

Senate Standing Committee on Economics
ANSWERS TO QUESTIONS ON NOTICE
Innovation, Industry, Science and Research Portfolio
Budget Estimates Hearing 2010-11
31 May 2010

AGENCY/DEPARTMENT: INNOVATION, INDUSTRY, SCIENCE AND RESEARCH

TOPIC: Meetings with GMIA

REFERENCE: Question on Notice (Hansard 31 May 2010, E69).

QUESTION No.: BI-25

Senator Carr—What we can say is that the government and Medicines Australia reached an agreement to deliver an additional \$1.8 billion in savings to the PBS over five years. This was an agreement which was announced in the 2010 budget. That is a matter of public record. What we have also said to you is that this department was not involved in the negotiations concerning the construction of that MOU.

Senator IAN MACDONALD—But, Minister, that is my exact point.

Senator Carr—You mentioned a number of other industry programs. We have sectoral programs, particularly with regard to the automotive and textile industries. However, the pharmaceutical industry program ended on 30 June 2009 and currently there are no sectoral programs operating in the pharmaceutical industry. I did establish the Pharmaceutical Industry Strategy Group to look at this issue and to look at the ways in which the government can work with the industry to ensure its long-term sustainability. In fact, that group did not recommend support for a program for the pharmaceutical industry. Instead, it argued for economy wide programs that pharmaceuticals, biotechnology, medical devices and other innovative companies were able to use. So, when you look at the support that goes to pharmaceuticals, you actually have to look at the range of programs that are delivered, including programs in the biotech and nanotech areas. You have to look at the support for medical instruments. You have to look at the support that is rendered through the Australian Research Council and the NHMRC and the support that is rendered for clinical trials. What you can say specifically is that, with regard to the R&D tax credit, this approach is absolutely consistent with the recommendations of the Pharmaceutical Industry Strategy Group. That is the approach that we are adopting at the moment. As to the specifics of any claims about the adverse effects of the MOU, I am not aware that there have been approaches directly to the department. I will double-check that.

ANSWER

The Memorandum of Understanding (MoU) between Medicines Australia and the Commonwealth of Australia (signed by the Hon Nicola Roxon MP, Minister for Health and Ageing on behalf of the Commonwealth of Australia) was announced as part of the 2010-11 Budget on 11 May 2010. A Departmental official, Mr Chesworth, was present when representatives of the Generic Medicines Industry Association (GMiA) met with Minister Carr's Office on 12 May 2010 to discuss its potential impact on Australia's generic medicines industry. The Chief Executive Officer of the GMiA also met with Mr Chesworth on 24 May 2010 to further discuss the MoU. Prior to the Budget, the Chief Executive Officer of the GMiA met with Departmental officials on 21 January 2010 to discuss intellectual property issues, and again on 16 March 2010 to discuss a range of issues, including the ongoing impact of Pharmaceutical Benefits Scheme reform.