Thank you Martin,

I’d also like to thank the Minister for Health, the Honourable Peter Dutton, for his insightful remarks as Guest of Honour – as well as the support of the other Members and Senators here this evening.

This evening’s theme – partnership and the delivery of better health care for the future, could not be more timely. The world of health care is changing rapidly – on the one hand, we face the complex needs of an aging population and the increasing pressures on health care budgets, - on the other hand, and at the same time, exciting new technologies (especially those around genomics and personalized medicine), promise to deliver far more effective new therapeutics and prevention strategies.

What can we do to most effectively address these challenges and most effectively exploit the potential of new biomedical discoveries? - and how can we do it?

In this complex environment, success is critically dependent on Partnership – Partnership between academia, business and government. A breakthrough new medicine that improves quality of life, keeps people out of hospital, in a productive workforce and one that delivers economic as well as health benefits to the nation – does not come just from a research discovery in a research institute, nor just from more effective product development, education and marketing by industry. It also does not come just from government grants and policy. The delivery of a breakthrough new medicine depends on all three working together in close partnership.

A very well-known example to you all of course, is GARDASIL – the human papilloma virus vaccine that has made significant progress in reduction of the incidence of cervical abnormalities and genital warts.

Back in 1990, CSL began to investigate the possibility of making a recombinant or, genetically engineered vaccine against important viruses. After looking closely at the existing knowledge, it seemed that the Human Papilloma Virus could be a promising candidate and we began a collaboration with Ian Frazer and his team at the University of Queensland who were doing pioneering work on HPV. Over the next 5 years the research was obviously very successful and led to a deal in 1995 with Merck to commercialise the vaccine. Following a 10-year development program costing around $800 million, primarily carried out by Merck but with ongoing work from CSL and UQ, Gardasil was launched in 2006.

Following the introduction of a government funded national vaccination program in Australia, we have seen a dramatic decline in genital warts and cervical precancerous lesions in the Australian community.

I would like to point out 3 major ingredients for this success.
Firstly,

It obviously required patience and staying power – 16 years and ~$1billion from early research to product launch. However, the rewards were clearly worth it with demonstrated public health benefits observed around the world. And of course, this was also a great commercial success with more than 144 million doses having been distributed throughout 131 countries, resulting in royalty flows back to Australia of almost $800 million to date.

Secondly,

It required a close, ongoing partnership between academia and industry. In this case, UQ, CSL and Merck – each bringing their particular skills and resources to the project over several years.

Thirdly, and something that is probably less well known, during the early research phase from 1990 – 95, CSL filed critical patents on the work, prosecuted and defended this intellectual property, which thus established a strong IP position. This was critical to the Merck license and therefore the development of the vaccine. Following the Merck agreement, CSL fought a 10 year IP battle with competitors and won. The public health and commercial benefit of the research would never have been realized without the IP. The academic collaborators could not have done this – nor should they have to.

When the next Gardasil emerges from our research institutes or universities, it will only make a significant contribution to the social and economic health of the nation if the right partnerships are in place. Hopefully from lessons learnt, the enabling environment in place for Gardasil development is now better evolved across our research institutions compared to what it was in 1990.

The Australian Medicines Industry is a critical partner in this ecosystem of health care delivery – it’s the bridge between scientific discovery and patient care, providing significant capital and expertise to develop important new medicines and, by working with government, to facilitate timely access to them in a fair and equitable way across the health care system.

It is also a great contributor to Australia’s economy.

The industry is currently our largest manufacturing export sector, exporting over $4billion per annum, the highest manufacturing industry investor in R&D worth over $1 billion per annum, and it employs over 40,000 people Australia-wide. And there are significant multiplier effects of this activity which further benefit Australia.

However, there is no doubt, that it has the potential to do much more than this – more for patients, more for healthcare savings, and more for the economy.

We all know and are very proud of the truly excellent biomedical research capabilities we have here in Australia – in our universities, our research institutes, CSIRO, our hospitals and our medicines industry - the biotech sector included.
Certainly, PhDs trained in Australian research labs are highly sought after overseas. Many of the major research breakthroughs published from the leading US and European labs have Australian authors. Many of our best and brightest spend much of their most productive years contributing to the success of US science and industry – but that’s another topic for another day.

Australian Governments have played a big part in fostering the development of biomedical research through sustained and significant funding of early stage research over many, many years and for the most part, a policy environment that has encouraged biomedical innovation.

A major step forward was the completion of the Wills Review into Health and Medical Research in 1999. Commissioned by the then Health Minister Michael Wooldridge, this led to a doubling of the NHMRC budget by the Howard government, which ensured the ongoing success of the Australian research enterprise.

The central tenant of the Wills Review was the so-called “virtuous cycle” – a partnership between academia, industry and government to maximize delivery of the social and economic benefits from the outcomes of Australian research. Now, some 15 years later, while we can see the result of that initiative in the international leadership of many areas of Australian medical research, the importance of the “virtuous cycle” remains as relevant today as ever.

There is no doubt that we still lose the commercial benefits from some Australian research to overseas development through an inability to properly protect the IP and due to an absence of industry collaboration. However, there are many fine examples of discoveries made in Australian labs, developed in collaboration with industry, often locally trialled and usually internationally commercialised, that make a real difference to peoples’ lives, save healthcare costs and deliver real economic returns to Australia.

