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Pre-Budget Submissions
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Thank you for providing Pfizer Australia with the opportunity to contribute to the 2025/26 pre-budget submissions process.

Pfizer Australia is one of the nation's leading providers of prescription medicines. We research, develop and manufacture medicines and vaccines that millions of Australians use every day to live longer, healthier and more productive lives.

Pfizer has had operations in Australia since 1956. We have around 1,000 employees in Australia and operate across two commercial sites in Sydney and Melbourne, and a manufacturing facility in Melbourne that exports to more than 60 countries worldwide.

Medicines and vaccines provide obvious benefits to the health of individuals – and, as the COVID years demonstrated, they also make a significant contribution to productivity and societal well-being.

Finally, I'm pleased to note Pfizer supports the submission of Medicines Australia to this process and to provide some additional reflections from Pfizer Australia, aligned with our Breakthrough Nation report published in 2024.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Anne Harris', written in a cursive style.

Anne Harris
Managing Director

Ambitious implementation of the recommendations in the HTA review

Innovative medicines and vaccines make a tremendous contribution to Australia’s health and wealth. Not only do they keep people well, but when people become sick, their availability means patients spend less time in hospital and have better overall survival rates.

Independent research found that diseases for which there were larger increases in the number of PBS medicines tended to have smaller subsequent growth in premature mortality (before ages 85, 75, and 65).ⁱ Diseases for which there was larger growth in the number of PBS medicines also tended to have smaller growth in the number of hospital days 2–10 years later.ⁱⁱ Simply put, innovative medicines on the PBS saves lives, and reduce hospital admissions and length of stays.

In Australia, we aren’t experiencing the full benefit of innovative medicines and vaccines because our Health Technology Assessment (HTA) policies, processes and methods create inbuilt delay and mean Australian patients wait too long to access the medicines and vaccines they need.

Recommendation 1: Working in alignment with the shared goals in the Strategic Agreement (2022-27), the government should undertake bold reform of HTA policies, methods and processes to ensure medicines are funded on the PBS within 60 days of TGA registration.

Australian patients wait too long to access innovative medicines and vaccines. In fact, it takes on average 466 days for a new medicine to go from TGA registration to PBS listing.ⁱⁱⁱ This is almost 100 days slower than the OECD average and more than 300 days slower than Japan, Germany or the UK.^{iv} This delay negatively impacts patient outcomes and our economy as treatment is delayed.

