

PRO-FORMA REQUEST FOR COSTING AN ELECTION COMMITMENT¹

Name of policy	Reducing the PBS Co-Payment
Person requesting costing (Prime Minister/Leader of the Opposition/Leader of a minority party):	Prime Minister
Date of public release of policy:	30 April 2022
Link to the publicly released policy:	https://www.liberal.org.au/latest-news/2022/04/30/pbs-medicines-prices-be-slashed-saving-patients-hundreds-dollars-year
Date of request to cost the policy:	2 May 2022
Summary of policy (please attach copies of relevant policy documents):	The Coalition will reduce the PBS General Co-Payment by \$10 to \$32.50 from the 1 January 2023. All scripts currently counting towards a patient's PBS safety net will continue to do so.
Intention of policy:	To support more than 19 million Australians without a concession card by reducing the price of common medications.
Certification that this, or a substantially similar costing request, has not been submitted to the Parliamentary Budget Office:	This, or a substantially similar costing request has not been submitted to the Parliamentary Budget Office.
Description of policy (<i>note: where the request to cost a proposal differs from the announced policy, the costing will be on the basis of information provided in the costing request</i>)	
What are the key assumptions that have been made in the policy including:	
Is the policy part of a package? <i>If yes, list and outline components and interactions with proposed or existing policies.</i>	No.

¹ An electronic version of this pro-forma can be found at www.electioncostings.gov.au/templates.

Where relevant, is funding for the policy to be demand driven or a capped amount?	Demand driven.
Will third parties (for instance the States/Territories) have a role in funding or delivering the policy? <i>If yes, is the Australian Government contribution capped, with additional costs to be met by third parties, or is another funding formula envisaged?</i>	No.
Are there associated savings, offsets or expenses? <i>If yes, please provide details.</i>	No.
<p>Description of policy (note: where the request to cost a proposal differs from the announced policy, the costing will be on the basis of information provided in the costing request)</p> <p>What are the key assumptions that have been made in the policy including: (continued)</p>	
Does the policy relate to a previous budget measure? <i>If yes, which measure?</i>	This proposal builds on with the 2022-23 Budget measure <i>Pharmaceutical Benefits Scheme - lowering the Safety Net threshold.</i>
If the proposal would change an existing measure, are savings expected from the departmental costs of implementing the program? Will funding/cost require indexation? <i>If yes, list factors used.</i>	No.
What are the estimated costs each year? Are these provided on a cash or fiscal basis?	\$80.9 million in 2022-23 \$152.1 million in 2023-24 \$158.9 million in 2024-25 \$166.3 million in 2025-26 Cash basis.
Are the revenue and/or expense costs likely to be significantly different beyond the forward estimates period? <i>If yes, why?</i>	No.

What assumptions have been made in deriving the expected financial impact in the party costing (please provide information on the data sources used to develop the policy)?	All scripts currently counting towards a patient's PBS Safety Net will continue to do so. Indexation by CPI continues from 2024.
Has the policy been costed by a third party? <i>If yes, can you provide a copy of this costing and its assumptions?</i>	No.
What is the expected community impact of the policy? How many people or businesses will be affected by the policy? What is the likely take up? What is the basis for these impact assessments/assumptions?	To support more than 19 million Australians without a concession card by reducing the price of common medications.
<i>Note: it will be up to the professional judgment of the relevant Secretary as to whether these assumptions are adopted in a Treasury or Finance costing of the policy.</i>	
Administration of policy	
Who will administer the policy (for example, Australian Government entity, the States, non-government organisation, etc.)?	Department of Health
Should departmental expenses associated with this policy be included in this costing? <i>If no, will the Australian Government Entity be expected to absorb expenses associated with this policy?</i> <i>If yes, please specify the key assumptions, including whether departmental costs are expected with respect to program management (by policy agencies) and additional transactions/processing (by service delivery agencies).</i>	No. The Department of Health is expected to absorb any departmental expenses associated with this policy.
Intended date of implementation.	1 January 2023.
Are there transitional arrangements associated with policy implementation?	No.
Will the policy be ongoing or terminating*?	Ongoing.
If terminating: What is the intended date of termination?	Not applicable.

Are there any transitional arrangements associated with the conclusion of the policy?	
List major data sources utilised to develop policy (for example, ABS cat. no. 3201.0).	Not applicable.
Are there any other assumptions that need to be considered?	Not applicable.

* Ongoing policies continue indefinitely (until a decision is made to cease or alter the program). Terminating measures end on a date set out in the initial policy and a further decision is required to continue the program beyond this date.