Gardasil is a high profile example, but there are many others – at CSL alone, we have several major antibodies at various stages of development – all originating from Australian research labs and all truly inspirational achievements.

Our next Gardasil could well be a vaccine against Periodontitis, which is a very serious gum disease leading to bone and tooth loss. The technology that forms the basis of this vaccine was developed by scientists at Melbourne University’s Dental School with CSL via the CRC for Oral Health. It is the outcome of a long-standing collaboration dating back to the mid-90s.

Three years ago, CSL together with the CRC entered into a partnership with the global vaccine company Sanofi Pasteur to further develop the vaccine. Working with CRC scientists, Sanofi has developed pre-clinical data that now supports the progression of the vaccine into clinical studies.

Quite apart from the royalties, with the bacteria that causes gum disease being implicated in an ever-widening range of illnesses, for example, in cardiovascular disease - can you imagine what indigenous health outcomes would look like if we can bring this vaccine to fruition?
The potential to deliver economic benefits to Australia, and improve the condition humankind is phenomenal.

There could and should be many, many more examples. And the returns from these successes could be even greater if we in Australia could participate more fully in the end-to-end development and commercialisation process.

With the current national debate about Australia’s economic state, the demise of manufacturing, rising costs of healthcare and where-to after mining, we have an opportunity to put our biomedical capabilities to work as part of a shared vision with government -

- to become a world-leader in innovative drug development, manufacturing and healthcare delivery.

The longer the drug development process can stay in Australia, the greater the economic return to Australia, either through increased royalty payments if the commercialisation is completed overseas, or better still, through direct economic activity if the drug candidate can be manufactured and distributed from here. This is a very realistic aspiration with the recognition that worldwide drug development is changing with the impact of personalised medicines.

The opportunities associated with smaller, knowledge-based, but very high value added niche markets should be ones which Australia is well placed to embrace. With the right policy environment - support for research and development, innovation - especially protection of intellectual property, tax incentives and industrial relations harmony, combined with cutting edge biomedical research - development and manufacture for world markets should no longer be just a dream for Australia’s medicines industry.

We know from our own operations at CSL in undertaking research, development and manufacturing - that for every dollar we invest, we can generate at least three times more in economic value for Australia.

Of course none of this can happen if Australia does not have a viable and productive Medicines Industry.

The Industry has a solid footprint in Australia today but it is one that faces significant challenges. There are rising costs, downward pressure on pricing and a great deal of uncertainty around the funding of new medicines and vaccines.

Minister, I could not speak at a Medicines Australia meeting without touching on the PBS.

We welcome your commitment to ensure new medicines are available as soon as possible for Australian patients through the PBS and your commitment to restore integrity to the PBS listing process and ensure the independence of the PBAC.

The Pharmaceutical Benefits Scheme is the cornerstone of Australia’s modern health system and the bedrock of industry sustainability.
Industry has partnered with successive Governments over the past decade to help implement reforms to the PBS, which have delivered billions of dollars in savings and are hard wired to continue to put downward pressure on prices that ensure ongoing savings for Government.

There is an opportunity to invest these savings back into the PBS so Australians can continue to have timely access to new life-saving and life-enhancing medicines, as part of a self-sustaining system. A policy commitment like this would help re-establish a predictable environment for the industry and strengthen business confidence within the Australian pharmaceutical sector.

With greater certainty around PBS assessment and reimbursement, Industry can turn its mind to growing its business interests in Australia as a key partner in the future vision for Australia as a world-class centre of innovative drug development, manufacturing and healthcare delivery.

Those companies who operate globally know a significant barrier to realising this vision is the internal competition for capital. This can be quite fierce, and with the relatively small size of the Australian market, the investments must contribute to the global supply chain on a competitive basis.

This is something that certainly gets plenty of discussion around the CSL Boardroom table. While we are a global company, we very much remain Australian. It is only natural that we want to be able to consider Australia in our ongoing growth and advanced manufacturing expansion plans, particularly when so much of our research emanates from Australia.

We have situations today in which Australia is being outranked in its competitiveness for new investment location decisions that companies like us need to make.

Of course, this is not a new problem, but one Australia can fix, and in fact needs to fix if we want to foster a thriving and productive industry as part of Australia’s social and economic future.

In this context, Government is to be commended for its policy commitment to productivity and reducing red-tape for Australian businesses. We also welcome continued discussions with Government about a policy setting that can stimulate greater investment in biomedical innovation and value-add manufacturing to help secure Australia’s future.

Before closing, I would like to say Minister, that we understand the Australian Government expects the Australian Medicines industry, and every other industry for that matter, to partner with it in a mature way. That means addressing issues early, talking through options, listening carefully to each other’s perspectives and discreetly brokering ways forward.

Australia has outstanding biomedical capabilities which can be leveraged to drive significant social and economic benefits for the nation.

To realise these benefits, Australia needs a productive and vibrant Medicines Industry as a key partner in translating scientific discoveries into the delivery of patient care.
Government has an opportunity to create a policy environment that not only fosters a sustainable industry but turns Australia into a world-class destination for innovative drug development, value-add manufacturing and healthcare delivery – if we work in partnership.

There is a saying “Imagination, based on knowledge, is the key to discovery.” Humanity has always been rich in imagination. Today our knowledge base of the molecular mechanisms underlying disease in exploding – we are truly in an age of discovery.

I am confident that together, we can make major contributions to a healthy, exciting future for all Australians.

Thank you.

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