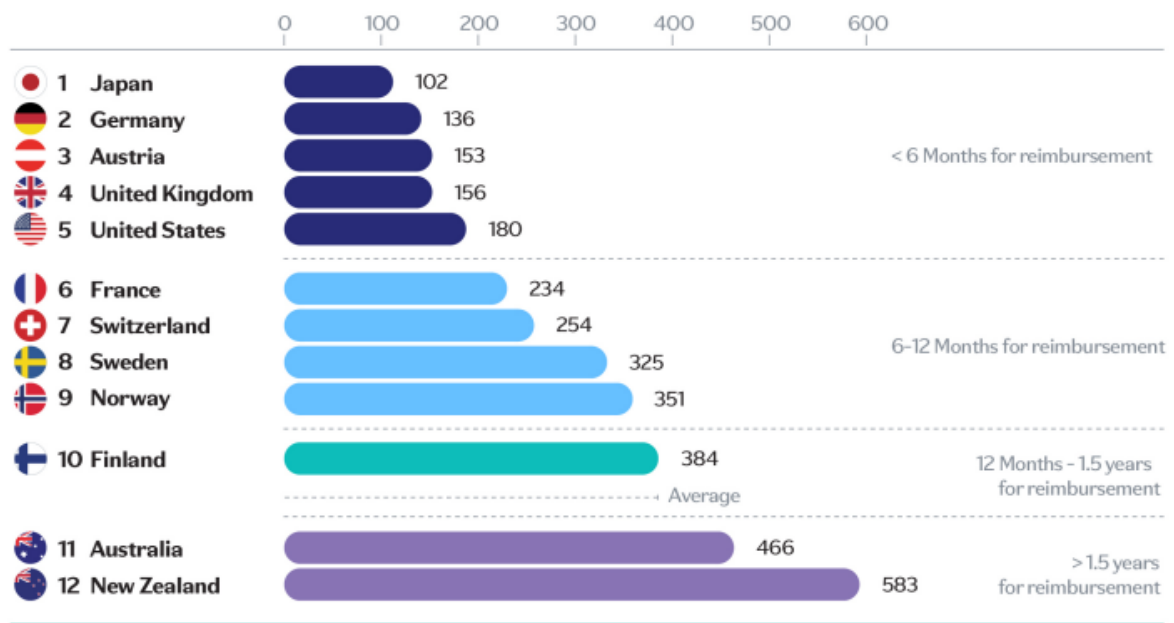


Figure 1: Comparing days from registration to reimbursement in OECD countries
 Source: Medicines Australia, 2022, ‘Medicines Matter: Australia’s access to medicines 2016-2021’, pg. 9.



Our pathways are slow, cumbersome and unpredictable. This leads to sponsors making multiple resubmissions over years, delaying access. On average, companies make 1.7 submissions per new therapy,^v with only 17% of new therapies reimbursed within six months of registration.^{vi} Less than half (44%) of new medicines registered in Australia between 2016-2021 went on to be reimbursed, compared with 96% in Japan, 84% in Germany, 80% in the UK and 62% in France.^{vii}

Our inflexible approach is letting patients down and causing avoidable illness. We have seen our one-size-fits-all approach fail to adequately value novel anti-microbials and rare disease treatments. Similarly, vaccines generate significant savings across our health systems and benefits across our economy by keeping people well and in the workforce. However, our evaluation system undervalues them with high discount rates, under-accounting for benefits accrued over multiple budget cycles, exclusion of broader societal benefits, and limited acceptance of real-world evidence. This means it is harder to get vaccines funded in Australia which undermines efforts to prioritise preventative health.

It is essential that the recommendations of the New Frontier Report, together with the hundreds of inputs received to the HTA Review to improve access are acted upon. Australian patients are waiting too long and sometimes missing out on treatment altogether.

A commitment to having medicines funded on the PBS within 60 days of TGA listing will provide the policy grounding to ensure the required process and methods changes are made to ensure faster medicines access for Australian patients.

Implementing these changes will keep Australians alive, healthy and in the workforce, with substantial productivity gains and economic returns, but will require an initial investment. Over the last decade, while the total PBS spend has increased, the proportion of the PBS that funds innovative medicines has seen minimal growth (see figure 4). This means, as a proportion of GDP, the government's expenditure on innovative medicines is going backwards (see figure 5).

