

ANSWERS TO ESTIMATES QUESTIONS ON NOTICE

HEALTH AND AGEING PORTFOLIO

Supplementary Budget Estimates 2011-2012, 19 October 2011

Question: E11-343

OUTCOME 2: Access to Pharmaceutical Services

Topic: PHARMACEUTICAL BENEFITS SCHEME DEFERRALS

Written Question on Notice

Senator Fierravanti-Wells asked:

- a) How do decisions that only have a 12 month timeframe enhance the attractiveness of a global industry to invest in Australia?
- b) How does this decision fit with the Government's mantra of evidence based policy making?
- c) What impact will it have on research and development in Australia at a time when Australian manufacturing is under pressure?

Answer:

- a) The 12 month timeframe allows an appropriate period for stakeholders and Government to work together to develop options on how deferrals are managed going forward. This agreement builds on the Government's record of working productively with consumer and industry groups, and will help to improve the sustainability of the Pharmaceutical Benefits Scheme (PBS), in turn creating headroom to ensure that new and innovative medicines can continue to be subsidised through the PBS, once recommended for listing.
- b) The PBS will cost around \$9.4 billion in 2011-12. Any spending and growth on a program of this size needs to be managed effectively, in the context of all Government priorities and as such the Government will continue to assess priorities against capacity for investment, and will make listing decisions accordingly.
- c) The Government is committed to the objectives of the National Medicines Policy, which supports the maintenance of a responsible and viable medicines industry. The Department of Innovation, Industry, Science and Research continues to support the Government's approach, through its central role in the Pharmaceutical Industry Working Group and through programs including the Research and Development (R&D) Tax Incentive, which provides generous benefits for eligible R&D activities in order to boost company competitiveness, improve productivity and deliver economy-wide benefits to Australia.

As observed by the Chairman and Managing Director of Pfizer Australia, Mr John Latham, in his testimony to the Senate Finance and Public Administration Committee Inquiry into the Government's administration of the PBS on 21 July 2011 (page 28 refers) ... '[f]or critics to say that the industry are threatening to not bring new products to Australia because we do not like the system is rubbish. We are here and our job is to discover medicines and bring them to citizens around the world'