



Make the HIV prevention drugs PrEP and PEP free	
Party:	Australian Greens
<p>Summary of proposal:</p> <p>The proposal would make pre-exposure prophylaxis (PrEP) and post-exposure prophylaxis (PEP) free for patients with a prescription.</p> <p>The policy would be ongoing and start on 1 July 2025.</p>	
<p>Additional information (based on further advice provided):</p> <p>The proposal would cover prescriptions for:</p> <ul style="list-style-type: none">• Tenofovir Disoproxil + Emtricitabine• Tenofovir Disoproxil + Emtricitabine + Dolutegravir• Tenofovir Disoproxil + Emtricitabine + Raltegravir	

Costing overview

The proposal would be expected to decrease the fiscal and underlying cash balances by around \$20.6 million over the 2025-26 Budget forward estimates period (see Table 1). This impact reflects an increase in administered expenses.

The proposal would be expected to have an impact beyond the 2025-26 Budget forward estimates period. A breakdown of the financial implications (including separate public debt interest (PDI) tables) over the period to 2035-36 is provided at Attachment A.

The financial impacts of the policy are sensitive to the number of PrEP and PEP prescriptions and possible behavioural responses to the policy.

Table 1: Make the HIV prevention drugs PrEP and PEP free – Financial implications (\$m)^{(a)(b)}

	2025-26	2026-27	2027-28	2028-29	Total to 2028-29
Fiscal balance	-5.3	-4.9	-5.1	-5.3	-20.6
Underlying cash balance	-5.3	-4.9	-5.1	-5.3	-20.6

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

(b) PDI impacts are not included in the totals.

Key assumptions

The Parliamentary Budget Office (PBO) has made the following assumptions in costing this proposal.

- The policy would not result in an increase in prescriptions for PrEP or PEP.
- The number of transactions for PrEP and PEP would grow in line with historical growth rates, based on data from 2021-22 to 2023-24.
- Pharmaceutical Benefits Scheme (PBS) co-payments would grow in line with the Consumer Price Index outside of the indexation pauses announced by the government in the 2024-25 Budget.
- The split of transactions between general and concession amounts, as well as the proportion exceeding the safety net threshold, would remain constant over the costing period.
- The following PBS items were included for this costing: 12506F, 11149T, 10347N, 10286J, 10283F, 11248B, 12542D, 14637J, 11296M, 11276L, 14636H.
- Any departmental impact associated with this proposal would be absorbed by Department of Health and Aged Care as part of their business-as-usual activities.

Methodology

Estimates for the number of transactions in each price category and the patient charge were multiplied for each year to give the total impact.

Financial implications were rounded consistent with the PBO's rounding rules.¹

Data sources

Commonwealth of Australia (2025) *Pre-election Economic and Fiscal Outlook 2025*, Commonwealth of Australia.

Department of Health and Aged Care (2025) [The Pharmaceutical Benefits Scheme](#), PBS website, accessed 9 May 2025.

Services Australia (2025) [Pharmaceutical Benefits Schedule Item Reports](#), website, accessed 9 May 2025.

¹ <https://www.pbo.gov.au/for-parliamentarians/how-we-analyse/pbo-rounding-rules>

Attachment A – Make the HIV prevention drugs PrEP and PEP free – Financial implications

Table A1: Make the HIV prevention drugs PrEP and PEP free – Fiscal and underlying cash balances (\$m)^(a)

	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36	Total to 2028-29	Total to 2035-36
Expenses													
Administered													
<i>Free PrEP and PEP</i>	-5.3	-4.9	-5.1	-5.3	-5.5	-5.8	-6.0	-6.3	-6.6	-6.8	-7.1	-20.6	-64.7
Total (excluding PDI)	-5.3	-4.9	-5.1	-5.3	-5.5	-5.8	-6.0	-6.3	-6.6	-6.8	-7.1	-20.6	-64.7

(a) A positive number for the fiscal balance indicates an increase in revenue or a decrease in expenses or net capital investment in accrual terms. A negative number for the fiscal balance indicates a decrease in revenue or an increase in expenses or net capital investment in accrual terms. A positive number for the underlying cash balance indicates an increase in receipts or a decrease in payments or net capital investment in cash terms. A negative number for the underlying cash balance indicates a decrease in receipts or an increase in payments or net capital investment in cash terms.

Table A2: Make the HIV prevention drugs PrEP and PEP free – Memorandum item: Public Debt Interest (PDI) impacts – Fiscal and underlying cash balances (\$m)^{(a)(b)}

	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36	Total to 2028-29	Total to 2035-36
Fiscal balance	-0.1	-0.3	-0.6	-0.8	-1.1	-1.4	-1.7	-2.1	-2.5	-2.9	-3.4	-1.8	-16.9
Underlying cash balance	-0.1	-0.3	-0.5	-0.8	-1.0	-1.3	-1.7	-2.0	-2.4	-2.8	-3.2	-1.7	-16.1

- (a) As this table is presented as a memorandum item, these figures are not reflected in the totals above. This is consistent with the approach taken in the budget where the budget impact of most measures is presented excluding the impact on PDI. If the reader would like a complete picture of the total aggregate, then these figures would need to be added to the figures above. For further information on government borrowing and financing please refer to the PBO's online budget glossary².
- (b) A positive number for the fiscal balance indicates an increase in revenue or a decrease in expenses or net capital investment in accrual terms. A negative number for the fiscal balance indicates a decrease in revenue or an increase in expenses or net capital investment in accrual terms. A positive number for the underlying cash balance indicates an increase in receipts or a decrease in payments or net capital investment in cash terms. A negative number for the underlying cash balance indicates a decrease in receipts or an increase in payments or net capital investment in cash terms.

² [Online budget glossary – Parliamentary Budget Office \(pbo.gov.au\)](https://pbo.gov.au/)