

Pharmaceutical Benefits Pricing Authority

# Annual Report

for the year ended 30 June 2001

**Pharmaceutical  
Benefits  
Pricing  
Authority**

**ANNUAL REPORT**

For the year ended  
30 June 2001

Australian Government Publishing  
Service Canberra

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ISBN: 0 642 50384 2

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Publications approval number: 2988

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Pricing Authority

Chairman  
Graham Glenn

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Senator the Hon K.C.L. Patterson  
Minister for Health and Ageing  
Parliament House  
CANBERRA ACT 2600

Dear Senator Patterson


We present herewith the fourteenth annual report of the Pharmaceutical Benefits Pricing Authority on the operations of the Authority, and on the Authority's interpretation of its operating guidelines for the year ended 30 June 2001.

This report is made in accordance with the requirement of sub section 34C(2) of the Acts Interpretation Act 1901, that in the absence of specific requirements to the contrary, an annual report shall be furnished to you as soon as practicable after the end of the reporting period.

Yours faithfully

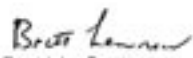


Graham Glenn  
Chairman

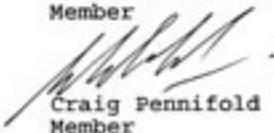


Alan H. Evans  
Member

Geoff Honnor  
Member



Brett Lennon  
Member



Craig Penniford  
Member

30 November 2001



# Contents

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## Preface

Tabling requirements	1
Structure of report	1

## Chapter 1

<b>Pharmaceutical Benefits Pricing Authority</b>	<b>3</b>
Terms of reference	3
Membership	3
Secretariat support	4
Technical support	5
Co-ordination to achieve timely outcomes	5
Financial arrangements	5
Table - Authority operating costs 2000-2001	

## Chapter 2

<b>Pharmaceutical Benefits Scheme</b>	<b>7</b>
Factors considered by the Authority	7
Establishing prices for new listings	8
Reviewing prices for existing items	9
Therapeutic Relativities	9
Effects of price adjustments	10
Brand Premium Policy	10

Brand Substitution	11
Therapeutic Group Premium Policy	14
Review of Weighted Average Monthly Treatment Cost (WAMTC) Methodology	15
Extra Pricing Procedure	16
PBPA Procedures and Methods Manual	16
Highly Specialised Drugs	16
Criteria for selection of Highly Specialised Drugs	17
Special Patient Contribution	18
Therapeutic Group Reviews	19
Confidentiality of information	19
Results of therapeutic group reviews 2000-2001	20
Table - Product review results	
Table - Listings recommended by PBAC 2000-2001	
Estimated cost of price increases 2000-2001	21
Table - Approval of price increases	
Cost of Pharmaceutical Benefits Scheme 2000-2001	23
Table - Processed PBS claims	

## Chapter 3

Pharmaceutical Industry Investment Program (PIIP)	25
Participating companies	25
2000-2001 Activity	26
PIIP database	26

## Chapter 4

### Tables and figures

#### Tables

1	Summary of ATC minor group reviews for 2000-2001	28
2	Pharmaceutical Benefits Scheme Highest cost items - 12 months to 30 June 2001	30
3	Pharmaceutical Benefits Scheme Most prescribed items - 12 months to 30 June 2001	32
4	Top 20 Suppliers by value - 12 months to 30 June 2001	34
5	Top 20 Suppliers by scripts - 12 months to 30 June 2001	34
6	Top 10 Significant Drug Groups ATC group variations 2000-2001 compared to 1999-2000 - by highest variation in Govt. cost	36
	- by highest variation in scripts	38
7	Top 20 Drug variations 2000-2001 compared to 1999-2000 - by highest variation in Govt. cost	40
	- by highest variation in scripts	42

## Appendix

Pharmaceutical Industry Investment Program Guidelines	44
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# Preface

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This is the fourteenth annual report of the Pharmaceutical Benefits Pricing Authority covering the operations of the Authority for the year ended 30 June 2001.

## Tabling requirements

It is a requirement of sub section 34C(3) of the Acts Interpretation Act 1901, that in the absence of specific requirements to the contrary, the annual report shall be laid before each House of the Parliament within 15 sitting days of that House after the day on which the Minister receives the report.

## Structure of report

The report is divided into four chapters:

- **chapter 1** provides basic information about the Authority's genesis, membership and financial arrangements;
- **chapter 2** addresses the factors considered by the Authority for pricing of pharmaceutical benefits made available under the Government's Pharmaceutical Benefits Scheme administered by the Department of Health and Aged Care;
- **chapter 3** deals with activities under the Government's Pharmaceutical Industry Investment Program administered by the Department of Industry, Science and Resources; and
- **chapter 4** contains related tables and figures.



# Chapter 1

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## Pharmaceutical Benefits Pricing Authority

The Pharmaceutical Benefits Pricing Authority is an independent non-statutory body established in 1988 which is required to:

- review the prices of products supplied under the Pharmaceutical Benefits Scheme;
- recommend prices for new items that are recommended for listing on the Pharmaceutical Benefits Scheme; and
- administer companies' participation in the Pharmaceutical Industry Investment Program.

## Membership

The Authority's membership for the 2000-2001 financial year was:

### Chairman

Mr Graham Glenn - appointed with effect from 1 June 1992.

### Industry nominee

Mr Alan Evans - appointed with effect from 29 February 2000, as the nominee of the Australian Pharmaceutical Manufacturers' Association.

### Consumer nominee

Mr Geoff Honnor - appointed with effect from 10 December 1998 as the nominee of the Consumers' Health Forum.

Department of Health  
and Aged Care  
representative

Department of  
Industry, Science  
And Resources  
representative

Mr Brett Lennon - appointed with  
effect from 23 November 1998.

Mr Craig Penniford - appointed  
with effect from 15 December 1999.

## Secretariat Support

The Authority is serviced by two secretariats, viz:

- PBS pricing matters
- Industry development matters

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(Previously  
Mr Alan Stevens)  
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The Authority supports best management practice in communicating with suppliers and other interested parties to make the Authority's decisions and decision making processes as transparent as possible, subject to the confidences in which certain commercially sensitive information must be held.

Consultation with respective secretariat staff on the interpretation of the Authority's guidelines, practices and procedures is encouraged to ensure that all interested parties gain a clear understanding of those matters and have the maximum opportunity to make their views known to the Authority.

## Technical support

Technical advice to assist the Authority in its deliberations is provided by the Pharmaceutical Benefits Advisory Committee (PBAC). This includes information on drug relativities and their cost effectiveness provided by the PBAC's Economics Sub-committee.

## Co-ordination to achieve timely outcomes

Pricing Authority meetings are carefully co-ordinated with meetings of the PBAC, so that PBAC outcomes can be dealt with as soon as possible consistent with the need to collect pricing information.

## Financial arrangements

The Department of Health and Aged Care budget, in addition to financing the Pharmaceutical Benefits Scheme, provides funds for:

- the fees and expenses incurred by the Chairman, industry and consumer nominees, in accordance with determinations made from time to time by the Remuneration Tribunal;
- the day to day operations of dealing with pricing matters under the Scheme; and
- the costs of associated meetings, seminars and other related expenses.

The Department of Industry, Science and Resources budget, in addition to financing the Pharmaceutical Industry Investment Program, provides funds for running costs associated with the Program.

For the year ended 30 June 2001 the Authority operating costs were:

<i>Authority operating costs 2000-2001</i>	<i>Health portfolio</i>	<i>Industry portfolio</i>	<i>Total costs</i>
	<i>\$</i>	<i>\$</i>	<i>\$</i>
Direct costs including Chairman's, industry and consumer nominees' expenses	20,194	1,222	21,416
Salaries	224,843	98,514 *	323,357
Members & secretariat travel and allowances	47,748	4,113	51,861
Administrative and property costs	514,475 ***	28,809 **	543,284
Total costs	807,260	132,658	939,918

\* Includes operation of the Secretariat for PIIP.

\*\* Includes legal fees and PIIP database maintenance costs.

\*\*\* Includes consultancy fees incurred for the review of Weighted Average Monthly Treatment Cost methodology.

# Chapter 2

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## Pharmaceutical Benefits Scheme

The Authority's objective in reviewing prices of items listed under the Pharmaceutical Benefits Scheme is to secure a reliable supply of pharmaceutical products at the most reasonable cost to Australian taxpayers and consumers and consistent with maintaining a sustainable pharmaceutical industry in Australia.

Under its terms of reference the Authority is required to determine or recommend to the Minister for Health and Aged Care prices of items listed as pharmaceutical benefits or recommended by the Pharmaceutical Benefits Advisory Committee for listing. It also conducts negotiations with suppliers, where necessary, on proposed prices.

## Factors considered by the Authority

In reviewing the price of listed items and in considering the price of items recommended for listing, the Authority takes account of the following factors:

- (a) Pharmaceutical Benefits Advisory Committee comments on clinical and cost effectiveness aspects of items;
- (b) the prices of alternative brands of a drug;
- (c) comparative prices of drugs in the same therapeutic group;
- (d) costs information, when provided by the supplier or estimated by the Authority;
- (e) prescription volumes, economies of scale and other factors such as expiry dating, storage requirements, product stability and special manufacturing requirements;

- (f) The level of activity being undertaken by the company in Australia, including new investment, production, research and development; (this factor is met by the Pharmaceutical Industry Investment Program).
- (g) prices of the drug in reasonably comparable overseas countries;
- (h) other relevant factors which the applicant company may wish the Authority to consider; and
- (i) any directions of the Minister.