Annual nominal PBS expenditure breakdown

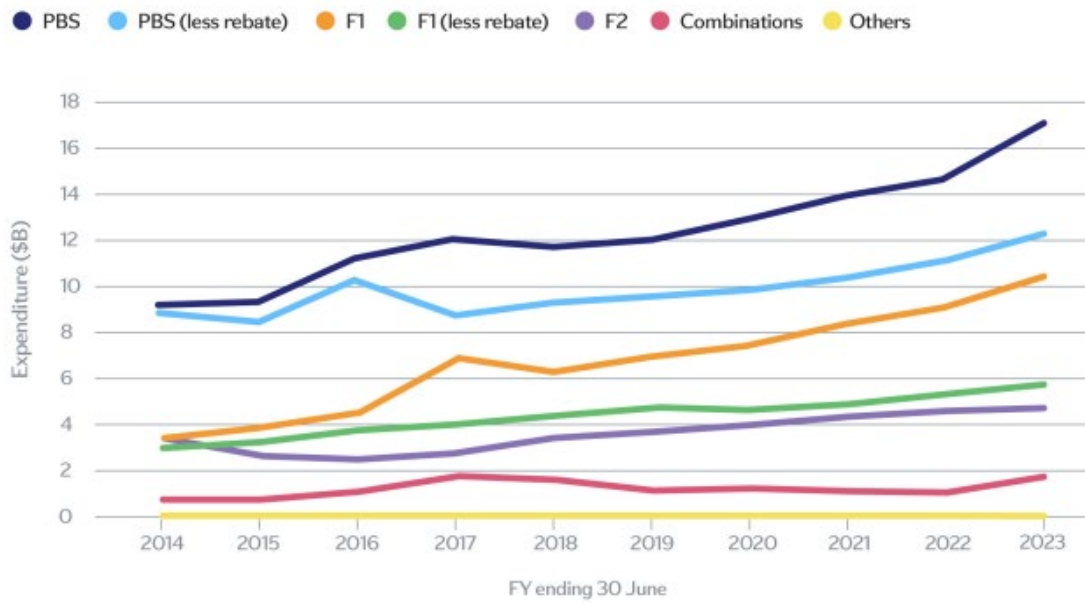


Figure 2: PBS spend by purpose over time

Source: Shawview Consulting chart and analysis. Data: PBS Expenditure and Prescriptions Reports 2014-2023.

Annual nominal health portfolio expenditure breakdown as a proportion of total health expenditure

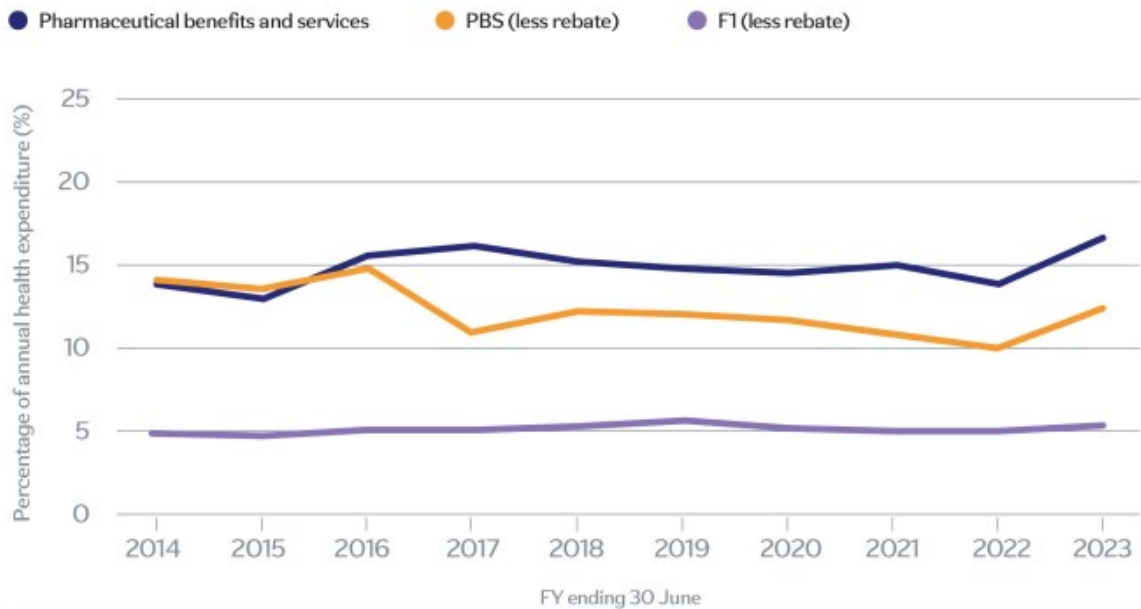


Figure 3: PBS (less rebate) and F1 (less rebate) as a proportion of health expenditure

Source: Shawview Consulting chart and analysis. Data: Department of Health and Aged Care, PBS Expenditure and Prescriptions Report, various years, Commonwealth of Australia, Final Budget Outcome, various years



It is important to recognise health spending as an essential investment in our ongoing health and wealth as a nation to ensure we don't fall into the trap of pursuing short term savings at the expense of long-term investments.

Deliver a prevention revolution to prepare for future threats

The challenges around funding and resourcing our health system are well known. Running hospitals is costing more and will continue to cost more as our population grows and ages. We are seeing critical skills shortages across hospitals, as well as across primary care including general practice, and health budgets are stretched across the country.

We need to revolutionise the way we think about, and deliver, healthcare in Australia. We know treating a person once they are sick, especially when they require hospitalisation, is much more expensive than keeping them well. But our health system doesn't prioritise prevention.

