

Medical Industry Association of Australia

21 January 2000

The Secretary
General Tariff Review Inquiry
Productivity Commission
PO Box 80
Belconnen ACT 2616

Dear Sir

Submission

This submission is on behalf of the members of the Association, who are listed in Attachment 1. The Association represents suppliers of medical devices and diagnostics. Most major suppliers to the Australian market are members

Industry's View

For the reasons discussed below the industry believes that continued progress in the reduction of import tariffs would contribute to improving the cost and quality of health care services in Australia

Background

Provision of Health care services is a significant element in the Australian economy, with expenditure on health care currently accounting for around 8.5% of GDP (\$47 billion+ in 97/98). Purchases of medical devices and diagnostics are a significant component of that expenditure, accounting for around 7% of recurrent expenditure of public and private hospitals, excluding medical labour costs. Annual domestic sales of these goods by MIAA members currently are estimated to be around \$1.5 billion.

The great bulk of the device and diagnostic products (about 90%) used in the Australian health care system are not manufactured locally. They are imported. That situation is unlikely to change. For the foreseeable future the nation will continue to rely on overseas sources for most of the products that underpin the delivery of health services in this country. The reasons for this situation were extensively documented in the Commission's 1996 inquiry into the industry (Report No56, December 1996, Medical & Scientific Equipment Industries). In recognition of this reality, the Commission recommended that import duties on the bulk of the industry's products (ie. those classified to Chapter 90 of the Tariff) be removed. That recommendation was accepted by the government and remaining import duties on the industry's products are largely confined to goods classified outside Chapter 90.

The industry supported the commission's recommendation for the removal of Tariffs. That support was based on the belief that the industry's ability to contribute to the national economy and national living standards was best served by Tariff arrangements which did not impede the community's access to the best health care technologies available internationally. That judgement reflects the reality of the industry's structure.

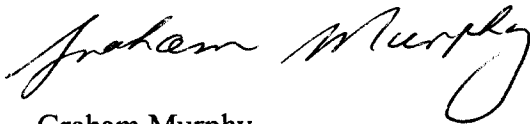
The medical products industry (or at least the segment of it represented by MIAA's membership) cannot be neatly divided into separate groups of "local manufacturers" and "importers". As the Commission's earlier inquiry verified, there are few companies in the industry that source their product range solely from local production. In fact taken as a group, companies engaged in local manufacturing

- have been and remain the largest importers of finished goods, which supplement their local production and form a substantial part of their product ranges
- have become increasingly dependant on sales of imported products for their turnover

Given these circumstances tariff policies designed to "advantage" local manufacturers over importers could impede the sound development of the industry.

The Association hopes that these views / background will be of assistance to the Commission's inquiry. We look forward to commenting further on these matters once the Commission's draft report is available for consideration

Yours Sincerely

A handwritten signature in black ink, reading "Graham Murphy". The signature is written in a cursive style with a large, looping flourish at the end of the name.

Graham Murphy
Manager, Industry Development.

MIAA MEMBERSHIP

3M Health Care
Abbott Australasia Pty Ltd
Abbott Diagnostics Division
Acute Care Systems Pty Ltd
Alaris Medical Systems
Alcon Laboratories (Aust) Pty Ltd
Allergan Aust Pty Ltd
AMS American Medical Systems
Ansell International
AstraZeneca
B Braun Aust Pty Ltd
Bard Aust Pty Ltd
Bausch & Lomb Aust) Pty Ltd
Baxter Healthcare Pty Ltd
Bayer Diagnostics
Beckman Coulter Aust Pty Ltd
Becton Dickinson Pty Ltd
Beiersdorf Aust Ltd
bioMérieux Aust Pty Ltd
Biomet Aust Pty Ltd
Bio-Rad Laboratories Pty Ltd
Biotronik Asia Pacific Pty Ltd
Boots Healthcare Aust Pty Ltd
Boston Scientific Corporation
Clinical Data (Aust) Pty Ltd
Cochlear Limited
Coloplast Pty Ltd
ConvaTec
CSL Biosciences
Dade Behring Diagnostics Aust
DePuy Aust Pty Ltd
Device Technologies Aust
Endotherapeutics Pty Ltd
Fresenius Australasia Pty Ltd
Gambro Pty Ltd
GE Marquette Medical Systems
Genzyme Australasia Pty Ltd
Guidant Australia & New Zealand
Healthmed Marketing Aust Pty Ltd
Helena Laboratories (Aust) Pty Ltd
Hipokrat Australia Pty Ltd
Hospital Supplies of Australia
Hydron Pty Ltd
Immuno Diagnostics
Integrated Sciences Pty Limited
Johnson & Johnson Medical
Johnson & Johnson Pacific
Johnson & Johnson Research
KCI Medical Aust Pty Ltd
Kimberly-Clark Aust Pty Limited
Link Orthopaedics Australia Pty Ltd
Linvatec Aust Pty Ltd
Maersk Indoplas Pty Ltd
Mathys Aust Pty Ltd
Medical & Optical
Medical Innovations Ltd
Medical Specialties Aust Pty Ltd
Medtronic Australasia Pty Ltd
Micro Diagnostics Pty Ltd
Microgenics Diagnostics Pty Ltd
N Stenning & Co Pty Ltd
Ocular Sciences Aust
Organon Teknika (Aust) Pty Ltd
Ortho-Clinical Diagnostics
Osteotech Pty Ltd
Pacific Medical Pty Ltd
Pharmacia & Upjohn Pty Ltd
Polartech Limited
Promedica Pty Ltd
Roche Diagnostic Aust
Sanofi Pty Ltd
Smith & Nephew Pty Ltd
Smith & Nephew Surgical Pty Ltd
Sofamor Danek Aust Pty Ltd
Steritech
St. Jude Medical Aust Pty Ltd
Stryker Aust Pty Ltd
Sulzer Technology Corporation
Technology for Life
Terumo Corporation
Tyco Healthcare Aust Pty Ltd
Ulco Medical
Van Leer Flexible Packaging
VidaMed Pty Ltd
Waite & Co Pty Ltd
Welch Allyn Aust Pty Limited
Wesley Jessen/PBH
W.L. Gore and Co
Xomed Aust Pty Ltd
Zimmer