

Sent: Friday, 15 June 2007 3:29 PM

Subject: Response from Medicines Australia to Question on Notice at PBS reform inquiry

Earlier today at the hearings by the Senate Community Affairs Committee into the PBS reform legislation, Senator Sue Boyle asked Medicines Australia for the reference to the statistic in the appendix of our submission to the Inquiry that the cost of developing a new medicine is \$1.2 billion.

Please find below an extract from the website of PhRMA (Pharmaceutical Research and Manufacturers of America) which shows the cost of a medicine to be up to US\$1 billion. Using current exchange rates, this converts to A\$1.2 billion. The reference to the website below.

If the committee is interested, an earlier Medicines Australia submission to the 2005 Productivity Commission inquiry into medical technology has a bit more discussion on this issue and shows that the estimates of the cost of developing a new medicine, depending on definitions used, in Australian dollars range from A\$1 billion to A\$2.2 billion. This includes references to a couple of articles written on the subject. The discussion is on page 44 of that submission which can be found on the Medicines Australia website at <http://www.medicinesaustralia.com.au/pages/images/MA%20Sub%20to%20PC%20Impact%20of%20Advances%20in%20Medical%20Technology%20on%20Healthcare%20Expenditure.pdf>.

If you need anymore information, feel free to contact me.

Brendan Shaw.