Recommendation 2: Act on the recommendation of the National Preventative Health Strategy and set a 5% minimum target for investment in preventative health by 2030.

In 2020-21 Australia allocated just 3% of total health expenditure to public health and prevention, up from 2% in 2018-19.^{viii} This placed Australia 29th out of the 36 advanced economies for per capita expenditure on preventative health, substantially behind countries with similar health systems to ours including Canada (5%), Korea (9%) and the UK (12%) which have made substantial investments in cost effective interventions like vaccination and screening (see Figure 1).^{ix}

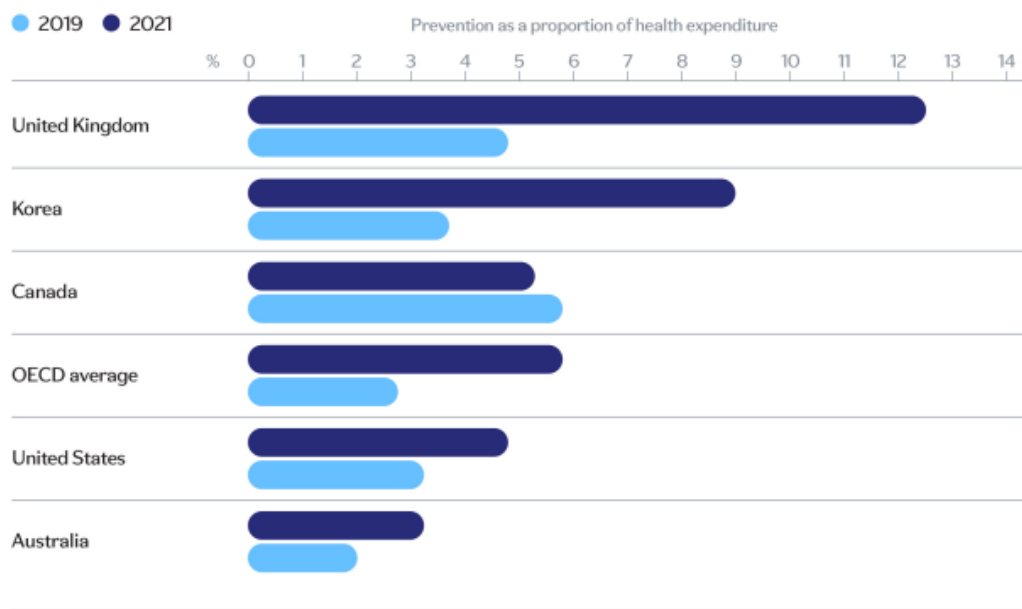


Figure 4: Share of spending on prevention in current health expenditure, 2019 and 2021 (or nearest year)

Source: OECD Health Statistics 2023



We need to restructure our health system to account for the economic and workforce challenges that come with an aging population. A key factor in achieving this will be to fundamentally change health funding and place new emphasis on programs that keep Australians well at all stages of life.

Strengthening vaccination

Recommendation 3: Bring targets for adult vaccination into line with those for childhood vaccination including implementation of new funding arrangements for adult vaccination that link funding to uptake with transparent reporting of vaccine uptake for all age groups.

Vaccination is a safe, highly effective and cost-efficient preventative health intervention. Vaccines protect against viruses and bacteria that cause diseases that can be life threatening or fatal.

Childhood vaccination rates in Australia are very high. In recent years they have consistently remained around 95% which is the level required to achieve herd immunity. Conversely, vaccination rates for older adults are poor. For example, the Grattan Institute found only 27% of older Australians are up to date with their COVID-19 vaccination, less than half of Australians in their 70s are vaccinated for shingles and only one in five is vaccinated for pneumococcal disease.^x

Failure to achieve high vaccine uptake in older adults leads to avoidable illness, hospitalisation and death. The Government has funded and made available potentially lifesaving vaccines, but low uptake means people continue to fall ill, require hospitalisation and die of vaccine preventable illnesses, which has flow on effects across our health system and economy.

