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News release

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Free Trade Hit List – Pensioners, Chronically Ill At Risk

Pensioners and the chronically ill face big increases in the cost of essential prescription drugs unless the Howard Government insists on the removal of the Pharmaceutical Benefits Scheme from the US-Australia Free Trade Agreement hit list according to a new report.

Trading In Our Health System?, published today by The Australia Institute, analyses the possible impact of higher drug prices on both concession card holders and others as a result of FTA proposals.

The report finds that prices of essential medicines for pensioners and the chronically ill are likely to double if US drug companies are granted the concessions they are demanding under the Agreement now being negotiated.

Releasing the report today, Institute Executive Director Dr Clive Hamilton called on the Government to declare unequivocally that pharmaceutical benefits are off the negotiating table.

“US drug companies claim that Australia’s world-leading Pharmaceutical Benefits Scheme is costing them around a billion dollars a year,” Dr Hamilton said.

“While Government policy will determine the eventual distribution of costs between concession card holders, non-concession card holders and ordinary tax payers, this cost is likely to be passed on to consumers through higher prices for prescriptions if the demands of US negotiators prevail.

“Prices could rise by 90 per cent for non-concession card holders and 104 per cent for concession card holders.”

Dr Hamilton said that unless the Government completely ruled out any changes to the PBS as part of the FTA, affordable access to essential prescription medicines by the sick and the elderly was under threat.

The PBS currently costs the Government over \$4 billion per year and 73 per cent of the drug subsidy goes to those over 55 years of age. US drug companies have described the PBS as ‘insidious’ because the Australian system keeps the prices paid for new drugs low.

“The PBS began in 1948 to ensure that all Australians would have access to valuable new medicines such as penicillin,” Dr Hamilton said. “New drugs are more expensive than ever and access to them should not be restricted to the wealthy.”

“Much has been said about the *benefits* of a Free Trade Agreement with the US, but nothing has been said about who wins and who loses,” said report co-author and Institute research fellow Richard Denniss. “While the Agreement may eventually open up markets for sections of the Australian agriculture industry, these small gains should not be purchased at the cost of more suffering for the sick and elderly in Australia.”

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