Medicines Australia is the industry association for the innovative pharmaceutical sector. Our members invent, research, manufacture and supply innovative and breakthrough medicines and vaccines that help people to live longer, healthier lives. These medicines and vaccines keep Australians out of hospital, prevent disease and play a pivotal role in ensuring a productive and healthy community.

Investing in new, innovative medicines has been shown to provide incredible value and benefits to the community. According to the report ‘Our Health, Our Wealth: The Impact of Ill Health on Retirement Savings in Australia’ (available at www.medicinesaustralia.com.au), early retirement due to ill health imposes a significant economic cost, almost 4.5 times government expenditure on the Pharmaceutical Benefits Scheme in 2016–2017.

There are clear benefits in keeping a strong PBS and encouraging continued investment of this kind, however, while the latest PBS figures show an approximate growth of 7%, the long-term trend of PBS investment is in decline in real terms.

The Strategic Agreement signed between Medicines Australia and the Commonwealth in April 2017, has given some stability and focus for the next five years, but big challenges lie ahead. The challenge for government, the community, and industry is to ensure that the PBS can fully fund the needs and demands of patients, not just for today’s medicines and vaccines, but tomorrow’s advancements in innovative therapies.

Over the past decade, Australia’s innovative medicines industry has worked with successive governments on fundamental reforms delivering more than $20 billion in ongoing savings. The Strategic Agreement is designed to lock in further savings in every year of the budget forward estimates through to 2022, totalling an approximate $1.8 billion.

**A snapshot of the innovative medicines industry**

- Contributed nearly **$9 billion** to the Australian economy in 2016 through direct and indirect contributions.
- Employed nearly **23,000** people across 78 offices and facilities, who live in over 850 different postcodes including in rural and regional Australia.
- Supports about **20,000** additional business including over 2,000 small businesses.
- Conducted nearly **1,000** clinical trials in 2016, enabling over 33,000 Australians to access potentially life-changing new medicines.
- Invested **$270 million** in clinical trials in 2016.
- Invested over **$1 billion** in collaborative and strategic partnerships.
- Shared our ideas, resources, IP and technologies with universities, patient groups, health care providers, researchers and start-ups and biotech companies.
Priorities for the innovative medicines industry outlined in the 2019-2020 Federal Budget Submission – Our choice for a healthier future – are:

**Accessibility and value: putting Australians’ health first**
- The Australian Government, through the Department of Health, works with Medicines Australia to ensure full implementation of the Strategic Agreement.
- The Australian Government, through the Department of Health, provides regular reports on the progress made against the deliverables specified in the Strategic Agreement.
- The Government explain to the taxpayer the true cost of medicines with reporting on PBS expenditure by:
  - Strengthening the current levels of reporting on supply chain costs including a breakdown of reporting into medicines and distribution channels.
  - Ensuring that PBAC recommendations be approved by Cabinet within a 6-month time frame.

**Innovation and investment: growing Australia’s medicines industry**
- Retaining the R&D Tax Incentive in its current form and further supplementing business R&D activities with targeted incentives such as grants, loans and procurement-linked support schemes.
- Aligning our intellectual property (IP) protection regime with those of our key trading partners will boost Australia’s competitiveness and strengthen Australia’s reputation. This includes increasing data exclusivity to 10 years.
- Ensuring innovative medicines achieve 15 years’ effective patent life.
- Establish a time-limited working group through MTPConnect to model the benefits to the economy and any challenges of implementing ten years’ data exclusivity in Australia.
- Market the value of clinical trials in Australia to global markets, building on Australia’s reputation as a world class destination for investment.
- Better coordination and data-sharing arrangements for clinical trials to accelerate the development of new technologies and treatments.
- Ensure the National Medicines Policy remains fit for purpose and keeps pace with emerging technologies.

**Improved policy coordination**
- Through the Ministers of Health, Industry, and relevant central agencies, to lead a government industry forum. This forum would develop policies that lead to greater social, health and economic benefits for Australia from investment in the PBS and the medicines and vaccines sector.

**Digital health**
- Drive this necessary reform agenda by bringing forward the timeline for development of the National Digital Medicines Management Blueprint.

**Employment and skills**
- Work with industry to ensure that all measures that create employment opportunities are strengthened. This includes migration policies that allow our workforce to grow, share knowledge, and education and training collaborations.

The Medicines Australia 2019-2020 Budget Submission is the continuation of a conversation about the viability and sustainability of the PBS and its ability to properly fund new medicines.

To support this ongoing contribution to the Australian community and economy, the Government needs to maintain not just a well-funded PBS, but also continue to support industry-focused policy settings, such as the R&D tax incentive. These are important enablers to encourage investment by our members into Australia’s medical technology and pharmaceutical (MTP) sector.

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