

Corporate appointee undermines Australian drug advisory committee

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The Australian government headed by Prime Minister John Howard confronts a political storm over its appointment of a former drug company executive to head the Pharmaceutical Benefits Advisory Committee (PBAC). The selection of former Glaxo-Wellcome director Pat Clear is the latest example of the Howard government's open support for the multi-billion dollar private health industry.

Since taking office in 1996 the Liberal-National Party coalition has worked to dismantle the public health system. Last year it was Medicare, Australia's public insurance scheme, which was under fire. Millions of people took out private insurance, forced by government threats that insurance premiums would rise for all those deciding to take out private cover after June 2000. With a debilitated public hospital system already a matter of broad public concern and with government-sponsored ads playing on fears about Medicare's inadequacy, the number of Australians privately insured increased from less than 30 percent to nearly 45 percent in under six months. As a result more than \$4 billion of public money was handed to the private insurance companies in the form of federal rebates.

Now the PBAC, which selects drugs for listing on the Pharmaceutical Benefits Scheme, is under attack. Drugs scheduled on the PBS receive a government subsidy making them available to pensioners for around \$3.50 a prescription or \$21.90 to the general public. Introduced by the Chifley Labor government in 1947, the PBS is one of the chief pillars of the public health system. The scheme has long been a thorn in the side of the drug companies due to its role in suppressing pharmaceutical prices. According to the Bureau of Industry Economics, at the start of last decade drug prices in Australia were 30 percent lower than in the EEC and 50 percent below the world average.

Health Minister Michael Wooldridge appointed Pat Clear to the PBAC last month after intense pressure from the pharmaceutical industry. Last year a parliamentary review was held into the Pharmaceutical Benefits Scheme, during which drug company spokesmen demanded industry presence on the PBAC. In December the government

introduced a series of legislative measures, which effectively dissolved the PBAC in its previous form.

The changes were aimed at removing those long-standing committee members regarded as "too adversarial" in their attitude to the drug companies. Professor David Henry, chairman of the PBAC's economic sub-committee until he was dismissed last month, told the *Melbourne Age*: "I was seen as an impediment to the industry's interests, namely getting their drugs on the shelves so I had to be gotten rid of."

Clear's appointment provoked further controversy. Three prominent board members resigned, including the PBAC's former chairman Professor Don Birkett. All believe the committee's independence has been fatally compromised by the inclusion of Clear and the ejection of long-standing and experienced committee members.

Health minister Wooldridge claims the appointment involves no conflict of interest. Yet just over a year ago Clear was Chief Executive Officer of the Australian Pharmaceutical Manufacturers Association (APMA). A leading spokesman for the drug companies, he called in 1999 for increased prices for subsidised pharmaceuticals. Martyn Goddard, the PBAC's consumer representative who resigned last week in protest at Clear's appointment, told the *Age* newspaper that Clear had "led the charge" against the PBAC over many years.

Prior to his five-year tenure on the executive board of APMA, Clear served for 15 years as a senior director for drug giant Wellcome Australia (now Glaxo-Wellcome). As recently as three months ago he was still employed by APMA as a private consultant and he maintains his directorial position with the biopharmaceutical development company FuCell.

Amid the controversy surrounding Clear's appointment much has been revealed about the relationship between the pharmaceutical industry and Wooldridge, including his close ties to US drug company Pfizer. In September 1999 Pfizer provided sponsorship for an advertisement in the *Economist* featuring a speech by Wooldridge. One of the minister's

former staff members has since taken up employment with the company while it appears that Wooldridge intervened last year to obtain preferential treatment for a Pfizer-marketed arthritis drug Celebrex, placed on the PBS under terms favourable to the drug's manufacturers.

Sections of the media, notably the *Australian Financial Review*, have lambasted Wooldridge over his handling of Clear's appointment. One detects in their commentary a note of annoyance that the incestuous relations between corporate interests and government have emerged so openly. Drug company intimidation of PBAC members and, more generally, the wielding of financial clout to exert control over government policy are issues that the bourgeoisie prefers kept from the public arena.

Government smear

In parliament last week Wooldridge attempted to smear the character of those PBAC members who have resigned and spoken out against the government's tactics: “[M]ost of the criticism has been generated by one man, David Henry, who certainly did spit the dummy. I do not consider it of much consequence. He has been round there working up his little left-wing mates, and they have been having a lovely field day...”

But the stand taken by Henry, Birkett and others has received widespread media attention and public support with doctors and other health professionals speaking out in letters to newspapers and on talkback radio.

On the ABC's *Lateline* program, Henry responded strongly to the charges made by Wooldridge: “I believe that if being left-wing nowadays means standing up for universal health care, if it means trying to ensure affordable drugs for everyone who needs them, if it means challenging large corporations to justify the very high prices that they're requesting for their products—if that's what it is to be left-wing these days, I'm happy to be called left-wing. But I want to know what a right-winger looks like under this new definition.”

The furore over Clear's appointment is not simply a crisis over accountability and Liberal Party cronyism, it has a deeper significance related to the growing costs of healthcare. According to Dr Ken Harvey of La Trobe University's School of Public Health: “The PBS has evolved over 50 years from a scheme that subsidised 139 life-saving or disease-preventing drugs to one that now covers 560.” Since the early 1980s government expenditure on the provision of PBS drugs has grown annually by an average of more than 12 percent.

The expansion in the number of drugs listed on the PBS reflects the tremendous advances made by medical science over the past half century. But these advances, especially those made during the past two decades, have created a crisis

for capitalist governments the world over, which seek to curb public demand for access to the fruits of modern research and development. Beginning under Labor, the past 13 years has seen a series of inroads into the Pharmaceutical Benefits Scheme, including the introduction and steady increase of patient co-payments (contributions).

There is no doubt that the attack on the PBAC has been made at the behest of the drug companies. But the PBAC can offer no genuine solution to the crisis in pharmaceutical provision. Henry himself admitted that he was often the recipient of angry petitions and letters from the victims of illness denied treatment by virtue of the committee's inability to list a multitude of new drugs. The committee's brief is to balance public demand for pharmaceuticals against the budgetary constraints imposed by government. As these constraints have tightened, as they have in every area of welfare provision, pressure has mounted on the PBAC. Last week the body's former chairman Don Birkett recommended the listing of cheaper “generic” drugs in place of their more expensive counterparts while another former committee member Sian Hughes suggested the government could increase the co-payment made by patients for those drugs listed under the PBS.

The purge of the PBAC is undoubtedly in preparation for a major assault on subsidised pharmaceuticals. According to the Doctors Reform Society, the Liberals plan to bankrupt the PBS. In a recent press statement, Society president Dr Tim Woodruff suggested the following scenario: new pro-industry PABC members fast track the approval of a range of new pharmaceuticals on terms favourable to the drug companies. Faced with a sizeable cost blowout, the government is forced to remove its support for subsidised medicine. The insurance companies move in, forcing people to take out private cover against the cost of medication, with the PBS existing in an emasculated form as a threadbare and ineffectual “safety net” for the poor.



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