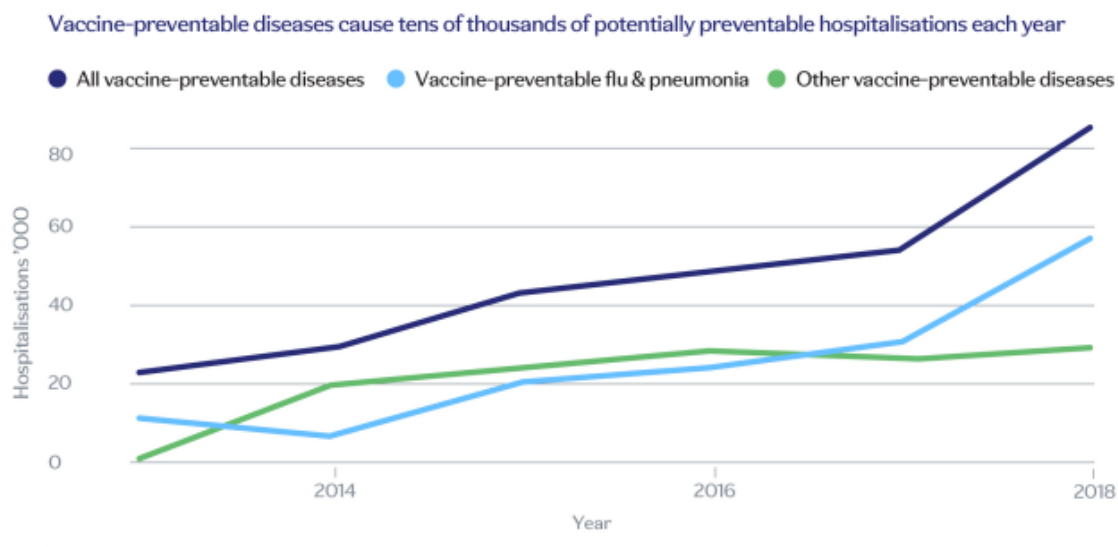


Figure 2: Hospitalisation for vaccine preventable disease in Australia^{xi}

Source: Grattan analysis of AIHW (2020a, National Data Table)

A higher vaccination rate yields savings across the health system. In 2015-16, vaccine-preventable conditions cost the hospital sector \$616.7 million.^{xii} Figure 2 shows the increasing rate of avoidable hospitalisation associated with vaccine preventable diseases. While



comprehensive data are not yet available; the advent of COVID-19 as an additional source of vaccine preventable hospitalisations imposes a further, and avoidable burden, on hospitals.

A 2024 report from the Office of Health Economics, found that adult vaccination programs can return up to 19 times their initial investment when the full spectrum of economic and societal benefits is valued. The 19x return is equivalent to up to USD 4637 in net monetary benefits to society per individual full vaccination course.^{xiii}

There is broad consensus around the importance of increasing vaccine rates in Australian adults. The Grattan Institute recommended a new *National Vaccines Partnership Agreement* that sets national goals for adult vaccination.^{xiv} Similarly, the Australian Immunisation Coalition recommended targets for adult vaccination coverage as key performance indicators in the *National Partnership Agreement on Essential Vaccines* and the next *National Immunisation Strategy*.^{xv}

An investment that brings targets for adult vaccination into line with those for childhood vaccination including implementation of new funding arrangements for adult vaccination that link funding to uptake, as well as transparent reporting of vaccine uptake will be important to reducing the potential impact of vaccine preventable illnesses, hospitalisations and deaths.

Pandemic preparedness

As we saw during the COVID-19 pandemic, vaccination was an essential part of getting out of the emergency phase and continues to be important in preventing serious illness, hospitalisation and death. It is essential that we learn the lessons of COVID and get our pandemic preparedness measures right, so we are best prepared to weather the next pandemic threat.

Modelling has shown, the probability of a pandemic with similar impact to COVID-19 is around 2% in any given year.^{xvi} Societal trends that increase connectedness between countries, like globalisation and travel, can further accelerate the spread of high-risk pathogens.