Price adjustments for items require the approval of the Minister for Health and Aged Care.

## Establishing Prices for New Listings

For new listings recommended by the Pharmaceutical Benefits Advisory Committee, the Authority recommends prices to be negotiated by the Department of Health and Aged Care.

New drugs or new indications of an existing benefit, estimated to cost more than \$10 million per annum require approval of the Prime Minister and the Minister of Finance and Administration. Cabinet approval may be required.

The main mechanism to determine initial prices is the advice of the PBAC.

In recent years, the Authority has increasingly recommended the use of price/volume arrangements, particularly where unit prices are reasonably high and there is the potential for significant volumes or where there is uncertainty about future volumes. Such arrangements have also been negotiated where there is potential for volumes to increase significantly due to use outside PBS restrictions.

## Reviewing prices for existing items

The main mechanisms used by the Authority for reviewing prices of pharmaceutical products supplied through the Pharmaceutical Benefits Scheme are:

- comparative prices of products that are considered by the Pharmaceutical Benefits Advisory Committee to have a similar therapeutic effect or benefit; or, where this is not available
- on the basis of further cost effectiveness justification by the sponsor.
- gross margin on the cost of manufacture, or landed cost; and
- a weighted average monthly treatment cost (WAMTC) basis. (Price adjustments using this methodology have not been made since January 2001. They will be reintroduced following implementation of outcomes of the review of WAMTC.)

The Authority may also request additional data from applicants, including drug utilisation data, so that relevant treatment costs can be independently calculated.

## Therapeutic Relativities

The Authority issues and distributes relativity sheets, which identify the basis of pricing comparisons between therapeutically similar products. The industry is encouraged to comment on these relativities.

## Effects of price adjustments

Prices or price adjustments determined or recommended by the Authority have an impact on:

- suppliers through adjusted selling prices;
- wholesalers through the margin on the agreed price of products to pharmacist;
- pharmacists through the mark-up on wholesale prices;
- hospitals dispensing highly specialised drugs to community based patients through the special distribution arrangements provided for under Section 100 of the National Health Act 1953; and
- consumers and taxpayers that, either directly or indirectly, bear part or all of the cost of the drugs dispensed under the Pharmaceutical Benefits Scheme.

The prices set by the Authority cover not only subsidised products, but also products listed in the Schedule priced below the maximum co-payment for general patients. This co-payment is currently \$21.90.

## Brand Premium Policy

The Brand Premium Policy was introduced in December 1990 to reduce price control where possible by allowing pharmaceutical suppliers to set their own prices on multi-branded and therapeutically interchangeable brands listed on the Pharmaceutical Benefits Scheme, provided one brand was available at the subsidised price. This also encourages the development of the generic pharmaceutical industry in Australia.

The policy for alternative brands has the effect of making it possible for prescribers and patients to be more aware of the price of drugs. The policy also allows companies to establish prices taking into account competition and the heightened consumer awareness of price differentials.

The policy operates where there is more than one brand of a particular drug available through the Pharmaceutical Benefits Scheme and where the brands are therapeutically interchangeable. The policy mainly applies, therefore, to out of patent drugs.

Under the policy, suppliers of multi-branded items are able to set their own prices at a level they think the market will bear. At the same time, prescribers, pharmacists and patients can decide whether it is necessary to pay more for a particular brand when a cheaper equivalent and therapeutically interchangeable brand is available.

Basically, the policy operates by:

- the Commonwealth subsidising a drug to the level of the lowest priced brand;
- suppliers of other brands of that drug being able to set a price above the price charged by the supplier of the lowest priced brand, where the brands are bio-equivalent; and
- the patient paying the brand premium which is the price difference between the lowest priced brand and the brand prescribed.

As the brand premium is not a Government charge, it does not count toward a patient's safety net. The premium arises from the supplier's price setting and the majority of it goes to the supplier, with wholesalers and pharmacists receiving a percentage.

As at 30 June 2001 there were 297 benefit items with a brand premium that could be therapeutically interchanged. The average brand premium was \$2.20 and premiums ranged from \$0.01 cents to \$45.33. The majority of brand premiums were in the range of \$1.00 to \$1.80.

## Brand Substitution

The Government introduced a policy of brand substitution from 1 December 1994. Under that policy, a pharmacist can substitute a brand other than that prescribed by the patient's doctor without reference back to the prescriber. This practice is only allowed in cases where the brand to be substituted is equivalent to that prescribed by the doctor.

Equivalent brands are shown in the Schedule of Pharmaceutical Benefits as having been demonstrated to be bio-equivalent or therapeutically equivalent, or that justification for not needing bio-equivalence or therapeutic equivalence data has been provided and accepted by the Therapeutic Goods Administration. If other brands are not shown in this way it does not imply that they are not equivalent, but simply that it is unknown whether or not they are equivalent.

The following table shows the effect of brand substitution.

	<i>Dec 1994</i>	<i>May 1999</i>	<i>May 2000</i>	<i>May 2001</i>
Number of products with a premium	124	226	253	297
Average brand premium	\$1.54	\$1.80	\$2.12	\$2.20
Weighted average brand premium	\$1.07	\$1.44	\$1.45	\$1.68
Brand premium Range	\$0.19 to \$11.26	\$0.23 to \$7.28	\$0.23 to \$43.28	\$0.01 to \$45.33
Prescriptions dispensed with a brand premium in the previous 12 months	26.0m	27.5m	33.4m	33.4m
Prescriptions dispensed at the benchmark level in the previous 12 month period	5.4m	23.3m	26.3m	29.4m
Percentage at the benchmark level	17%	46%	44%	47%
Brands at the Benchmark price		397	434	766

Weighted average brand premium is calculated by:  
 scripts x premium = total premium value,  
 total premium value/total scripts = weighted average brand premium

## Therapeutic Group Premium (TGP) Policy

In the 1997 Budget, the Government announced that it intended to extend the Brand Pricing Policy where price premiums apply to individual bio-equivalent brands of a drug to groups of drugs which have similar clinical activity (reference pricing).

Six drug groups were initially proposed as being under the TGP policy. These were: ACE Inhibitors, Calcium Channel Blockers and Beta Blockers, all used to treat cardiovascular disease, Selective Serotonin Re-uptake Inhibitors (SSRI's) used to treat depression, HMG CoA reductase inhibitors used for lowering blood cholesterol and the H2 receptor antagonists for the treatment of peptic ulcers. Based on expert technical advice, the Government decided to remove two groups, Beta Blockers and SSRI's, from the TGP policy.

The new arrangements were implemented with effect from 1 February 1998. The Government subsidy is based on the benchmark price (ie. the lowest priced drug/s in each group) and the price difference for a more expensive drug within the relevant group is paid by the patient over and above the relevant patient co-payment.

Under the TGP policy where a patient cannot for clinical or compliance reasons tolerate the benchmark priced drug, the prescriber can apply to the Health Insurance Commission for an exemption to supply the dearer alternative drug at no extra cost to the patient.

The prices of items in the four therapeutic groups under the TGP are reviewed by the Authority on a weighted average monthly treatment cost basis (although price adjustments using this methodology have not been made since January 2001. They will be re-introduced following implementation of the outcomes of the review of the Weighted Average Monthly Treatment Cost methodology).

As at 30 June 2001 there were 85 items within the four groups under the TGP policy. These consisted of 190 brands at the benchmark price, 33 brands with a brand premium and 22 with a therapeutic premium. The TGP's ranged from \$1.40 to \$7.01.

## Review of the Weighted Average Monthly Treatment Cost (WAMTC) methodology

Comparison of monthly treatment costs is a major pricing tool used by the Pharmaceutical Benefits Pricing Authority (PBPA) to review prices of closely related drugs. The method compares the treatment costs using data derived from the market place i.e. dosage and volume statistics.

The WAMTC has been used for many years and the methodology in place was developed by the industry and agreed to by the PBPA. It applies to groups of drugs that are considered to be therapeutically similar by the Pharmaceutical Benefits Advisory Committee. Under the evidenced-based approach used for the listing and pricing of drugs, it is the practice to price these at the same level.

In 1999, the Minister for Health and Aged Care announced a review of the WAMTC methodology following concern being expressed about aspects of its operation.

Following an open tender process, Ernst & Young ABC was selected to carry out the review and commenced work on it in September 2000.

Pharmaceutical suppliers, the APMA, the Department of Health and Aged Care and the Department of Industry Science and Resources were all consulted during the course of the review, and a final report was presented to the PBPA in March 2001.

The PBPA is considering the recommendations contained in the WAMTC report, with a view to recommending necessary changes to the operation of the WAMTC arrangements to the Minister for Health and Aged Care.

Since January 2001, pending finalisation of the WAMTC review, prices of products that would normally have been adjusted through the WAMTC process have been frozen.

## Extra Pricing Procedure

A new pricing procedure came into effect from 1 May 1999 to allow variations to premiums and benchmark prices to occur with minimum delay.

The new procedure allows sponsors to vary premium prices or reduce benchmark prices without reference to the Authority. Applications for increases to the benchmark prices continue to be considered by the Authority.

## PBPA Procedures and Methods Manual

A pricing and procedures manual was made available to industry and other interested parties in March 2001 after input received from sponsors, peak bodies, APMA, members of the PBPA and the secretariats in both the Department of Industry, Science and Resources and the Department of Health and Aged Care. The document aims to enhance the transparency of the processes employed by the PBPA in setting prices. The manual has been favourably received as a useful guide and is used in conjunction with the PBPA Annual Report.

