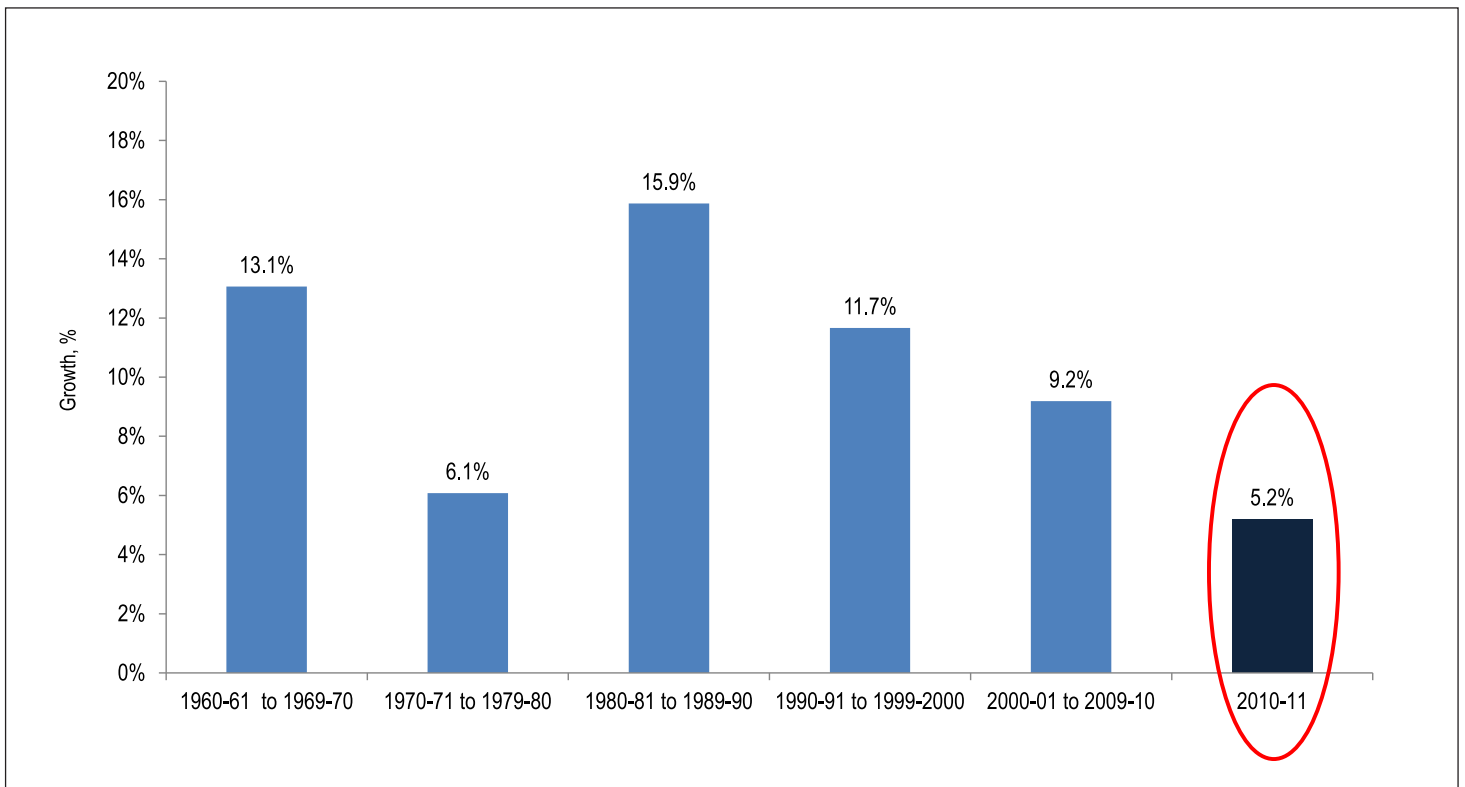
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### Figure 2 - PBS growth is declining decade on decade

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 year to 30 September 2011, PBS expenditure grew by 5.7%. The current growth rate reaffirms that the long term downward trend is continuing.

