



Medicines  
Australia

Better health through  
research & innovation

# Federal Budget Submission 2022-23

**We develop innovative medicines for patients which allows the Australian Government to invest in a healthier Australia.**

## Introduction

Australia's health and economic wellbeing have always gone hand in hand, and this has been especially evident since the outbreak of COVID-19. If we prioritise investment in health, we not only manage the impact of COVID-19 more effectively, but we will also provide a strong foundation for the post-pandemic economic recovery of Australia and future pandemic preparedness.

With the recent signing of a new five-year Strategic Agreement between the Australian Government and Medicines Australia, patients are set to benefit as Australia strives to keep pace with access to transformative medical advancements being developed globally and provides opportunity for the investment needed.

Medicines Australia is pleased to put forward its 2022-23 Pre-Budget Submission. Medicines Australia leads the research-based medicines industry of Australia. Our members discover, develop and manufacture prescription medicines, biotherapeutic products and vaccines that bring health, social and economic benefits to Australia. Medicines Australia and its members are seeking to continue our collaborative partnership with the Australian Government to ensure that Australia's first-class health care system can continue to deliver lifesaving and life changing medicines to Australian patients.

The COVID-19 pandemic has unquestionably established that Australia's overall health and economic indicators are inextricably linked. Medicines are an integral component of healthcare and assist Australians to live longer and healthier lives, remain productive and employed, avoid hospitalisation, and positively participate in and contribute to, the community and the economy. Every innovative medicine made available in Australia generates a significant return on investment to the patient, the community, the economy, and the Government.

Our members contribute around \$9 billion to the Australian economy (2016-17 figures); they employ (directly and indirectly) around 23 000 Australians; and invest more than \$1 billion in research & development annually, to help over 33 000 Australians get early access to emerging therapies. In 2018-19, the industry exported over \$2.9 billion worth of pharmaceutical products<sup>1</sup>. None of this accounts for the

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<sup>1</sup> [Trade and investment at a glance 2020 | Australian Government Department of Foreign Affairs and Trade \(dfat.gov.au\)](https://www.dfat.gov.au/publications/Trade-and-investment-at-a-glance-2020)

largely unrecognised, additional benefits to the health and wellbeing of Australian patients, and the significant economic spillover effects that are a direct result of timely access to the best available medicines and therapies for all Australians. The medicines industry in Australia has maintained its significant contribution to the economy and community wellbeing during the COVID-19 pandemic and provides further opportunity for increasing Australia's economic recovery post-pandemic.

In September 2021, Medicines Australia signed a new 5-year Strategic Agreement with the Australian Government to begin on 1 July 2022. The Agreement is focused on ensuring Australia keeps pace with rapid global developments in the availability of new medicines, vaccines, and therapies; and ensuring improved patient involvement in critical processes.

## Recommendations

1. The Australian Government must set a specific target to demonstrate improved time to access of new medicines for patients, in agreement with Medicines Australia.
  - Australia's average time to access reimbursed medicines is well above the OECD average and Australia's objective should be to achieve a ranking in the OECD top 5 for time to access by 2027 (the term of the new Strategic Agreement).
  - New medicines contribute to individual and national wealth by increasing the healthy life expectancy of Australians, increasing workforce participation and productivity, and keeping patients contributing to the community and out of the hospital system. These values provide quantifiable benefits to the economy.
2. The Government must meet commitments and timeframes set out in the Strategic Agreement to deliver measurable improvements for patients that appropriately value access to new therapies.
  - Given the central role played by the Strategic Agreement in ensuring faster access for Australian patients to new therapies, Medicines Australia looks forward to its full implementation according to agreed timelines.
  - Medicines Australia notes the commitment in the Strategic Agreement to an independent Health Technology Assessment (HTA) review and the early review of the discount rate applied to medicines (with a view to its reduction to match international best practice). Appropriate departmental resources must be made available to progress these reforms including the reduced discount rate incorporated into PBAC guidelines by July 2022.
  - With the Australian Government's and Medicines Australia's shared goals of reducing time to medicines access for patients and maintaining Australia's attractiveness as a first launch country, the independent HTA review and reduced discount rate will deliver policy certainty to the medicines industry (further driving investment) and budgetary certainty to the Government with significant savings delivered and minimal cost over the forward estimates.