



Parliament of Australia
Parliamentary Budget Office

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Parliamentary Budget Officer

Senator Richard Di Natale
Leader of the Australian Greens
Parliament House
CANBERRA ACT 2600

Dear Senator Di Natale

Please find attached a response to your costing request, *Guaranteed access to pre-exposure prophylaxis (PrEP)* (letter of 30 June 2016).

The response to this request will be released on the PBO website (www.pbo.gov.au).

If you have any queries about this costing, please contact Colin Brown on (02) 6277 9530.

Yours sincerely

Phil Bowen

30 June 2016



Policy costing—during the caretaker period for the 2016 general election

Name of proposal:	Guaranteed access to pre-exposure prophylaxis (PrEP)
Summary of proposal:	<p>The proposal would provide funding to:</p> <ul style="list-style-type: none">• supply PrEP over the next two years (2016-17 and 2017-18) to up to 3,000 high-risk Australians who are not currently participating in PrEP clinical trials• supply PrEP over the following two years (2018-19 and 2019-20) to up to 11,000 people as a safety net for high-risk users of PrEP should PrEP medication not be listed on the Pharmaceutical Benefits Scheme (PBS). <p>The proposal would have effect from 1 September 2016.</p>
Person/party requesting costing:	Senator Richard Di Natale, Australian Greens
Date of public release of policy:	27 May 2016 http://greens.org.au/prep
Date costing request received:	30 June 2016
Date costing completed:	30 June 2016
Expiry date for the costing:	Release of the next economic and fiscal outlook report

Costing overview

This proposal would be expected to decrease both the fiscal and underlying cash balances by \$40.2 million over the 2016-17 Budget forward estimates period. This reflects an increase in administered expenses of \$36.4 million and an increase in departmental expenses of \$3.8 million over this period.

There would be no financial implications beyond the 2016-17 Budget forward estimates period as the duration of the proposal would end on 1 July 2020. Detailed financial implications of this proposal are provided at [Attachment A](#).

The administered expense estimates of this costing are considered to be of medium reliability. While the number of participants is capped the future price of PrEP medication is subject to change.

The departmental expense estimates of this costing are considered to be of high reliability as they are based on the cost of similar programs.

Table 1: Financial implications (outturn prices)^{(a)(b)}

Impact on (\$m)	2016–17	2017–18	2018–19	2019–20	Total
Fiscal balance	-4.5	-4.5	-15.6	-15.6	-40.2
Underlying cash balance	-4.5	-4.5	-15.6	-15.6	-40.2

(a) A positive number indicates an increase in the relevant budget balance, a negative number represents a decrease.

(b) Figures may not sum to totals due to rounding.

Key assumptions

- The expected cost of PrEP per person per year is \$1,300, based on the current cost of importing generic PrEP medicines.
- The number of participants would equal the cap in each year.

Methodology

The cost of providing access to PrEP is calculated by multiplying the capped number of participants with the expected price of PrEP for each year over the 2016-17 Budget forward estimates period. The cost of program administration is based on the cost of similar programs and increases with the number of participants.

Attachment A: Guaranteed access to pre-exposure prophylaxis—financial implications

Table A1: Guaranteed access to PrEP—Financial implications (outturn prices)^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20
Impact on fiscal and underlying cash balances					
Administered	-3.9	-3.9	-14.3	-14.3	-36.4
Departmental – Department of Health	-0.6	-0.6	-1.3	-1.3	-3.8
Total	-4.5	-4.5	-15.6	-15.6	-40.2

(a) A negative number indicates an increase in expenses in accrual and cash terms.

(b) Figures may not sum to totals due to rounding.