The CSIRO ‘Strengthening Australia’s Pandemic Preparedness’ report recommended greater investment in early stage science as well as vaccines research and manufacturing, diagnostics and antivirals^{xvii} and the Halton review into Australia’s purchasing and procurement of COVID-19 vaccines and treatments recommended a portfolio approach to procurement to ensure we don’t put all our eggs in one basket.^{xviii}

Combatting Antimicrobial Resistance

Recommendation 4: Implement a novel funding arrangement for antimicrobials that delinks the revenue of the antimicrobial from volume sold to tackle antimicrobial resistance (AMR)

Antimicrobial resistance (AMR) is a growing health challenge that has been described as ‘the silent pandemic’ and is considered by the World Health Organisation to be a top 10 area of public health concern for the 21st century.^{xix} Failure to act on AMR could mean routine surgeries like caesarean sections or joint replacements are no longer possible because of the risk of contracting an untreatable infection.



Without intervention, it is estimated that by 2050, 10,000 Australians will die each year from drug resistant infections.^{xx} A recent study in the journal *Infectious Diseases and Therapy* found reducing antimicrobial resistance for just three bacterial pathogens could save Australia at least \$10 million in hospitalisation costs and provide economic benefit of more than \$400 million over 10 years.^{xxi}

Anti-microbials are different to other medicines as they need to be used sparingly to avoid accelerating the development of resistance against these medicines. This leads to poor returns on research and development (R&D), as company revenue is linked to the limited number of prescriptions dispensed. Similarly, when novel anti-microbials are cost-matched to low-cost generics, our systems fail to appropriately price the value of the innovation, making it yet more difficult for companies to justify their R&D investments and maintain sustainable operations in this space.

There is a clear need for new approaches to respond to the broken market for anti-microbials. The New Frontier Report recommended implementation of a pilot scheme for value-based payments for new anti-microbial drugs.^{xxii} The CSIRO *Curbing Anti-Microbial Resistance* report recommended fit-for-purpose funding models, and financial incentives for anti-microbials.^{xxiii} Similarly, the Australian AMR Network's *Fighting Superbugs* report recommended implementation of a funding model that delinks financial returns from their volume of utilisation and recognises their inherent public health value, based on the scheme successfully implemented in the UK.^{xxiv}

We believe it is essential that Australia joins the UK and others in showing leadership in responding to the growing threat of AMR by creating a funding regime that de-links revenue from volume sold and instead bases revenue on the value of the anti-infective to our public health system. A fund for novel anti-infectives should be established in this term of government.

Make Australia an attractive destination for international investment in life sciences

The government should be commended for announcements in the 2024 budget including the introduction of the Clinical Trial One-Stop-Shop which will mean a substantial reduction in red tape when running multi-site clinical trials across Australian jurisdictions. It is essential that momentum is maintained on this front towards timely implementation.

Importantly, in order to increase Australia's competitiveness when it comes to attracting investment into research and development (R&D), clinical trials and manufacturing, we need not only a clear vision from the government but also establishment of a supportive policy ecosystem.

Recommendation 5: Issue a clear policy statement that identifies objectives, priorities and key opportunities to allow Australia to retain and attract significant life sciences investment.

Australia has the potential to be a world leader in science and innovation. We have world class research institutions and public hospitals for clinical trials as well as a substantial investment from government through the National Health and Medical Research Council, the Medical Research Future Fund and the National Reconstruction Fund. However, improved coordination



is necessary to translate our many advantages into breakthroughs for patients and outcomes for business.

A Life Sciences Vision, like that issued by the UK Government in 2021,^{xxv} would be an opportunity for the Australian Government to outline priorities and opportunities in the Australian life sciences sector, to encourage focused collaboration across industry and academia towards priority areas and create the policy landscape required to see Australia succeed in attracting additional investment.