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



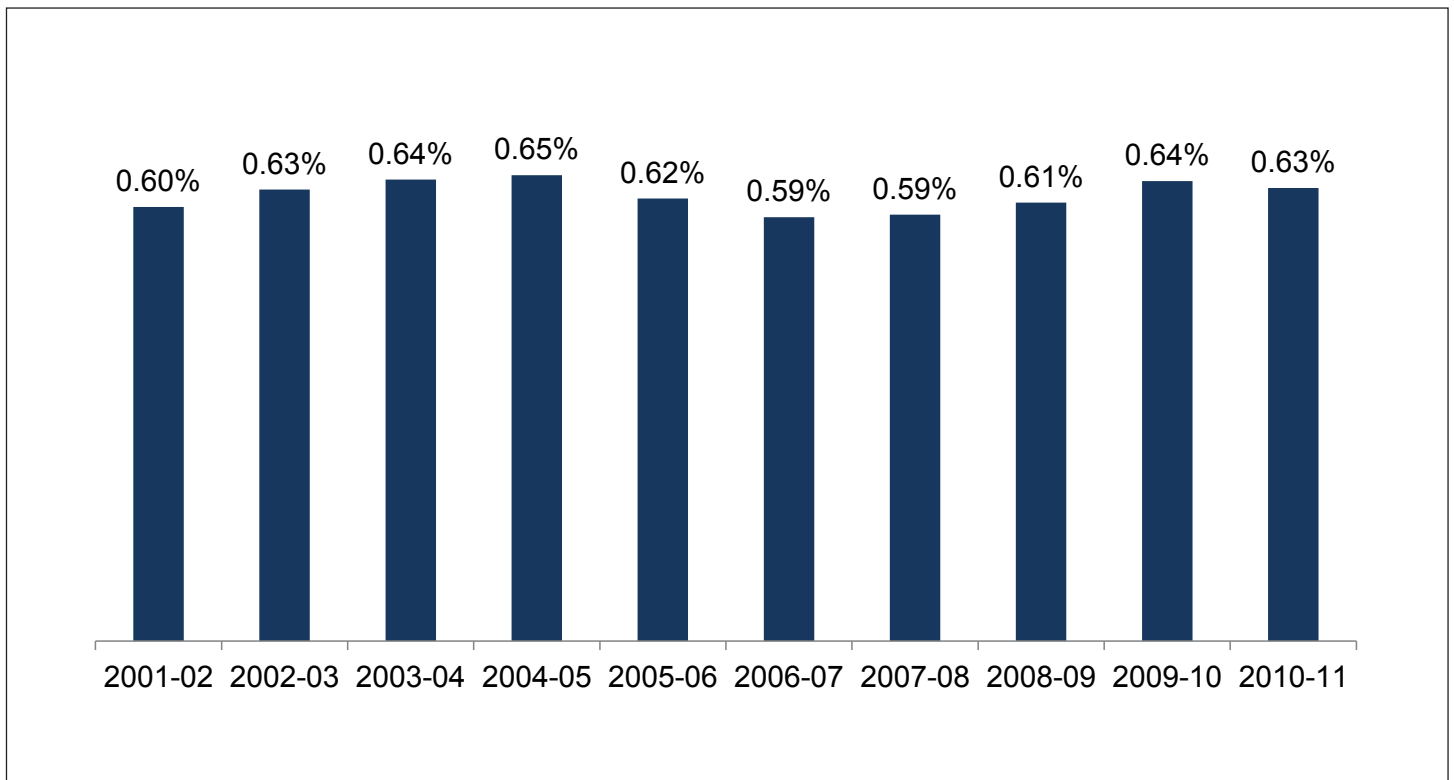
Source: Department of Health and Ageing, Annual reports , various years.

