

ANSWERS TO ESTIMATES QUESTIONS ON NOTICE

HEALTH AND AGEING PORTFOLIO

Supplementary Budget Estimates 2010-11, 20 October 2010

Question: E10-036

OUTCOME 2: Access to Pharmaceutical Services

Topic: ACCESS TO MEDICINES IN THE EVENT OF A PANDEMIC

Written Question on Notice

Senator Siewert asked:

If the proposed reforms result in diminished local manufacturing capability what measures has the Government put in place to ensure Australians have access to specific medications in the event of a pandemic?

Answer:

Australia's pharmaceutical industry is already made up of many players that vary broadly in their approach to the market.

The international trade profile of the Australian pharmaceutical product manufacturing industry reflects on the one hand the nation's dependence on imported active ingredients, combined on the other hand with its strategic importance as a regional hub for the formulation and packaging of products primarily produced by the major global players.

Local production mainly comprises secondary manufacturing activities such as the formulation and packaging of finished products, with the necessary active ingredients mainly imported from the player's parent company, while passive ingredients (e.g. fillers) and containers are generally sourced locally.

Price disclosure is intended to let the market set the price, and promote competition, rather than impose blanket price reductions. It leaves room for further discounting by efficient providers. In this way it follows the market rather than setting it.

Some countries enforce a mandatory price reduction of up to 50 per cent once a drug comes off patent, others tender for the lowest price. Compared to price disclosure, these policies are significantly more aggressive in relation to generic discount capture, and countries affected by these more aggressive policies continue to maintain a viable generic industry.

In relation to influenza pandemic-specific medications, the Department of Health and Ageing currently has contracts in place, with one local and one off-shore manufacturer, for the supply of pandemic influenza vaccine in the event of a pandemic. The National Medical Stockpile currently holds two types of influenza antivirals, Tamiflu (Roche) and Relenza (GSK), and injectable antimicrobials, intended for the treatment of secondary bacterial infections, which are sourced from local and off-shore suppliers.