## Highly Specialised Drugs

Section 100 of the National Health Act provides for an alternative means of providing a pharmaceutical service in circumstances where pharmaceutical benefits cannot be conveniently supplied as normal under the Pharmaceutical Benefits Scheme (PBS).

There are certain drugs that because of their clinical use or other special features are restricted to supply arranged through hospitals having access to appropriate specialist facilities. These drugs, called Highly Specialised Drugs (HSDs), are among those supplied via Section 100. The Highly Specialised Drugs Program is a Commonwealth Government subsidy mechanism for the supply of HSDs. The Commonwealth provides funding for the drug cost for community based patients. The State and Territory Governments fund the in-patient usage of Highly Specialised Drugs within public hospitals.

For a drug to be approved under these arrangements and be included in the scheme, it must comply with specific criteria agreed between the Commonwealth and the State and Territory governments and be recommended as a pharmaceutical benefit under Section 100 by the Pharmaceutical Benefits Advisory Committee.

If a drug is suitable for supply through the normal PBS arrangements it is not eligible for funding through the Highly Specialised Drugs Program. The funding to the States and Territories, additional to the Australian Health Care Agreement funding, is only available when the public hospitals are used as the necessary mode of supply to PBS patients.

### The criteria for selection of Highly Specialised Drugs are:

- **Ongoing specialised medical supervision required.**  
Ongoing specialist treatment should not preclude treatment in a community setting and should be interpreted to include specialist initiated treatment where ongoing treatment may be under the supervision of a community general practitioner but involve periodic reference to the specialist facility.
- **Treatment of longer term medical conditions not episodes of in-patient treatment or treatment of acute conditions.**  
The intent is to assist the ongoing maintenance of patients in the community setting; treatment may include administration by other than the oral route and may occur in a day procedure setting including supervision by a community practitioner.
- **Drug highly specialised and an identifiable patient target group.**  
This criterion is defined as relating to high cost drugs in respect of which a treatment regimen is associated with ongoing specialist supervision which normally occurs in an institutional setting.

- **Subject to marketing approval by the Therapeutic Goods Administration (TGA) and specific therapeutic indications covered by the terms of the marketing letter from TGA.**

From the Commonwealth's perspective the only avenue for funding any drug under the agreed arrangement is through the Pharmaceutical Benefits Scheme via section 100 involving endorsement by the Pharmaceutical Benefits Advisory Committee and meeting TGA specified marketing conditions.

- **High unit cost.**

In this context, high unit cost is interpreted as a cost beyond the normal financial capacity of individuals and imposing significant financial burden on specialised institutions.

The Authority's role in respect of these drugs is to review and negotiate national prices for their supply. Prices are negotiated at ex-manufacturer level. The prices and prescribing restrictions for these Highly Specialised Drugs are separately listed in the Schedule of Pharmaceutical Benefits.

At 30 June 2001 there were 40 Highly Specialised Drugs listed under Section 100.

## Special Patient Contribution

There is currently one product listed which has a special patient contribution. This occurs when a pricing agreement between the Government and supplier cannot be reached for unique products.

The special patient contribution is the difference between the dispensed price requested by the supplier and the Government's dispensed price. The special patient contribution is payable by all patients in addition to the relevant patient contribution for concessional and general patients.

## Therapeutic Group Reviews

The Authority reviews annually the price of each drug listed in the Pharmaceutical Benefits Scheme by therapeutic groupings. Suppliers are asked to submit cost and other data that they wish the Authority to consider in reviewing product prices.

## Confidentiality of information

All information provided on a confidential basis to the Authority is strictly treated as such, and is not disclosed to any person apart from members of the Authority and relevant officers of the Department of Health and Aged Care and the Department of Industry, Science and Resources, without the express permission of the Chairman and the company concerned.

## Results of therapeutic group reviews 2000-2001

In the 2000-2001 financial year, the Authority held four therapeutic group reviews, the summary results of which are compared below with those for the previous year:

<i>Product review results</i>	<i>1999-2000</i>	<i>2000-2001</i>
Number of products reviewed:	2,203	2,435
Number of products for which price applications were received:	579 26.3%	575 23.6%
Number of products for which price increases were granted:	217 9.9%	153 6.3%
Number of products for which price decreases were requested:	80 3.6%	97 4%

The number of new items recommended for listing and new items actually listed for the financial year 2000-2001 was:

Number of items recommended for listing by the Pharmaceutical Benefits Advisory Committee:	75
Section 100	18
(based on PBAC meetings held in 2000-2001 financial year, includes different strengths)	
Number of items listed	106
Section 100	15
(based on new items listed in the PBS Schedules for 2000-2001)	

### Estimated cost of price increases of existing items 2000-2001

The general price increases granted to suppliers in 2000-2001 are collectively estimated to add \$6.44 million to the cost of the Pharmaceutical Benefits Scheme in a full year based on the latest available twelve months prescription volume for each item at the time of review. A comparison with the estimated full year costs in the previous year is set out below:

<i>Approval of price increases</i>	<i>1999-2000</i>	<i>2000-2001</i>
	\$ million	\$ million
Recommended by Authority and subsequently approved by the Minister	7.12	6.44

These cost estimates do not include any expenditure for increased Australian activities considered under the Pharmaceutical Industry Investment Scheme.

## Cost of Pharmaceutical Benefits Scheme, 2000-2001

The total cost of the PBS for 2000-2001 was \$4,833 million. This comprised \$4,565 million for PBS items (Commonwealth Government payments of \$3,821 million and patient contributions of \$744 million) and \$268 million for Highly Specialised Drugs.

<i>Category</i>	<i>Processed Script numbers</i>	<i>Cost to Govt (excludes patient contributions)</i>	<i>Total cost</i>
	# million	\$ million	\$ million
General	18.5	662.1	1,054.5
General safety net	4.3	128.2	142.5
Concessional	99.3	2,359.6	2,697.0
Concessional safety net	25.4	660.3	660.3
Miscellaneous Dr's Bag	0.5	10.3	10.3
Highly Specialised Drugs	0.8	268.3	268.3
<b>Total</b>	<b>148.8</b>	<b>4,088.8</b>	<b>4,832.9</b>

Note: For the general public, where a pharmaceutical benefit is priced below the general patient contribution (that is, \$21.90), the consumer pays the full amount including an additional dispensing fee of 87 cents provided that the total cost does not exceed \$21.90. The above figures do not include these amounts.



# Chapter 3

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## Pharmaceutical Industry Investment Program

A supplementary Annual Report on the Pharmaceutical Industry Investment Program for the full 2000-01 financial year will be prepared early in 2002.

The Pharmaceutical Industry Investment Program (PIIP), commenced on 1 July 1999 and will run to 30 June 2004. Total funding of \$300 million has been allocated for the five years. The Program was designed to compensate the pharmaceutical industry, in part, for the impact on activity of the Government exercising its monopsony purchasing power under the Pharmaceutical Benefits Scheme. It also aims to increase the total level of activity undertaken in Australia that has a direct link to or is of direct relevance to the pharmaceutical industry.

Participating companies are entitled to partial compensation for the effects of price and volume constraints under the PBS by increasing either or both their Production Value Added and R&D activities.

## Participating companies

Nine companies were offered and signed contracts for entry into PIIP. The companies are:

- AMRAD Corporation Limited
- Bristol-Myers Squibb Australia Pty Ltd
- CSL Limited
- Eli Lilly Australia Pty Ltd
- F H Faulding and Co Limited
- Glaxo Wellcome Australia Pty Ltd (Now GlaxoSmithKline)
- Janssen-Cilag Pty Ltd
- Pfizer Pty Ltd
- Pharmacia & Upjohn Pty Ltd (Now Pharmacia)

## 2000-2001 Activity

During 2000-2001, activity for the first three quarters of the year was monitored and entitlements earned. Activity entitlements for the first three quarters totalled \$27.6 million, consisting of Production Value Added entitlement of \$22.5 million and R&D entitlement of \$5.1 million. The cumulative total of Production Value Added above base activity for the first three quarters of the Program is about \$112 million. The cumulative total of R&D for the first three quarters of the Program is nearly \$26 million.

Annual audited reports, which include final quarter activities, are not due from the companies until the end of September 2001.

A supplementary Annual Report for PIIP for the year ended 30 June 2000 is available is available from the Department of Industry, Science and Resources.

## PIIP database

A database has been established both to allow the Secretariat to track performance and entitlement and to allow the companies to submit data electronically.