## 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



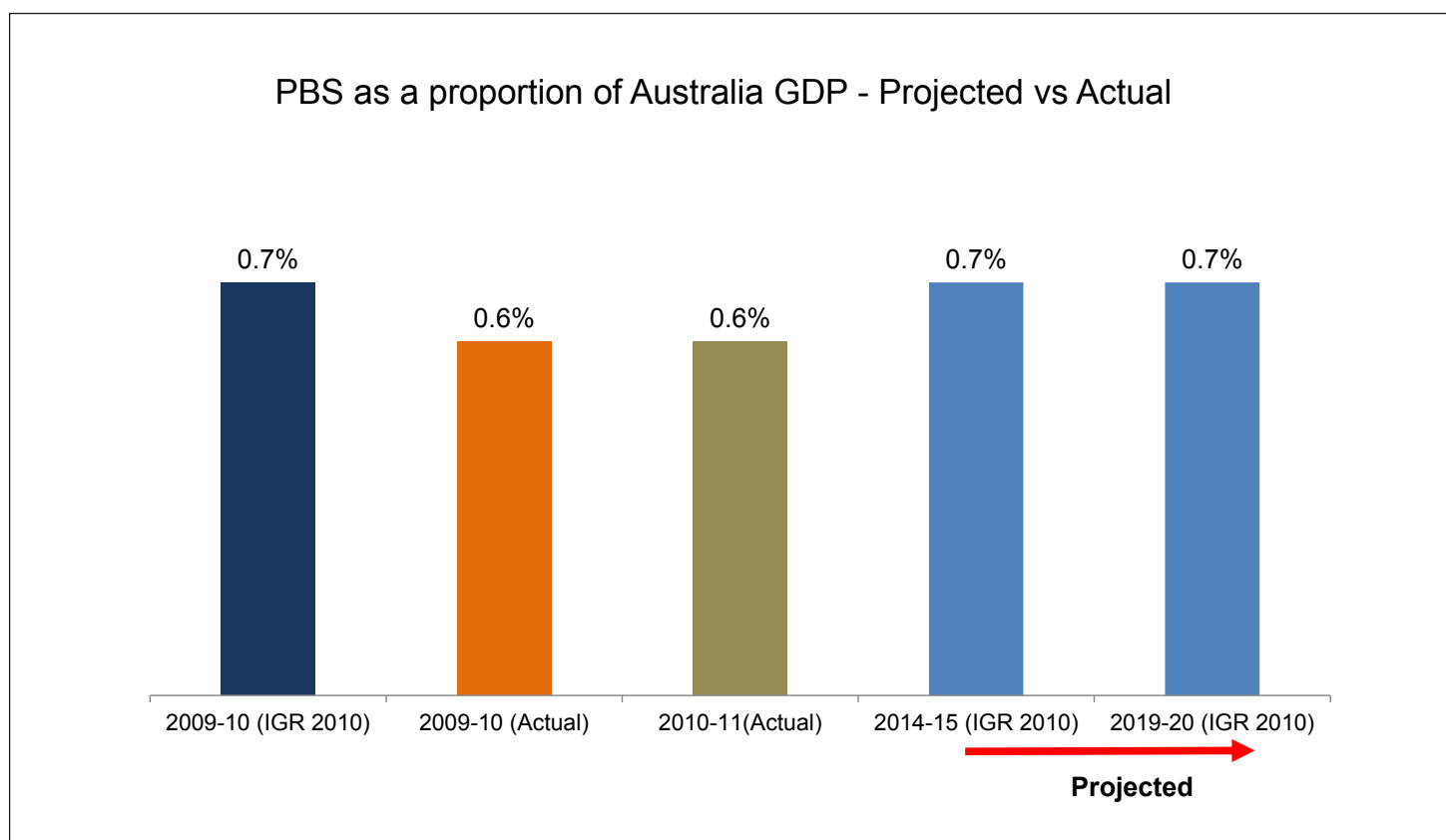
Source: PBS expenditure-DoHA Annual Reports, Department of Health and Ageing, Various Years.  
GDP-Australian Bureau of Statistics, catalogue 5206.0 - Australian National Accounts: National Income, Expenditure and Product, various years

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### 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 forecast in Intergenerational Report 2010.

Figure 4: PBS on track and sustainable



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.