

COMBINED PENSIONERS AND SUPERANNUANTS ASSOCIATION OF NEW SOUTH WALES INC.

Founded 1931.

Representing pensioners, superannuants and low-income retirees.

Consumer Protection Awards – 2002, 2003

It's enough to make you sick!

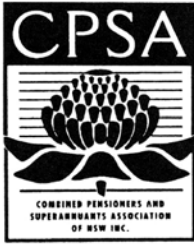


AUST/US FTA THREATENS AFFORDABLE ESSENTIAL MEDICINES

Australia has one of the best schemes in the world for ensuring access to essential medicines at affordable prices but it is under threat from the proposed Free Trade Agreement (FTA) with the US.

The Pharmaceutical Benefits Scheme (PBS) is an important part of Australia's public healthcare system. It was established 50 years ago and has succeeded in delivering new drugs to Australians while containing the cost – to the community and individuals. The Commonwealth Government has significant bargaining power when negotiating with drug companies that want their products listed on the PBS. Listing guarantees sales but the Government requires companies to prove the benefits of their medicines, it determines the conditions for which the medicines are to be prescribed and the price. The Productivity Commission concluded in 2001 that this system delivered Australians some of the cheapest medicines in the world. Other countries are looking at our PBS as a model for their own health systems.

Around 80% of the total expenditure on the PBS is generated by concession card holders, particularly the elderly.



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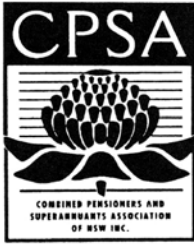
THE PROPOSAL

US drug companies want higher prices for their medicines, despite the fact they are the most profitable companies in the US and spend much more on marketing than on research and development. The US Government, acting on behalf of the drug companies, has raised this issue in the FTA negotiations. In particular, the drug companies want changes to the pricing mechanisms, which are central to containing the cost of the PBS. A report by The Australia Institute estimated that if the pricing mechanisms were changed to favour drug companies, Australians could be forced to pay substantially more for essential medicines. The Australian Government argues that the cost of the PBS is unsustainable, and has even tried to increase the patient payment for medicines by 28 per cent. The Government is putting the PBS at risk by refusing to rule out changes as part of the FTA. If drug prices rise, the community pays and patients will face much higher direct charges.

DRUGS ARE BIG BUSINESS IN THE US

In the US big pharmaceutical companies purchase public policy at the highest levels of government. During the 2000 election pharmaceutical companies;

- Spent more than one quarter of a billion dollars in campaign contributions, lobbying and advertising to buy influence with the Federal Government
- Spent \$65 million on TV advertisements designed to convince the American public to stop legislation aimed at controlling their high prices
- Employed an army of influential lobbyists (675 in 1999-2000 election), to match the number of members in the house and senate
- Hoffman-La Roche alone spent over \$7 million in four years to lobby Congress, and Bayer \$4 million
- Reaped the benefits of government funded-research, received huge tax breaks and 20 years monopoly patents with no pricing restrictions
- Worked alongside Governments to ensure access to essential medicines at affordable prices in developing countries were denied- all in the name of free trade



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The pharmaceutical industry, unlike in most European countries, is the nation's most profitable enterprise. The top 4 drug companies are more profitable than all of the Fortune 500. They spend three times as much on marketing and administrative costs than research and development of new drugs. This is an industry that has become too powerful. It is an industry willing to sacrifice lives and health of millions of people to preserve its exorbitant profits. Are we willing to let Australia suffer the same fate?

WHAT YOU CAN DO- Speak up, speak out and get active!

- Write a Letter to the Editor calling on the Minister to stop all secret FTA negotiations. Any trade negotiation Australia enters into should be publicly scrutinised and go through the Parliament.
- Write to SBS Insight, Producer June Pritchard, Locked Bag 028 Crows Nest NSW 1585 to say you would like to see a national debate on TV about the FTA. Or suggest it on their website.
- Contact the Trade Minister Mark Vaile MP and tell him that you do not support trading away our essential services and laws: mark.vaile@aph.gov.au or post Parliament House Canberra ACT 2600.
- Write, phone, email or fax your local Federal MP to ask them to oppose the FTA. A full contact list for MPs can be found at www.aph.gov.au. Demand the Australian Government withdraw the PBS from the negotiations. Write to parties and senators, asking them to make a public commitment to oppose any measures that undermine the PBS. Parliament needs to approve amendments to the PBS. This means the Senate can stop any changes. It is important that the Howard and US governments know that the Australian Parliament will defend the PBS.
- Individuals and organisations can make a submission to the inquiry on the USFTA. Submissions must be received by April 13th 2004, and emailed to jsct@aph.gov.au or sent by post to The Secretary, The Joint Standing Committee on Treaties, R1-109, Parliament House, Canberra ACT 2006. The committee will report by 23rd June 2004.

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Donations: 1800 451 488. Donations over \$2 are tax-deductible.

(your name) -----
(your address) -----

July 2003
(date)

Parliament House
Canberra ACT 2600

Dear

I am worried about the threat that the proposed FreeTrade Agreement between Australia and the United States poses to the Pharmaceutical Benefits Scheme (PBS).

The PBS is an essential part of Australia's public health care system. It ensures that Australians have access to medicines at affordable prices. Other countries look to the PBS as a successful model of equitable health care.

I understand that the US group PhRMA who represents major drug companies, thinks its members do not receive a sufficiently high price for the drugs they sell the Australian Government and is seeking changes to obtain higher profits.

It is widely documented that the pharmaceutical industry had been the most profitable industry in the US for the past decade, and last year sales were approximately 250 billion dollars. The pharmaceutical industry spends three times as much on marketing and advertising as it does on research and development of new drugs. Lipitor the world's first 10 billion dollar drug, is produced by US company Pfizer and is a cholesterol reducer. Many of the other top ten drug sales are anti-depressants, anti-psychotics, and anti-ulcerants.

The Australian Government says that the US drug companies do not want to dismantle the PBS but I am concerned about attempts to undermine price controls that ensure the Australian community gets value for money when the Government buys medicines on its behalf for inclusion on the PBS.

I call on the Australian Government to reject any attempt by the US Government to make the PBS a bargaining chip in the negotiations for a Free Trade Agreement and that it tell the US that Australia will not accept changes that undermine the PBS and its guarantee of providing essential medicines to all Australians at affordable prices.

Sincerely