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- ⁱ Lichtenberg, F. 2023, SSM – Population Health, 24, ‘Number of drugs provided by the Pharmaceutical Benefits Scheme and mortality and hospital utilisation in Australia, 2002-2019.
- ⁱⁱ Ibid.
- ⁱⁱⁱ Medicines Australia, 2022, ‘Medicines Matter: Australia’s access to medicines 2016-2021’, pg. 9.
- ^{iv} Ibid.
- ^v Lybrand, S and Wonder, M, 2020, International Journal of Technology Assessment in Health Care, 36:3, ‘Analysis of PBAC submissions and outcomes for medicines (2010–2018)’, 224-31.
- ^{vi} Medicines Australia, 2022, ‘Medicines Matter: Australia’s access to medicines 2016-2021’, pg. 8.
- ^{vii} Medicines Australia, 2022, ‘Medicines Matter: Australia’s access to medicines 2016-2021’, pg. 6.
- ^{viii} OECD iLibrary, 2024 ‘Health Expenditure on Primary Healthcare’, Available: <https://www.oecd-ilibrary.org/sites/7a7afb35-en/1/3/7/7/index.html?itemId=/content/publication/7a7afb35-en&csp=6cf33e24b6584414b81774026d82a571&itemGO=oecd&itemContentType=book>, Accessed 22 May 2024.
- ^{ix} Ibid.
- ^x Breadon and Burfurd, Gratton Institute, 2023, ‘A Fair Shot: How to close the vaccination gap’, pg. 10.
- ^{xi} Adapted from Breadon and Burfurd, Gratton Institute, 2023, ‘A Fair Shot: How to close the vaccination gap’, pg. 7.
- ^{xii} Department of Health, 2021, ‘National Preventative Health Strategy 2021-2030’, pg. 62, and Australian Institute of Health and Welfare, 2020, ‘Australia’s health 2020 data insights: Australia’s health series no. 17’. Cat. no. AUS 231.
- ^{xiii} El Bahawi H., et al., 2024, Office of Health Economics, ‘The Socioeconomic Value of Adult Immunisation Programmes’. Available at: <https://www.ohe.org/publications/the-socio-economic-value-of-adult-immunisation-programmes/> Accessed 24 May 2024.
- ^{xiv} Adapted from Breadon and Burfurd, Gratton Institute, 2023, ‘A Fair Shot: How to close the vaccination gap’, pg. 4.
- ^{xv} Immunisation Coalition, 2023, ‘Enhancing Adult Vaccination Coverage in Australia White Paper’, pg. 3.
- ^{xvi} Marani M, Katul GG, Pan WK, Parolari AJ. Intensity and frequency of extreme novel epidemics. *PNAS*. 2021;118(35). doi:10.1073/PNAS.2105482118
- ^{xvii} CSIRO, 2022, ‘Strengthening Australia’s Pandemic Preparedness’, pg. iv.
- ^{xviii} Halton, 2022, ‘Review of COVID-19 vaccine and treatment purchasing and procurement: Executive summary’, pg. 3.
- ^{xix} WHO, 2023, ‘Global antimicrobial resistance forum launched to help tackle common threat to planetary health’, Available: <https://www.who.int/news-room/articles-detail/global-antimicrobial-resistance-forum-launched-to-help-tackle-common-threat-to-planetary-health>, (Accessed 16 May 2024).
- ^{xx} MTPConnect, 2020, ‘Fighting Superbugs: A report on the inaugural meeting of Australia’s antimicrobial resistance stakeholders’, pg. 1 and Parliament of the Commonwealth of Australia, 2021, ‘The New Frontier – Delivering better health for all Australians: Inquiry into approval processes for new drugs and novel medical technologies in Australia’, pg. 293.
- ^{xxi} Gordon JP et al *Infect Dis Ther* 2023; 12: 1875-1889.
- ^{xxii} House of Representatives Health Committee, 2021, ‘New Frontiers Report: Delivering better health for all Australians’, Recommendation 27, pg. xli.
- ^{xxiii} CSIRO, 2023, ‘Curbing anti-microbial resistance: a science-powered, human driven, approach to combatting the silent pandemic’ pg 4.
- ^{xxiv} MTP Connect and AAMRNet, 2023, ‘Fighting Superbugs: Ensuring Australia is ready to combat the rise of resistant infections’, pg. 14.
- ^{xxv} Department of Business, Energy and Industrial Strategy (UK), 2021, Life Sciences Vision.