

Pharmaceuticals Industry Action Agenda the implementation strategy

What is an Action Agenda?

Action Agendas were announced in the Government's *Investing for Growth* policy statement in December 1997. They are a key part of the Government's long term strategy to develop the Australian industry over the next decade.

The primary focus of Action Agendas is to lift the growth prospects of important industry sectors such as the pharmaceuticals industry.

Action Agendas are industry driven. The Government's role is that of a catalyst, providing the logistical framework for the process and actions and some direct involvement where necessary.

Action agendas are taken to Cabinet for agreement to a whole-of-government approach.

The Action Agenda is a blueprint for the growth of an industry sector - it sets out measurable outcomes and identifies strategies and specific actions by industry and government to achieve those outcomes.

The Pharmaceuticals Industry Action Agenda



Dr Graeme Blackman
Chairman of the
Pharmaceuticals
Industry Action
Agenda Leaders
Group

The Action Agenda was endorsed by Federal Cabinet in October 2002 and launched by the Hon Ian Macfarlane Federal Minister for Industry, Tourism and Resources at Parliament House on 19 November 2002.

The development of The Pharmaceuticals Industry Action Agenda was announced in May 2001 by the then Minister for Industry, Science and Resources Senator The Hon Nick Minchin. A Leaders Group Chaired by Dr Graeme Blackman and including Mr Jeays Lilley, Mr John Kilborn, Mr Colin Armit and Mr Paul Bell, has driven the development of the Agenda since then. The full group is listed in the Action Agenda Document published at:
www.medicinesaustralia.com.au
(click on Industry Action Agenda)



Mr Jeays Lilley
Chairman of Medicines
Australia

Medicines Australia acknowledges the work of Sara Pantzer (Merck Sharp & Dohme) in preparing this brief. Sara was a recipient of the inaugural Pat Clear Award in recognition of her work on the Pharmaceutical Industry Action Agenda.

Why should the development of the pharmaceuticals industry be a priority for Australia in both innovation and health?

- It is a knowledge intensive industry which is critical to the Government's innovation agenda.
- The industry can play a vital role in helping to commercialise the output from research scientists and institutions in Australia and leverage the benefits of the Government's extensive investment in R&D.
- As a \$12 billion industry, the pharmaceuticals industry is already a major contributor to the Australian economy, employing 35,000 people across at least 300 firms and institutions.
- The industry is the second largest exporter of manufactured goods in Australia- ahead of wine and roads, but has the potential to grow more.
- A responsible and viable industry is a critical element of the Government's National Medicines Policy.

How will the Action Agenda enable the Australian pharmaceuticals industry to compete in the global marketplace?

- Over the next decade innovation in science and medical research will be one of the key drivers for developed nations in achieving strong knowledge-based economies.
- The future of the research-based pharmaceuticals industry is that of a global marketplace with advanced economies competing for a slice of the pie.
- Australia must be presented internationally as a competitive, high-technology country in which to do business if local affiliates of MNCs are to successfully compete to bring R&D and manufacturing investment to Australia.
- Australia has existing strengths that position the industry to capitalise on growth in the global pharmaceuticals industry. This will mean that Australia must make an active choice for growth, or be left behind as other competing nations benefit.
- Failure to act will see Australia's pharmaceuticals industry fall behind, with increased flight of researchers and their research to more lucrative markets, limitations to the abilities of start-up companies to pursue drug development at home, and dissipation in manufacturing activity and exports.

Why are actions in the Action Agenda critical for research based pharmaceutical companies?

- The formation of a partnership between industry and Government, which will be a vital element in achieving growth and global competitiveness. A high-level industry/government forum (such as PIWG), underpinned by a long-term policy framework will be an important element in reaching our goals.
- An Industry development program to drive growth. Such programs, as evidenced by Factor (f) and PIIP, have a proven track record in bringing more R&D and manufacturing investment to Australia. Currently the industry returns \$6 for every \$1 the Government invests.
- Addressing any negative profile which Australia has in terms of local market conditions and its attraction as an investment location, through a comprehensive marketing strategy.

Why is Government endorsement of the Action Agenda critical for an innovative Australia?

- Influence of government regulation and policy in setting parameters for the business environment is no more apparent than in the operations of the pharmaceuticals industry.
- Industry investment is based on long R&D lead times and high risk expenditure, which requires a steady and consistent policy environment and the express support of governments.
- To date, there has been a fragmented, even conflicting, policy approach to the pharmaceutical industry.

Why is the implementation of the Action Agenda essential for industry growth and can it deliver major benefits for Australia?

- The Action Agenda aims to build pharmaceuticals into Australia's biggest export business, create more jobs, and double the output of Australian research.
- The Action Agenda aims to enable the full potential of the local biotech industry to be realised, through partnerships and alliances with locally based multi-national companies.
- The Action Agenda aims to keep scientists in Australia, and ensure the products of Australian research are placed on a world stage.

BRIEFING PAPER - *The Pharmaceuticals Industry Action Agenda*

What are the key recommendations endorsed in the Action Agenda?

Industry Vision

The pharmaceuticals industry is dedicated to providing innovative health care solutions that improve people's lives and to making a major contribution to Australia's economic vitality. Our vision is to double Australia's share of the global pharmaceuticals industry by 2012 through the collaborative efforts of Industry, Government and Research by:

- Increasing investment in Australia to capture innovation and knowledge;
- Becoming a global hub for research, development and commercialisation; and
- Developing Australia as a key global exporter of goods and services.