# Chapter 4

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## Tables and Figures

**Table 1 Summary of ATC Minor Group reviews for 2000-2001**

ATC Code	Minor Group	No. of Products Reviewed	Script Volume	Govt Cost \$	Total Cost \$	Estimated Cost to Government of Price Increases
A02	Antacids, drugs for treatment of peptic ulcer & flatulence	134	9,137,387	324,269,082	380,637,438	0
A03	Antispasmodic and anticholinergic agents and propulsives	10	912,199	13,541,967	16,832,187	0
A04	Antiemetics and anti-nauseants	22	780,591	11,525,435	14,555,654	0
A06	Laxatives	16	565,606	8,750,417	10,272,836	69,621
A07	Antidiarrheals, intestinal antiinflammatory / antiinfectives	19	901,959	26,292,230	32,149,653	1,218,312
A10	Drugs used in Diabetes	68	3,856,089	129,940,486	143,214,109	0
B01	Antithrombotic Agents	53	2,729,805	62,452,765	71,235,068	0
B05	Blood substitutes and perfusion solutions	14	47,208	810,989	1,042,178	0
C01	Cardiac Therapy	60	3,305,199	58,190,100	68,041,485	0
C02	Antihypertensives	38	792,037	11,194,633	14,362,072	13,731
C03	Diuretics	44	2,670,335	24,591,669	31,936,379	36,369
C07	Beta Blocking Agents	44	4,147,589	47,093,533	59,959,473	0
C08	Calcium Channel Blockers	65	7,420,001	144,680,684	184,629,358	0
C09	Agents acting on the Renin-Angiotensin System	107	14,467,440	304,440,308	414,848,881	0
C10	Serum Lipid Reducing Agents	42	11,430,524	570,921,711	658,219,248	189,010
D07	Coricosteroids, Dermatological Preparations	32	2,524,664	20,142,000	28,519,665	33,809
G03	Sex hormones and modulators of the genital system	141	5,865,528	98,113,855	120,620,518	1,483,771
H02	Coricosteroids for systemic use	31	1,550,243	10,073,301	14,662,373	204,512
J01	Antibacterials for systemic use	310	11,588,437	135,548,304	174,837,785	132,018
J05	Antivirals for systemic use	27	279,277	58,854,172	62,850,432	0
L01	Antineoplastic Agents	102	321,142	98,463,019	101,259,122	184,988
L02	Endocrine Therapy	28	359,071	82,862,941	85,474,172	93,361
L03	Immunomodulating Agents	19	50,712	54,620,222	55,234,466	167,596
M01	Antiinflammatory and Antirheumatic Products	78	6,920,237	205,337,324	242,443,836	0
M04	Antigout Preparations	14	832,920	6,476,907	8,720,569	0
M05	Drugs for Treatment of Bone Diseases	10	566,508	37,499,535	40,346,302	144,675
N02	Analgesics	71	9,767,898	96,552,197	122,812,256	0
N03	Antiepileptics	51	1,430,920	72,607,535	82,779,885	0
N04	Anti-Parkinson drugs	39	564,441	25,613,173	28,221,269	0
N05	Psycholeptics	97	7,834,987	171,395,099	194,485,908	0

**Table 1 Summary of ATC Minor Group reviews for 2000-2001 (continued)**

ATC Code	Minor Group	No. of Products Reviewed	Script Volume	Govt Cost \$	Total Cost \$	Estimated Cost to Government of Price Increases
N06	Psychoanaleptics	64	9,536,194	252,175,668	327,940,376	19,443
R03	Anti-Asthmatics	92	10,124,812	274,322,216	332,571,974	88,596
S01	Ophthalmologicals	111	5,499,042	71,734,585	89,455,658	47,632
S02	Otologicals	10	826,552	3,012,840	5,371,520	0
V03	All other therapeutic groups	12	23,981	1,518,761	1,596,094	0
V04	Diagnostic agents	21	492,051	22,414,806	24,680,783	15,551
V06	General nutrients	44	46,102	14,243,404	14,690,137	4,834
	Others	295	7,880,669	268,321,679	303,210,481	2,312,335
	Total	2,435	148,050,357	3,820,599,552	4,564,721,602	6,460,164

**Table 2**      **Pharmaceutical Benefits Scheme**  
**Highest Government Cost Items - 12 months to end June 2001**

Rank	Code	Drug	Form	Script Volume	Govt Cost \$	Total Cost \$	Ave Price \$
1	8440	Celecoxib	Capsule 200 mg	2,894,042	149,517,879	170,270,664	58.83
2	8333	Omepazole	Tablet 20 mg	2,313,802	147,509,222	165,839,660	71.67
3	2012	Simvastatin	Tablet 20 mg	2,180,180	112,084,835	126,889,539	58.20
4	8214	Atorvastatin	Tablet 20 mg	1,759,553	88,931,121	104,562,883	59.43
5	8215	Atorvastatin	Tablet 40 mg	923,026	74,422,950	82,453,517	89.33
6	8187	Olanzapine	Tablet 10 mg	204,984	68,144,834	69,241,606	337.79
7	8465	Budesonide	Tablet 150 mg (sustained release)	274,382	65,635,857	69,244,847	252.37
8	8213	Atorvastatin	Tablet 10 mg	1,829,548	62,890,339	78,442,392	42.88
9	8173	Simvastatin	Tablet 40 mg	801,820	59,416,355	65,293,403	81.43
10	2011	Simvastatin	Tablet 10 mg	1,294,425	46,737,508	54,543,420	42.14
11	1978	Renitidine Hydrochloride	Tablet 150 mg (base)	2,439,072	43,636,679	54,905,802	22.51
12	2242	Paxetine	Tablet 20 mg (base)	1,273,217	42,403,652	54,964,394	43.17
13	8197	Pravastatin	Tablet 40 mg	509,878	35,840,895	39,751,931	77.96
14	2241	Lansoprazole	Capsule 30 mg	578,528	35,775,521	40,900,414	70.70
15	2236	Setraline	Tablet 50 mg (base)	1,231,855	33,776,195	45,828,440	37.20
16	3051	Perindopril	Tablet 4 mg	1,467,505	32,499,400	44,073,570	30.03
17	8101	Interferon Beta - 1B	Injection set 1 vial powder dose 8,000,000 i.u.	27,653	32,307,968	32,641,815	1180.41
18	8238	Ipratropium Bromide	Nebuliser solution single dose 500 ug 1 mL	541,702	31,764,497	33,519,325	61.88
19	8358	Clopidogrel	Tablet 75mg	397,780	31,521,666	33,397,882	83.96
20	8288	Sulbutamol	Oral pressurised inhal 100 ug (base) CFC-free	2,267,613	29,957,991	36,216,820	15.97
21	8243	Latanoprost	Eye drops 50 ug per mL (0.005%), 2.5 mL	905,220	29,716,868	34,480,955	38.09
22	2834	Pravastatin	Tablet 20 mg	642,616	29,158,300	33,769,818	52.55
23	2237	Setraline	Tablet 100 mg (base)	941,936	28,756,969	38,197,656	40.55
24	8432	Salmeterol and Fluticasone	Powder for oral inhal. 50ug/500ug	393,622	28,182,383	31,540,082	80.13
25	8220	Citalopram	Tablet 20 mg (base)	937,463	27,739,648	37,473,828	39.97
26	8093	Goserelin	Subcutaneous implant 10.8 mg (base)	23,731	27,085,191	27,213,302	1146.74
27	8102	Alendronic Acid	Tablet 10 mg	460,219	26,015,049	28,303,384	61.50

**Table 2**      **Pharmaceutical Benefits Scheme**  
**Highest Government Cost Items - 12 months to end June 2001 (continued)**

Rank	Code	Drug	Form	Script Volume	Govt Cost \$	Total Cost \$	Ave Price \$
28	2592	Isotretinoin	Capsule 20 mg	187,571	25,930,499	28,889,128	154.02
29	8346	Fluticasone	Oral press inhal. 250ug/dose cfcfree	634,895	25,852,366	31,041,250	48.89
30	8247	Ibuprofen	Tablet 150 mg	1,256,070	23,486,584	34,204,929	27.23
31	8248	Ibuprofen	Tablet 300 mg	900,158	22,318,707	29,926,632	33.25
32	2502	Calcitriol	Capsule 0.25 ug	380,159	22,060,460	23,790,054	62.58
33	1369	Enalapril Maleate	Tablet 20 mg	889,702	21,913,097	28,936,529	32.52
34	2072	Budesonide	Powder for oral inhal. 400 ug	618,813	21,852,408	27,301,278	44.12
35	8185	Olanzapine	Tablet 5 mg	1,55,396	21,847,674	22,752,816	146.42
36	1434	Fluoxetine Hydrochloride	Capsule 20 mg (base)	659,779	21,074,908	27,526,388	41.72
37	1763	Insulin (human)	Injection 100 units (30 units:70 units)	94,184	20,928,380	21,483,589	228.10
38	8008	Pantoprazole	Tablet (enteric coated) equivalent to 40mg	366,084	20,889,251	24,043,674	65.68
39	8302	Venlafaxine	Capsule 150 mg (base)/modified release	387,354	20,345,961	24,161,476	62.38
40	1946	Ramipril	Capsule 5 mg	891,592	20,209,827	27,358,338	30.68
41	1746	Paracetamol	Tablet 500 mg	3,977,226	20,078,460	30,031,704	7.55
42	2430	Metformin Hydrochloride	Tablet 500 mg	1,571,097	19,648,433	24,094,832	15.34
43	2752	Amlodipine Besylate	Tablet 10 mg (base)	784,001	19,537,220	26,572,600	33.89
44	2367	Felodipine	Tablet 10 mg (extended release)	755,123	18,858,001	24,306,697	32.19
45	1215	Codene with Paracetamol	Tablet 30 mg-500 mg	2,788,229	18,133,524	25,663,880	9.20
46	1081	Atenolol	Tablet 50 mg	2,460,249	17,663,160	24,620,312	10.01
47	2751	Amlodipine Besylate	Tablet 5 mg (base)	1,084,169	17,570,829	23,463,495	21.64
48	8313	Simvastatin	Tablet 80 mg	1,614,773	17,298,820	18,525,468	114.73
49	8134	Valaciclovir	Tablet 500 mg	93,757	16,659,680	18,094,232	192.99
50	1453	Gemfibrozil	Tablet 600 mg	434,776	16,162,256	19,433,707	44.70

