

21 October 2022

Dear Sir/Madam,

### **Consultation on Productivity Inquiry Interim Reports**

Medicines Australia represents the innovative pharmaceutical industry in Australia and welcomes the opportunity to participate in the consultation on the Productivity Commission's 5-year Interim Report 1 "The Key to Prosperity". The Commission is right to recognise the benefit of medical technologies such as statins, antibiotics, and vaccines in driving increases in quality and length of life, as well as recognising the role of innovation in driving productivity in Australia.

However, the report does not fully recognise the health and productivity benefits of new medicines, and the importance of making new innovative medicines available to Australians. Innovative medicines are responsible for almost all (94%) of the decline in premature mortality between 1998 and 2015. Pharmaceutical innovation in the long run is both cost-saving as well as saving years of life.<sup>1</sup>

However, despite the positive impact innovative medicines have on the health of Australians and the Australian economy, the average time it takes for an innovative medicine to go from registration to funding in Australia is 391 days, compared to 101 days in Japan, 121 days in Germany and 167 days in the UK<sup>2</sup>. This means Australian patients are waiting seven to ten months longer for new medicines to become available on the Pharmaceutical Benefits Scheme (PBS).

Australia should strive to reimburse innovative medicines simultaneously with regulatory approval. This would place Australia in the top five OECD nations for patient access and deliver widespread health outcomes. The 2022 Independent Health Technology Assessment (HTA) Review is a critical opportunity to introduce bold reforms that can address the Australian patient access gap and introduce KPIs for patient access to measure the success of reforms. Beyond the strong link between improved health outcomes and increased productivity, the report illustrates the importance of innovation to drive improvement in processes and quality of life in Australia. Although identifying its importance, the report focuses less on how to increase innovation in Australia. Factors such as a stable business environment and stronger commercialisation know-how are important to Australia's innovation and are not given sufficient attention.

Continued innovation relies on a stable business environment that encourages private investment in research and development. A strong and reliable intellectual property (IP) and patent system is essential in supporting investment in new research for some of our most challenging diseases. Australia has a generally strong reputation on IP, however, maintaining a stable and reliable IP regime that is aligned with international best practice is critical to Australia's competitiveness in attracting foreign investment. The promotion and protection of IP spurs further economic growth; creates new jobs and industries; and enhances quality of life. Medicines Australia recommends

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<sup>1</sup> Lichtenberg, F, Measuring the Impact of Pharmaceutical Innovation in Australia (1998-2018).

<sup>2</sup> Medicines Australia, Medicines Matter: Australia's Access to Medicines 2014-2019, Medicines Australia, Australia, 2020 <http://www.medicinesaustralia.com.au/wp-content/uploads/sites/65/2020/11/Medicines-Matter-Access-Report.pdf>

that the Commission reflects the importance of IP to innovation and commercialisation in its report, and recommends that the Australian Government should work with industry to champion a strong, stable and reliable IP system both domestically and internationally.

We look forward to seeing the outcomes from the consultation and please do not hesitate to contact Eric Johnsson, Senior Policy Manager for further information.

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