The Hon. Mark Butler
Minister for Health and Aged Care
Parliament House, Canberra

July 2, 2026

Dear Minister

Re: Protecting the PBS from pressure to increase wholesale medicine prices

PHAA and AFTINET welcome the government's ongoing commitment to protecting the integrity of Pharmaceutical Benefits Scheme (PBS) and seek to lend every support to those efforts.

The US Trump administration has claimed that US consumers are subsidising lower wholesale prices in other countries and that it will impose 100% tariffs on pharmaceutical imports unless those governments agree to set higher wholesale prices for medicines and invest in the US. The Australian government is in a strong position to resist the US tariff threat because Australian company CSL, the main exporter to the US, exports mainly blood products which are exempt from the tariff, and CSL also already has investments in the US. Similar threats made to the UK resulted in an agreement to raise wholesale medicine prices by 25% because UK pharmaceutical exports to the US are far more economically significant.

We are also aware that Medicines Australia the peak body representing innovative pharmaceutical companies says they oppose the tariffs but support the US claim that the PBS undervalues new medicines and are pressing for higher wholesale prices as has occurred in the UK.

Recent announcements by pharmaceutical company AstraZeneca have added to these concerns and announced last week that ZOLADEX® (goserelin) monthly (3.6mg) implant will no longer be available to new patients on the Pharmaceutical Benefits Scheme (PBS) in Australia from 1 November 2026. This form of Zoladex is used to treat breast cancer, endometriosis and infertility. The company claims the wholesale price offered by the PBS offered is "too low, making it unsustainable to supply the medicine on the PBS".

We urge the government to continue to resist these pressures. We do not accept the claim that US consumers are subsidising lower prices in other countries. The truth is that the US is the only advanced industrialised country which does **not** have a system to regulate the wholesale price of medicines. US Pharmaceutical companies charge high wholesale prices which are then passed on to consumers, and many people without private health insurance cannot afford medicines. The US government and pharmaceutical companies are trying to coerce other governments to raise wholesale prices to the US level, which would undermine affordable access to medicines and increase costs for governments and consumers.

Conceding to these demands would undermine the foundations of the PBS. The PBS is economically sustainable precisely because the Australian government negotiates with pharmaceutical companies to set the wholesale price of medicines based on both medical effectiveness and value for money, in return for listing them on the PBS to be prescribed by doctors, which provides a guaranteed market. The total annual cost of the PBS was $22,127 billion in 2025-6 as reported in Budget Paper No.1, p.

231. A 25% wholesale price increase could mean up to $5.531 billion less to spend on hospitals and public health when the budget is already stretched.

As you know the PBS enjoys enormous public support. We urge you to continue to preserve the PBS and to resist external pressure to weaken Australia’s evidence-based PBS pricing arrangements.

Yours sincerely

Terry Slevin
CEO of the Public Health Association of Australia
tslevin@phaa.net.au

P M Ranald

Dr Patricia Ranald
Convener Australian Fair Trade and Investment Network.
campaign@aftinet.org.au