**Table 3 Pharmaceutical Benefits Scheme  
Most Prescribed Items - 12 months to end June 2001**

Rank	Code	Drug	Form	Script Volume	Govt Cost \$	Total Cost \$	Ave Price \$
1	1746	Paracetamol	Tablet 500 mg	3,977,226	20,078,460	30,031,704	7.55
2	8440	Celecoxib	Capsule 200 mg	2,894,042	149,517,879	170,270,664	58.83
3	1215	Cocaine with Paracetamol	Tablet 30 mg-500 mg	2,788,229	18,133,524	25,663,880	9.20
4	1081	Atenolol	Tablet 50 mg	2,460,249	17,663,160	24,620,312	10.01
5	1978	Ranitidine Hydrochloride	Tablet 150 mg (base)	2,439,072	43,636,679	54,905,802	22.51
6	8333	Omeprazole	Tablet 20 mg	2,313,802	147,509,222	165,839,660	71.67
7	8288	Salbutamol	Oral pressurised inhal 100 ug (base) CFC-free	2,267,613	29,957,991	36,216,820	15.97
8	2012	Simvastatin	Tablet 20 mg	2,180,180	112,084,835	126,889,539	58.20
9	2108	Temazepam	Capsule 10 mg	2,097,856	8,106,432	13,479,617	6.43
10	8213	Atorvastatin	Tablet 10 mg	1,829,548	62,890,339	78,442,392	42.88
11	8214	Atorvastatin	Tablet 20 mg	1,759,553	88,931,121	104,562,883	59.43
12	2430	Mefenamin Hydrochloride	Tablet 500 mg	1,571,097	19,648,433	24,094,832	15.34
13	3051	Perindopril	Tablet 4 mg	1,467,505	32,499,400	44,073,570	30.03
14	3162	Diazepam	Tablet 5 mg	1,399,699	5,726,107	9,482,182	6.77
15	2011	Simvastatin	Tablet 10 mg	1,294,425	46,737,508	54,543,420	42.14
16	2242	Paroxetine	Tablet 20 mg (base)	1,273,217	42,403,652	54,964,394	43.17
17	8247	Ibuprofen	Tablet 150 mg	1,256,070	23,486,584	34,204,929	27.23
18	3119	Cephalexin	Capsule 500 mg	1,239,404	10,509,687	14,224,339	11.48
19	2236	Sertraline	Tablet 50 mg (base)	1,231,855	33,776,195	45,828,440	37.20
20	3133	Oxazepam	Tablet 30 mg	1,166,392	4,012,980	6,961,629	5.97
21	2751	Amiodipine Besylate	Tablet 5 mg (base)	1,084,169	17,570,829	23,463,495	21.64
22	1889	Amoxicillin	Capsule 500 mg	1,075,858	8,763,192	12,017,264	11.17
23	2412	Fruzemide	Tablet 40 mg	1,063,719	5,587,389	8,152,706	7.66
24	2237	Sertraline	Tablet 100 mg (base)	941,936	28,756,969	38,197,656	40.55
25	8220	Citalopram	Tablet 20 mg (base)	937,463	27,739,648	37,473,828	39.97
26	8254	Amoxicillin with Clavulanic Acid	Tablet 875 mg-125 mg	932,848	13,277,320	16,065,657	17.22
27	8215	Atorvastatin	Tablet 40 mg	923,026	74,472,950	82,453,517	89.33

**Table 3 Pharmaceutical Benefits Scheme  
Most Prescribed Items - 12 months to end June 2001 (continued)**

Rank	Code	Drug	Form	Script Volume	Govt Cost \$	Total Cost \$	Ave Price \$
28	8243	Latanoprost	Eye drops 50 ug per mL (0.005%), 2.5 mL	905,220	29,716,868	34,480,955	38.09
29	8248	Ibuprofen	Tablet 300 mg	900,158	22,318,707	29,926,632	33.25
30	1946	Ramipril	Capsule 5 mg	891,592	20,209,827	27,358,338	30.68
31	1558	Isosorbide Mononitrate	Tablets sustained release 60 mg	889,778	13,093,206	15,259,145	17.15
32	1369	Enalapril Maleate	Tablet 20 mg	889,702	21,913,097	28,936,529	32.52
33	2449	Glizacide	Tablet 80 mg	866,201	11,170,178	13,458,822	15.54
34	1300	Diclofenac	Tablet 50 mg (enteric coated)	833,357	6,599,055	8,947,401	10.74
35	8173	Simvastatin	Tablet 40 mg	801,820	59,416,355	65,293,403	81.43
36	2752	Amlodipine Besylate	Tablet 10 mg (base)	784,001	19,537,220	26,572,600	33.89
37	2367	Felodipine	Tablet 10 mg (extended release)	755,123	18,858,001	24,306,697	32.19
38	2001	Salbutamol	Nebuliser solution single dose 5mg (base)	747,792	15,866,915	18,891,987	25.26
39	2723	Nifedipine	Tablet 5 mg	680,258	2,735,791	4,370,056	6.42
40	8016	Roxithromycin	Tablet 300 mg	669,253	6,518,886	8,526,330	12.74
41	1434	Fluoxetine Hydrochloride	Capsule 20 mg (base)	659,779	21,074,908	27,526,388	41.72
42	1241	Verapamil Hydrochloride	Tablet 240 mg (sustained release)	646,761	9,616,455	11,554,255	17.86
43	2834	Pravastatin	Tablet 20 mg	642,616	29,158,300	33,769,818	52.55
44	2893	Prochlorperazine	Tablet 5 mg	638,960	3,025,041	4,699,336	7.35
45	8346	Fluticasone	Oral press. inhal 250ug/dose cfc-free	634,895	25,852,366	31,041,250	48.89
46	1169	Cetacel	Tablet 375 mg (sustained release)	633,856	7,409,736	9,300,728	14.67
47	1509	Hypromellose	Eye drops 3 mg-1 mg per ml (0.3%-0.1%), 15 ml	628,429	5,360,935	6,921,904	11.01
48	2072	Budesonide	Powder for oral inhal. 400 ug	618,813	21,852,408	27,301,278	44.12
49	1313	Diltiazem Hydrochloride	Capsule 240 mg controlled delivery	612,294	14,544,042	18,078,953	29.53
50	8202	Aspirin	Tablet 100mg	608,854	1,993,469	3,587,713	5.89

**Table 4 Top 20 suppliers by total cost for 2000-2001  
(from processed PBS prescriptions)**

Rank	Supplier(s)	Script Volume	Govt Cost \$	Total Cost \$	Sales to ex-supplier \$
1	GlaxoSmithKline	12,395,409	417,058,182	493,099,594	358,517,399
2	Pfizer/Parke Davis	12,182,342	389,174,462	478,227,472	347,121,570
3	Merck Sharp & Dohme	10,233,285	361,266,552	423,302,260	309,247,206
4	AstraZeneca	9,456,499	315,769,067	369,747,890	268,245,490
5	Pharmacia & Upjohn	7,130,632	267,519,124	310,455,065	228,163,390
6	Alphapharm	16,552,170	230,421,875	287,235,784	175,017,004
7	Bristol-Myers Squibb	5,952,800	185,133,657	227,448,954	164,518,404
8	Aventis	8,676,819	154,082,225	193,221,694	126,640,952
9	Eli Lilly	2,567,916	153,899,981	167,268,805	127,548,766
10	Wyeth	5,411,982	108,670,592	134,166,187	90,156,360
11	Roche	2,876,002	116,248,424	130,891,642	96,668,961
12	Sanoft-Synthelabo	8,059,479	83,405,893	112,370,897	62,727,876
13	Novartis	3,471,002	78,592,529	92,475,403	63,080,889
14	Servier	3,120,540	57,705,959	76,050,190	50,912,344
15	Novo Nordisk	856,183	71,704,226	75,898,250	58,995,294
16	Sigma	5,898,217	51,059,104	69,688,297	35,639,342
17	Abbott	3,113,082	56,010,389	68,487,786	44,751,954
18	Boehringer Ingelheim	1,784,722	57,447,999	66,724,929	48,124,318
19	Schering	1,207,918	59,397,524	66,104,754	49,707,554
20	Bayer	1,666,830	48,272,049	59,422,401	42,576,827
	Others	25,436,528	557,719,742	662,433,350	449,795,071
	Total	148,050,357	3,820,559,552	4,564,721,602	3,198,156,971

**Note:** Includes branded and unbranded scripts and Doctor's bag scripts written for EP items contained in 'Other' total.

