

14 July 2008

The Secretary
Senate Community Affairs Committee
PO Box 6100
Parliament House
CANBERRA 2600

Dear Secretary

**National Health Amendment (Pharmaceutical and Other Benefits – Cost Recovery)
Bill 2008**

I write on behalf of AusBiotech, Australia's biotechnology industry organisation, regarding the proposed imposition of fees for the purpose of recovering costs associated with applications for listing on the Pharmaceutical Benefits Scheme (PBS).

The majority of AusBiotech's 3000 members are involved in the development of innovative medicines to improve human health. The views of this sector are important to consider in this debate.

This proposed amendment will have a detrimental effect on the biopharmaceutical industry and potentially deny Australians access to new and important medicines:

- Cost recovery will place an unfair and disproportionate burden on biotechnology companies seeking to list medicines on the PBS. These companies have limited resources. Substantial additional fees (plus the cost of preparing a PBAC submission and TGA fees) will act as a disincentive for the development of medicines that could have a positive benefit on the community.
- Combined with the withdrawal of the Commercial Ready program in the recent Federal Budget, cost recovery measures will send a further negative message about the operating environment for biotechnology companies in Australia and have a detrimental effect on attracting R&D investment. It will undermine the Government's objective of increasing biopharmaceuticals R&D, clinical trials and manufacturing in Australia.

- Cost recovery will limit investment in the research, development and commercialisation of 'orphan drugs'. The cost of a major submission may stop companies from seeking listing of innovative medicines that target small populations, where the likely return on investment is small to begin with.

Cost recovery would conflict with the PBS' objective, as stated on its website, 'to provide reliable, timely and affordable access to a wide range of medicines for all Australians'.

Introduction of this amendment would be a further blow to innovative industries. It is imperative for the future health of Australians that the Government supports industries such as biotechnology, rather than create further barriers for success.

AusBiotech urges the Australian Government not to introduce this amendment.

Yours sincerely



DR ANNA LAVELLE
CEO, AusBiotech