



**THE HON NICOLA ROXON MP**  
**Minister for Health and Ageing**

**MEDIA RELEASE**

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**Pharmaceutical Costs Continue to Grow**

Today I am tabling a report to Parliament on the impact of reforms to the Pharmaceutical Benefits Scheme (PBS) that were introduced in 2007.

The report warns that the cost of the PBS is projected to grow significantly over the next few years.

Based on independent modelling by PricewaterhouseCoopers (PwC), the report finds that, while the PBS reforms will provide more savings than originally estimated, these will be more than outweighed by higher growth in PBS costs, which are expected to reach \$13 billion in 2018.

This is a significant increase on the cost of the PBS in 2008-09 of \$7.7 billion. Growth in 2009-10 is expected to reach about 10.6 per cent.

PwC also finds evidence that Australian taxpayers still pay much more for some drugs on the PBS than is paid in other countries. For example, the common cholesterol drug simvastatin (40mg tablets) costs \$44.45 for the PBS, but only \$2.74 under the National Health Service in the UK. The blood pressure drug atenolol costs \$10.27 for the PBS, but only \$1.82 in the UK. This underlines the need for the Government to examine PBS prices very closely.

The 2010 Intergenerational report, *Australia to 2050: future challenges*, found that pharmaceuticals will be a significant and growing component of health expenditure into the future. Pharmaceutical spending is estimated to grow from \$443 real per capita in 2012-13 to \$534 real per capita in 2022-23.

These reports emphasise how important it is to ensure that the PBS is sustainable, so that all Australians can access affordable essential medicines. If the Government is to invest in reforming Australia's health system, we have to ensure that our scarce health dollar is used as efficiently and effectively as possible.

To help improve the sustainability of the PBS, the Government and the Pharmacy Guild of Australia agreed in December 2009 to make savings of \$1 billion under the next Fifth Community Pharmacy Agreement. The Government will continue to examine the PBS closely to ensure that taxpayers get value for money from all parts of the system.

**For all media inquiries, please contact the Minister's Office on 02 6277 7220.**