**Table 5 Top 20 suppliers by market share for 2000-2001  
(from processed PBS prescriptions)**

Rank	Supplier(s)	Script Volume	Govt Cost \$	Total Cost \$	Sales to ex-supplier \$
1	Alphapharm	16,552,170	230,421,875	287,235,784	175,017,004
2	GlovoSmithKline	12,395,409	417,058,182	493,099,594	358,517,399
3	Pfizer/Parke Davis	12,182,342	389,174,462	478,227,472	347,121,570
4	Merck Sharp & Dohme	10,233,285	361,266,552	423,302,260	309,247,206
5	AstraZeneca	9,456,499	315,769,067	369,747,890	268,245,490
6	Aventis	8,676,819	154,082,225	193,221,694	126,640,952
7	Sanofi Synthelabo	8,059,479	83,405,893	112,370,897	62,727,876
8	Pharmacia & Upjohn	7,130,632	267,519,124	310,455,065	228,163,390
9	Bristol-Myers Squibb	5,952,800	185,133,657	227,448,954	164,518,404
10	Sigma	5,898,217	51,059,104	69,688,297	35,639,342
11	Wyeth	5,411,982	108,670,592	134,166,187	90,156,360
12	Novartis	3,471,002	78,592,529	92,475,403	63,080,889
13	Servier	3,120,540	57,705,959	76,050,190	50,912,344
14	Abbott	3,113,082	56,010,389	68,487,786	44,751,954
15	Roche	2,876,002	116,248,424	130,891,642	96,668,961
16	Eli Lilly	2,567,916	153,899,981	167,268,805	127,548,766
17	Boehringer Ingelheim	1,784,722	57,447,999	66,724,929	48,124,318
18	Bayer	1,666,830	48,272,049	59,422,401	42,576,827
19	Faulding	1,618,099	19,630,278	24,770,426	14,401,839
20	Schering-Plough	1,614,262	23,015,604	29,274,932	18,101,251
	Others	24,268,268	646,175,609	750,390,996	525,994,829
	Total	148,050,357	3,820,559,552	4,564,721,602	3,198,156,971

**Note:** Includes branded and unbranded scripts and Doctor's bag scripts written for EP items in 'Other' total. Unbranded scripts totalled 10.2 million (cost \$282.7 million) or 6.88 per cent of total processed scripts.

**Table 6a Significant Drug Groups - 12 Months to end June, sorted by highest Government cost 2000 - 2001**

ATC Code	Minor Groups	Financial Year 1999-2000				Financial Year 2000-2001			
		Script Volume	Govt Cost \$	Total Cost \$	Ave Price \$	Script Volume	Govt Cost \$	Total Cost \$	Ave Price \$
C10	Serum Lipid Reducing Agents	9,672,941	473,677,001	545,144,066	56.36	11,430,524	570,921,711	658,219,248	57.58
A02	Antiacids, drugs for treatment of peptic ulcer and flatulence	8,958,001	315,420,401	374,046,227	41.76	9,137,387	324,269,082	380,637,438	41.66
C09	Agents acting on Renin-Angiotensin system	12,368,588	271,928,039	363,628,818	29.40	14,467,440	304,440,308	414,848,881	28.67
R03	Anti-Asthmatics	9,922,337	246,460,575	300,336,867	30.27	10,124,812	274,322,216	332,571,974	32.85
N06	Psychoanalепtics	8,409,110	210,342,270	272,189,514	32.37	9,536,194	252,175,668	327,940,376	34.39
M01	Anti-inflammatory and Antirheumatic products	4,365,941	44,327,749	56,823,491	13.02	6,920,237	205,337,324	242,443,836	35.03
N05	Psycholeпtics	7,744,578	139,819,668	161,226,081	20.82	7,834,987	171,395,099	194,485,908	24.82
C08	Calcium Channel Blockers	7,584,718	147,695,314	189,673,450	25.01	7,420,001	144,680,684	184,629,358	24.88
J01	Antibacterials for systemic use	11,591,539	134,121,056	172,230,006	14.86	11,588,437	135,548,304	174,837,785	15.09
A10	Antidiabetic therapy	3,453,602	113,664,232	125,275,063	36.27	3,856,089	129,940,486	143,214,109	37.14
L01	Antineoplastic Agents	273,986	64,882,897	67,001,632	244.54	321,142	98,463,019	101,259,122	315.31
G03	Sex hormones and modulators of the genital system	5,596,130	85,740,903	106,676,346	19.06	5,865,528	98,113,855	120,620,518	20.56
N02	Analgесics	9,375,680	84,961,794	108,819,198	11.61	9,767,898	96,552,197	122,812,256	12.57
L02	Endocrine Therapy	341,072	74,896,418	77,262,160	226.53	359,071	82,862,941	85,474,172	238.04
N07	Other nervous system drugs	138,928	5,145,026	5,683,923	40.91	429,777	74,055,521	78,411,020	182.45
N03	Antiepileпtics	1,365,439	65,999,929	75,521,949	55.31	1,430,920	72,607,535	82,779,885	57.85
S01	Ophthalmologicals	5,135,029	64,115,874	79,928,604	15.57	5,499,042	71,734,585	89,455,658	16.27

Figures are an estimation only due to script volumes being reprocessed by Health Insurance Commission

**Table 6a Significant Drug Groups - 12 Months to end June, sorted by highest Government cost 2000 - 2001 (continued)**

ATC Code	Minor Groups	Variation 1999-2000 to 2000-01			Percentage Change				
		Script Volume	Govt Cost \$	Total Cost \$	Ave Price \$	Script Volume	Govt Cost \$	Total Cost \$	Ave Price \$
C10	Serum Lipid Reducing Agents	1,757,583	97,244,710	113,075,182	1.23	18.17	20.53	20.74	2.18
A02	Antacids, drugs for treatment of peptic ulcer and flatulence	179,386	8,848,681	6,591,211	-0.10	2.00	2.81	1.76	-0.24
C09	Agents acting on Renin-Angiotensin system	2,098,852	32,512,269	51,220,063	-0.72	16.97	11.96	14.09	-2.47
R03	Anti-Asthmatics	202,475	27,861,641	32,235,107	2.58	2.04	11.30	10.73	8.52
N06	Psychoanaleptics	1,127,084	41,833,398	55,750,862	2.02	13.40	19.89	20.48	6.24
M01	Antiinflammatory and Antirheumatic products	2,554,296	161,009,575	185,620,345	22.02	58.51	363.23	326.66	169.18
N05	Psycholeptics	90,409	31,575,431	33,259,827	4.00	1.17	22.58	20.63	19.24
C08	Calcium Channel Blockers	-164,717	-3,014,630	-5,044,092	-0.12	-2.17	-2.04	-2.66	-0.50
J01	Antibacterials for systemis use	-3,102	1,427,248	2,607,779	0.23	-0.03	1.06	1.51	1.54
A10	Antidiabetic therapy	402,487	16,276,254	17,939,046	0.87	11.65	14.32	14.32	2.39
L01	Antineoplastic Agents	47,156	33,580,122	34,257,490	70.77	17.21	51.75	51.13	28.94
G03	Sex hormones and modulators of the genital system	269,398	12,372,952	13,944,172	1.50	4.81	14.43	13.07	7.88
N02	Analgesics	392,218	11,590,403	13,993,058	0.97	4.18	13.64	12.86	8.33
L02	Endocrine Therapy	17,999	7,966,523	8,212,012	11.52	5.28	10.64	10.63	5.08
N07	Other nervous system drugs	290,849	68,910,495	72,727,097	141.53	209.35	1339.36	1279.52	345.94
N03	Antiepileptics	65,481	6,607,606	7,257,936	2.54	4.80	10.01	9.61	4.59
S01	Ophthalmologicals	364,013	7,618,711	9,527,054	0.70	7.09	11.88	11.92	4.51

Figures are an estimation only due to script volumes being reprocessed by Health Insurance Commission

**Table 6b Significant Drug Groups - 12 Months to end June, sorted by highest script volume 2000 - 2001**

ATC Code	Minor Groups	Financial Year 1999-2000			Financial Year 2000-2001				
		Script Volume	Govt Cost \$	Total Cost \$	Ave Price \$	Script Volume	Govt Cost \$	Total Cost \$	Ave Price \$
C09	Agents acting on Renin-Angiotension system	12,368,588	271,928,039	363,628,818	29.40	14,467,440	304,440,308	414,848,881	28.67
J01	Antibacterials for systemic use	11,591,539	134,121,056	172,230,006	14.86	11,588,437	135,548,304	174,837,785	15.09
C10	Serumlipidreducing agents	9,672,941	473,677,001	545,144,066	56.36	11,430,524	570,971,711	658,219,248	57.58
R03	Anti-Asthmatics	9,922,337	246,460,575	300,336,867	30.27	10,124,812	274,322,216	332,571,974	32.85
N02	Analgesics	9,375,680	84,961,794	108,819,198	11.61	9,767,898	96,552,197	122,812,256	12.57
N06	Psycholeptics	8,409,110	210,342,270	272,189,514	32.37	9,536,194	252,175,668	327,940,376	34.39
A02	Antacids, drugs for treatment of Peptic Ulcer and Flatulence	8,958,001	315,420,401	374,046,227	41.76	9,137,387	324,269,082	380,637,438	41.66
N05	Psycholeptics	7,744,578	139,819,668	161,226,081	20.82	7,834,987	171,395,099	194,485,908	24.82
C08	Calcium Channel Blockers	7,584,718	147,695,314	189,673,450	25.01	7,420,001	144,680,684	184,629,358	24.88
M01	Antiinflammatory and Antirheumatic products	4,365,941	44,327,749	56,823,491	13.02	6,920,237	205,337,324	242,443,836	35.03
G03	Sex hormones and modulators of the genital system	5,596,130	85,740,903	106,676,346	19.06	5,865,528	98,113,855	120,620,518	20.56
S01	Ophthalmologicals	5,135,029	64,115,874	79,928,604	15.57	5,499,042	71,734,585	89,455,658	16.27
C07	Beta Blocking Agents	3,931,576	41,856,484	53,761,167	13.67	4,147,589	47,093,533	59,959,473	14.46
A10	Antidiabetic therapy	3,453,602	113,664,232	125,275,063	36.27	3,856,089	129,940,486	143,214,109	37.14
C01	Cardiac therapy	3,283,526	57,097,293	66,560,625	20.27	3,305,199	58,190,100	68,041,485	20.59
B01	Antithrombotic Agents	2,033,093	32,077,966	37,988,571	18.68	2,729,805	62,452,765	71,235,068	26.10
C03	Diuretics	2,755,991	25,502,719	32,859,670	11.92	2,670,335	24,591,669	31,936,379	11.96