The Pharmaceuticals Industry Action Agenda provides the framework for the pharmaceuticals industry to achieve its vision. It establishes five key goals for the industry which have a total of 16 specific strategies or recommendations.

Goal 1: Implement a 10-year Action Agenda through Industry and Government Partnerships;

Goal 2: Position Australia as a Global Pharmaceuticals Hub;

Goal 3: Create a Globally Competitive Operating Environment;

Goal 4: Strengthen Australia's Ability to Commercialise Research by Investing in Skills; and

Goal 5: Foster and Project a Positive Culture, Image and Profile for Growth.

Goal 1: *Implement a 10-Year Action Agenda through Industry and Government Partnerships.*

The Action Agenda seeks to influence the policy framework with a long-term plan that communicates a clear message to investors that Australia is serious about further growing the industry. Strengthened long-term partnerships within the industry and between government and industry, are important components of this goal. The Action Agenda proposes, for example, that a high level Government and Industry Forum should oversee progress on implementing the ten-year Strategy.

Goal 2: *Position Australia as a Global Pharmaceuticals Hub.*

Australia needs to build the necessary critical mass to enable the industry to compete globally. Implementation of the Action Agenda will increase the existing level of industry activity and create opportunities for further investment and activity. Over the next ten years Australia will strive to become a global hub for R&D and commercialisation, and must further develop as a global exporter of pharmaceutical

products and services. The proposal to develop an industry development program to replace the Pharmaceutical Industry Investment Program in 2004 is designed to build on the best features of previous schemes and encourage activities that strengthen Australia's international competitiveness. Key principles that underpin the program include accessibility by all parts of the value chain, encouraging partnerships, improving commercialisation, addressing infrastructure gaps and establishing global hubs.

Goal 3: *Create a Globally Competitive Operating Environment.*

The Action Agenda aims to maintain and enhance the operating environment of the Australian pharmaceuticals industry. This operating environment must be internationally competitive. Although we have world leading capabilities in areas like the conduct of clinical trials and in our regulatory system, other aspects are less competitive. This is particularly important given that competitor countries have built, and will continue to build capabilities and offer significant government assistance, in particular tax incentives.

Goal 4: *Strengthen Australia's Ability to Commercialise Research by Investing in Skills.*

The high technology pharmaceuticals industry is reliant upon its skill base. Development and retention of human capital is imperative to ensuring the sustained growth of the industry. The Action Agenda details initiatives directed to ensuring a consistent and coordinated national approach to addressing these skills needs through the establishment of a Pharmaceuticals Education Council. Australia must anticipate and act on meeting its future skills needs, work to capture intellectual property and improve its commercialisation skills.

Goal 5: *Foster and Project a Positive Culture, Image and Profile for Growth.*

The Action Agenda stresses that governments and industry must work together to improve the marketing of the advantages of doing business in Australia. Many overseas investors are not aware of the many opportunities and strengths of the Australian business environment. The Australian industry must operate within the global market and therefore must compete and showcase its capabilities internationally with simple powerful marketing messages. The Action Agenda proposes the development and implementation of a coordinated international marketing campaign to sell Australia's competitive advantages to investors. Creating a positive image and understanding of the value of the Australian industry is fundamental to attracting people and resources critical for it achieving the industry vision.

BRIEFING PAPER - *The Pharmaceuticals Industry Action Agenda*

Now that the Pharmaceuticals Industry Action Agenda has been launched, how will it be implemented?

An Implementation Group has been established and Chaired by Dr Graeme Blackman. The members are:

Dr Graeme L Blackman

Chairman and Managing Director
Institute of Drug Technology Australia Ltd

Mr Jeays Lilley

Managing Director
AstraZeneca Pty Ltd

Professor James Angus

Head
Department of Pharmacology
University of Melbourne

Mr David Noesges

Chief Executive Officer
Eli Lilly

Dr Anthony Coulepis

Executive Director
AusBiotech Ltd

Mr Craig Pennifold

General Manager
Pharmaceuticals and Competitiveness Branch
Department of Industry, Tourism & Resources

Ms Di Ford

Executive Director
Generic Medicines Industry Association

Mr Alan Reid

Chief Executive Officer
Mayne Pharma

Mr John Kilborn

Managing Director
Australia/New Zealand
Bristol-Myers Squibb Pharmaceuticals

Mr Ken Windle

Chairman and Chief Executive Officer
Kinacia Pty Ltd

Dr Jackie Fairley

Chief Executive Officer
Cerylid Biosciences Ltd

Ms Fiona Woodard

A/g Chief Executive Officer
Medicines Australia

The Implementation Group will operate in an open and transparent manner. It will:

- Publish a statement of mission and objectives;
- Develop a group strategic plan;
- Implement an annual plan for targets and outcomes;
- Devise and oversee the implementation of operations plans for task forces and project actions; and
- Will monitor key performance indicators.

The implementation process will operate as follows:

Pharmaceutical Industry Working Group (PIWG)

Will be the prime consultative mechanism between industry and the Commonwealth Government. It will regularly review progress in implementing the Action Agenda.



Implementation Group

Will have prime responsibility for implementation of the Action Agenda strategies and actions that are for implementation by industry and jointly by industry and government. It will report to PIWG meetings.



Industry Champions

Will be responsible for implementing priority actions, or groups of actions, facilitate senior level contacts in industry and Government and marshalling the relevant stakeholders and resources necessary to complete the agreed projects.



Task Forces

Will be established where judged by the Implementation Group as necessary for the implementation of a priority action, or groups of actions.

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