Figures are an estimation only due to script volumes being reprocessed by Health Insurance Commission

**Table 6b Significant Drug Groups - 12 Months to end June, sorted by highest script volume 2000 - 2001 (continued)**

ATC Code	Minor Groups	Variation 1999-2000 to 2000-01			Percentage Change				
		Script Volume	Govt Cost \$	Total Cost \$	Ave Price \$	Script Volume	Govt Cost \$	Total Cost \$	Ave Price \$
C09	Agents acting on Renin-Angiotension system	2,098,852	32,512,269	51,220,063	-0.72	16.97	11.96	14.09	-2.47
J01	Antibacterials for systemic use	-3,102	1,427,248	2,607,779	0.23	-0.03	1.06	1.51	1.54
C10	Serum Lipid Reducing Agents	1,757,583	97,244,710	113,075,182	1.23	18.17	20.53	20.74	2.18
R03	Anti-Asthmatics	202,475	27,861,641	32,235,107	2.58	2.04	11.30	10.73	8.52
N02	Analgesics	392,218	11,590,403	13,993,058	0.97	4.18	13.64	12.86	8.33
N06	Psychoanalgeptics	1,127,084	41,833,398	55,750,862	2.02	13.40	19.89	20.48	6.24
A02	Antiacids, drugs for treatment of Peptic Ulcer and Flatulence	179,386	8,848,681	6,591,211	-0.10	2.00	2.81	1.76	-0.24
N05	Psycholeptics	90,409	31,575,431	33,259,827	4.00	1.17	22.58	20.63	19.24
C08	Calcium Channel Blockers	-164,717	-3,014,630	-5,044,092	-0.12	-2.17	-2.04	-2.66	-0.50
M01	Antiinflammatory and Antirheumatic products	2,554,296	161,009,575	185,620,345	22.02	58.51	363.23	326.66	169.18
G03	Sex hormones and modulators of the genital system	269,398	12,372,952	13,944,172	1.50	4.81	14.43	13.07	7.88
S01	Ophthalmologicals	364,013	7,618,711	9,527,054	0.70	7.09	11.88	11.92	4.51
C07	Beta blocking agents	216,013	5,237,049	6,198,306	0.78	5.49	12.51	11.53	5.72
A10	Antidiabetic therapy	402,487	16,276,254	17,939,046	0.87	11.65	14.32	14.32	2.39
C01	Cardiac therapy	21,673	1,092,807	1,480,860	0.32	0.66	1.91	2.22	1.55
B01	Antithrombotic Agents	696,712	30,374,799	33,266,497	7.42	34.27	94.69	87.62	39.73
C03	Diuretics	-85,656	-911,050	-923,291	0.04	-3.11	-3.57	-2.81	0.31

Figures are an estimation only due to script volumes being reprocessed by Health Insurance Commission

**Table 7a PBS Drugs comparison (with Dr's Bag) sorted by highest change to Government cost 2000 - 2001**

Rank	Drug	Year ending June 2000					Year ending June 2001					Ave Price \$	Total Cost \$	Variation Govt Cost \$	Change %
		Script Volume	Govt Cost \$	Total Cost \$	Ave Price \$	Script Volume	Govt Cost \$	Total Cost \$							
1	Celecoxib	0	0	0	0	NEW	3,312,211	160,554,639	184,000,321	55.55	160,554,639	NEW			
2	Bupropion	0	0	0	0	NEW	274,382	65,635,857	69,244,847	252.37	65,635,857	NEW			
3	Atorvastatin	3,442,626	176,866,899	206,318,573	59.93	4,512,127	226,244,410	265,458,793	58.83	49,377,511	27.92				
4	Salmeterol and Fluticasone	0	0	0	0	NEW	749,424	45,269,618	52,099,369	69.52	45,269,618	NEW			
5	Simvastatin	4,124,508	204,472,156	231,264,589	56.07	4,498,294	237,015,067	267,113,173	59.38	32,542,911	15.92				
6	Olanzapine	337,895	82,005,221	83,894,578	248.29	484,392	107,379,571	110,118,043	227.33	25,374,350	30.94				
7	Clopidogrel	100,768	7,924,186	8,449,287	83.85	397,780	31,521,666	33,397,882	83.96	23,597,480	297.79				
8	Ibuprofen with Hydrochlorothiazide	14,402	309,792	443,761	30.81	952,776	21,360,380	30,082,090	31.57	21,050,588	6,795.07				
9	Venlafaxine	652,684	29,074,927	35,258,651	54.02	964,315	42,670,820	52,119,259	54.05	13,595,893	46.76				
10	Rofecoxib	0	0	0	0	NEW	490,592	13,268,400	17,456,719	35.58	13,268,400	NEW			
11	Leflunomide	11,440	2,754,408	2,858,791	249.89	65,736	14,742,907	15,309,049	232.89	11,988,499	435.25				
12	Omeprazole	2,167,644	150,830,737	167,296,130	77.18	2,529,186	161,364,930	181,191,066	71.64	10,534,193	6.98				
13	Citalopram	595,656	17,567,030	23,572,550	39.57	937,463	27,739,648	37,473,828	39.97	10,172,618	57.91				
14	Sertraline	1,836,932	53,194,757	70,630,247	38.45	2,173,791	62,533,164	84,026,096	38.65	9,338,407	17.56				
15	Valaciclovir	87,978	14,523,432	15,744,291	178.96	128,288	23,599,733	25,483,809	198.65	9,076,301	62.49				
16	Pravastatin	1,212,396	62,624,480	71,387,344	58.88	1,372,311	71,593,634	81,552,379	59.43	8,969,154	14.32				
17	Interferon Beta-1A	9,679	10,723,130	10,831,158	1119.04	17,308	19,541,316	19,754,923	1,141.38	8,818,186	82.24				
18	Raloxifene	39,709	2,176,716	2,402,539	60.50	191,955	10,639,410	11,606,228	60.46	8,462,694	388.78				
19	Imitrex	221	289,252	292,275	1322.51	7,911	8,643,382	8,736,313	1,104.32	8,354,130	2,888.18				
20	Cerivastatin	149,600	4,916,918	6,198,891	41.44	345,917	12,350,081	15,359,130	44.40	7,433,163	151.18				

Figures are an estimation only due to script volumes being reprocessed by Health Insurance Commission

**Table 7a PBS Drugs comparison (with Dr's Bag) sorted by highest change to Government cost 2000 - 2001 (continued)**

Rank	Drug	Year ending June 2000				Year ending June 2001				Ave Price \$	Total Cost \$	Variation Govt Cost \$	Change %
		Script Volume	Govt Cost \$	Total Cost \$	Ave Price \$	Script Volume	Govt Cost \$	Total Cost \$	Ave Price \$				
21	Telmisartan	131,945	2,055,319	3,242,326	24.57	528,193	8,499,017	13,265,624	25.12	6,443,698	313.51		
22	Insulin (human)	396,822	67,210,507	70,191,429	176.88	410,932	73,597,719	76,737,054	186.74	6,387,212	9.50		
23	Alendronic Acid	383,290	23,293,553	25,151,775	65.62	495,897	29,572,656	32,048,983	64.63	6,279,103	26.96		
24	Latanoprost	694,868	23,572,185	27,117,411	39.03	905,220	29,716,868	34,480,955	38.09	6,194,683	26.34		
25	Fosinopril with Hydrochlorothiazide	4,352	85,146	124,021	28.50	298,849	6,056,681	8,700,310	29.11	5,971,535	7,013.29		
26	Ramipril	1,116,306	23,196,940	31,427,351	28.15	1,436,205	28,997,815	39,826,420	27.73	5,800,875	25.01		
27	Glitiramer Acetate	902	993,331	1,003,152	1112.14	6,164	6,692,058	6,762,673	1,097.12	5,698,727	573.70		
28	Paclitaxel	5,902	12,309,681	12,379,910	2097.58	8,769	17,812,283	17,920,149	2,043.58	5,502,602	44.70		
29	Rituximab	6,160	12,426,446	12,498,736	2029.02	8,666	17,529,651	17,635,774	2,035.05	5,103,205	41.07		
30	Paroxetine	1,124,272	37,450,346	48,117,404	42.80	1,273,217	42,403,652	54,964,394	43.17	4,953,306	13.23		
31	Orneprazole Magnesium and Clarithromycin	24,588	2,138,618	2,403,818	97.76	76,534	6,641,193	7,471,464	97.62	4,502,575	2,10.54		
32	Donepezil	0	0	0	NEW	29,024	4,459,392	4,627,052	159.42	4,459,392	NEW		
33	Pantoprazole	247,381	18,206,218	20,288,204	82.01	402,806	22,595,412	26,079,762	64.75	4,389,194	24.11		
34	Oxycodone	304,148	3,688,468	4,432,726	14.57	414,169	8,050,226	9,395,263	22.68	4,361,758	118.25		
35	Carvedilol	103,273	9,511,378	10,068,949	97.50	145,885	13,669,742	14,485,537	99.29	4,158,364	43.72		

Figures are an estimation only due to script volumes being reprocessed by Health Insurance Commission

**Table 7b** PBS Drugs comparison (with Dr's Bag) sorted by variation in volume (script usage) 2000 - 2001

RANK	Drug	2000-01										2000-01		
		Script Volume	Govt Cost \$	Total Cost \$	Ave Price \$	Script Volume	Govt Cost \$	Total Cost \$	Ave Price \$	Variation script volume	Ave Price \$	% change		
1	Celecoxib	0	0	0	NEW	3,312,211	160,554,639	184,000,321	55.55	3,312,211	NEW	NEW		
2	Atorvastatin	3,442,626	176,866,899	206,318,573	59.93	4,512,127	226,244,410	265,458,793	58.83	1,069,501	31.07	31.07		
3	Iribesartan with Hydrochlorothiazide	14,402	309,792	443,761	30.81	952,776	21,360,380	30,082,090	31.57	938,374	6,515.58	6,515.58		
4	Salmeterol and Fluticasone	0	0	0	NEW	749,424	45,269,618	52,099,369	69.52	749,424	NEW	NEW		
5	Rofecoxib	0	0	0	NEW	490,592	13,268,400	17,456,719	35.58	490,592	NEW	NEW		
6	Telmisartan	131,945	2,055,319	3,242,326	24.57	528,193	8,499,017	13,265,624	25.12	396,248	300.31	300.31		
7	Simvastatin	4,124,508	204,472,156	231,264,589	56.07	4,498,294	237,015,067	267,113,173	59.38	373,786	9.06	9.06		
8	Omeprazole	2,167,644	150,830,737	167,296,130	77.18	2,529,186	161,364,930	181,191,066	71.64	361,542	16.68	16.68		
9	Citalopram	595,656	17,567,030	23,572,550	39.57	937,463	27,739,648	37,473,828	39.97	341,807	57.38	57.38		
10	Serrraline	1,886,932	53,194,757	70,630,247	38.45	2,173,791	62,533,164	84,026,096	38.65	336,859	16.34	16.34		
11	Ramipril	1,116,306	23,196,940	31,427,351	28.15	1,436,205	28,997,815	39,826,420	27.73	319,899	28.66	28.66		
12	Ventifoxine	652,684	29,074,927	35,258,651	54.02	964,315	42,670,820	52,119,259	54.05	311,631	47.75	47.75		
13	Clopidogrel	100,768	7,924,186	8,449,287	83.85	397,780	31,521,666	33,397,882	83.96	297,012	294.75	294.75		
14	Fosinopril with Hydrochlorothiazide	4,352	85,146	124,021	28.50	298,849	6,056,681	8,700,310	29.11	294,497	6,766.93	6,766.93		
15	Bupropion	0	0	0	NEW	274,382	65,635,857	69,244,847	252.37	274,382	NEW	NEW		
16	Condesartan	254,685	4,560,964	6,779,071	26.62	506,345	8,351,688	12,624,230	24.93	251,660	98.81	98.81		
17	Mefformin Hydrochloride	1,570,787	19,805,642	24,111,835	15.35	1,820,551	22,789,147	27,970,637	15.36	249,764	15.90	15.90		
18	Iribesartan	2,127,815	46,911,286	64,491,293	30.31	2,338,908	48,669,877	68,244,034	29.18	211,093	9.92	9.92		
19	Latanoprost	694,868	23,522,195	27,117,411	39.03	905,220	29,716,868	34,480,955	38.09	210,352	30.27	30.27		
20	Tamadol	0	0	0	NEW	201,684	1,043,104	1,640,983	8.14	201,684	NEW	NEW		
21	Gevastatin	149,600	4,916,918	6,198,891	41.44	345,917	12,350,081	15,359,130	44.40	196,317	131.23	131.23		

Figures are an estimation only due to script volumes being reprocessed by Health Insurance Commission

**Table 7b PBS Drugs comparison (with Dr's Bag) sorted by variation in volume (script usage) 2000 - 2001 (continued)**

Rank	Drug	2000-01		2000-01		Ave Price \$	Script Volume	Govt Cost \$	Total Cost \$	Ave Price \$	Script Volume	Govt Cost \$	Total Cost \$	Ave Price \$	Variation script volume \$	% change
		Script Volume	Govt Cost \$	Script Volume	Govt Cost \$											
22	Pravastatin	1,212,396	62,624,480	71,387,344	58.88	1,372,311	71,593,634	81,552,379	59.43	159,915	13.19					
23	Pantoprazole	247,381	18,206,218	20,288,204	82.01	402,806	22,595,412	26,079,762	64.75	155,425	62.83					
24	Raloxifene	39,709	2,176,716	2,402,539	60.50	191,955	10,639,410	11,606,228	60.46	152,246	383.40					
25	Paroxetine	1,124,272	37,450,346	48,117,404	42.80	1,273,217	42,403,652	54,964,394	43.17	148,945	13.25					
26	Olanzapine	337,895	82,005,221	83,894,578	248.29	484,392	107,379,571	110,118,043	227.33	146,497	43.36					
27	Atenolol	2,319,294	16,775,808	23,144,320	9.98	2,460,249	17,663,160	24,620,312	10.01	140,955	6.08					
28	Perindopril	1,937,194	38,770,421	53,663,880	27.70	2,073,174	42,279,682	57,032,178	27.51	135,980	7.02					
29	Perindopril and Indapamide	0	0	0	NEW	133,755	3,141,174	4,403,450	32.92	133,755	NEW					
30	Bismuthidine	55,824	544,708	704,167	12.61	174,216	1,765,162	2,207,235	12.67	118,392	212.08					
31	Amoxicillin	2,175,903	15,768,984	22,317,371	10.26	2,290,229	16,475,104	23,644,882	10.32	114,326	5.25					
32	Diprictamole with Aspirin	1,159	32,137	38,818	33.49	114,861	3,308,650	3,864,230	33.64	113,702	9,810.35					
33	Alendronic Acid	383,290	23,293,553	25,151,775	65.62	495,897	29,572,656	32,048,983	64.63	112,607	29.38					
34	Oestradiol with Norethisterone Acetate	127,411	1,672,825	2,052,040	16.11	239,697	3,364,294	4,102,867	17.12	112,286	88.13					
35	Oxycodone	304,148	3,688,468	4,432,726	14.57	414,169	8,050,226	9,395,263	22.68	110,021	36.17					

Figures are an estimation only due to script volumes being reprocessed by Health Insurance Commission

## Appendix: Pharmaceutical Industry Investment Program Guidelines

The PIIP operates according to a number of guiding principles. These Principles define the objectives of the Program and successful participants have demonstrated that the activities they are and will undertake are consistent with the Principles.

### Principle 1

The Pharmaceutical Industry Investment Program is intended to increase the total level of research and development activity undertaken in Australia which has a direct link to or is of direct relevance to the pharmaceutical industry. It is not, however, intended to influence the direction of that research and development activity.

This Principle recognises that low returns to suppliers to the Pharmaceutical Benefits Scheme (PBS) reduce the ability of pharmaceutical companies to undertake research and development (R&D) activity in Australia. Within the broad constraint of activity needing to have a demonstrated relevance to or direct link to the pharmaceutical industry, the PIIP does not seek to encourage one type of R&D activity over another.

### Principle 2

The Pharmaceutical Industry Investment Program is intended to increase the total level of pharmaceutical production value added activity undertaken in Australia. In particular, it seeks to encourage high value adding per unit activity over lower value adding per unit activity.

This Principle recognises that low returns to companies under the PBS impact on the level of pharmaceutical manufacturing activity in Australia and hence the level of investment in the industry. While this Principle clearly articulates a preference for high value adding per unit activity, it does not preclude companies from undertaking high volume, lower value adding per unit activity.

### Principle 3

The Pharmaceutical Industry Investment Program is intended to encourage pharmaceutical companies to achieve not only growth in existing activity but also to undertake additional activity which is different in scope from existing activity, or is otherwise new to the company and of 'significance' to its operations and/or its position in the global environment.

### Principle 4

The Pharmaceutical Industry Investment Program is intended to encourage a sustainable pharmaceutical industry in Australia, undertaking activity which is internationally competitive and of benefit to Australia.

Principles 3 and 4 are intended to encourage companies to expand beyond the activities which they currently undertake rather than on the basis of growth in existing activity. Additional activities can be new to the company or represent a significant change in the scope of activities already undertaken. They can involve manufacturing (for example, the manufacture of new products or new formulations of existing products, or the development of new markets for existing products) or R&D (for example, taking existing R&D activity into a new therapeutic area or undertaking a new collaborative venture). Alternatively, they may encompass broader areas of activity or expertise. Activities should contribute to the long term development of a viable, competitive Australian pharmaceutical industry.

The Principles provide companies with the opportunity to demonstrate how they have used the PIIP to leverage additional activity which is of strategic benefit to the company and Australia, and would not have been undertaken in the absence of the Program.

## Role of the Authority

The PBPA is responsible for administering companies' participation in the PIIP according to the individual Agreements signed between companies and the Commonwealth.

In relation to the PIIP, the Authority is responsible for:

- (a) monitoring performance of each company in accordance with its Agreement with the Commonwealth;
- (b) ensuring all information and reports required to review a company's performance against its obligations and commitments are provided by the company;
- (c) approving Actual Pricing Increases and/or Notional Price Increases to each company as appropriate and in accordance with its Agreement with the Commonwealth;
- (d) where appropriate or necessary, negotiating amendment to the Agreement with a company and recommending such amendments to the Minister's Delegate for approval;
- (e) administering Actual Price Increases operated under the PIIP in accordance with each company's Agreement; and
- (f) making recommendations to the Minister's Delegate on any aspect of the operation of the Agreements or the performance of companies under their Agreements.