



Name: Pfizer Australia

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Participant background

1. For the purposes of this consultation, which of the following best describes you:
Pharmaceutical company
2. Which of the following care sectors will your feedback relate to? Please select all that apply.
Health
3. What kind of care supports, services and programs do you have experience with, and in what jurisdictions?
The participant did not respond to this question.

1. Reform of quality and safety regulation to support a more cohesive care economy

1. To what extent do differences in quality and safety regulation make it costly or complex to provide or access care services?
The participant did not respond to this question.
2. What are the reasons for your answer?
The participant did not respond to this question.
3. To what extent should quality and safety regulations be more aligned across the different care service sectors and jurisdictions?
The participant did not respond to this question.
4. What are the reasons for your answer?
The participant did not respond to this question.

2. Embed collaborative commissioning to increase the integration of care services

1. What is your experience with collaborative commissioning
The participant did not respond to this question.
2. What are the benefits of pursuing greater collaborative commissioning?
The participant did not respond to this question.
3. What are the barriers to collaborative commissioning, and do you have any suggestions for solutions that would lead to better collaboration in the commissioning of care services?
The participant did not respond to this question.

3. A national framework to support government investment in prevention

1. What are the main barriers to governments investing in evidence-based prevention programs across the care economy?

- Vaccines and medicines 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.
- Decision-making on whether preventative health interventions should be funded does not consider productivity benefits. This means significant economic impacts of medicines and vaccines are not captured, leading to perverse outcomes where potentially significant preventative interventions are found not to be cost effective for government and the productivity benefits of supporting healthy Australians to stay in the workforce through medicines and vaccines are lost.
- 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. This is almost 100 days slower than the OECD average and more than 300 days slower than Japan, Germany or the UK. This delay negatively impacts patient outcomes and our economy as treatment is delayed. We must transform our funding models, so Australians have access to innovative medicines and vaccines as soon as possible, with broad access, at prices that value innovation and are affordable for government and patients (Source: Medicines Matter Report, 2022).
- Our health technology assessment 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, with only 17% of new therapies reimbursed within six months of registration. 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 (Source: Medicines Matter Report, 2022).
- 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. This means, as a proportion of GDP, the government's expenditure on innovative medicines is going backwards (Source: PBS expenditure reports).

2. What are some examples of successful prevention programs (this could include discontinued programs)?

- Childhood vaccination rates in Australia are very high. In recent years they have consistently remained around 95%, a coverage rate amongst the best in the world. Childhood vaccination is a highly cost-effective intervention. Globally, childhood vaccination has caused a 40% reduction in infant mortality over the last 50 years. High childhood vaccination rates made it possible for Australia to see polio, and later measles, virtually eliminated.
- In Australia, the initiatives around the National Immunisation Program including financial incentives for parents and doctors, public information campaigns, as well as collecting and publishing of local vaccination data combined to cause an improvement in childhood vaccine coverage from 52% of one-year-olds being fully vaccinated in 1995 to 95% in 2020. This level of vaccination is sufficient to achieve herd immunity which

means both the vaccinated, and unvaccinated, are protected against infectious diseases.

- Modelling has shown that for every dollar spent on vaccination in Australia, the economic return for government is 3.5 times. If the targets and focus of the childhood vaccination program were applied to adult vaccination, the economic return for government could be \$1.1 billion net annually. (Source: Economic Value of Vaccines, 2024).
- Modelling also found that early and broad vaccination against COVID-19 yielded an estimated \$181 billion to the Australian economy associated with tourism (28bn), education exports (26bn), employment (142,000 jobs) and government finances (259bn), as well as avoiding many thousands of deaths (Source: Fox N. et al, Vaccines, 2022, 10(12), 2057, 'The Value of Vaccines: A Tale of Two Parts. Vaccines', <https://doi.org/10.3390/vaccines10122057>).
- Similarly, global modelling found adult vaccination yields up to 19 times return for government, equivalent to up to USD \$4,637 in net monetary benefits to society per individual full vaccination course, when the full spectrum of economic and societal benefits are valued (Source: Office of Health Economics, Socio-Economic Value of Adult Immunisations Programmes, 2024).
- The Grattan Institute undertook a comprehensive review of adult vaccination and found vaccines make a substantial contribution to avoiding hospitalisation, serious illness and death (Source: Grattan Institute, A Fair Shot, 2024). Preventable hospitalisations avoided provide significant benefits to healthcare productivity as hospital capacity can be redirected to other areas, as well as broader productivity benefits associated with avoiding premature retirement due to ill-health and absenteeism due to ill-health.

3. How can governments better support investment in prevention activities that have broad and long-term benefits for the Australian community?

Adult vaccination

- Unlike childhood vaccination rates, adult vaccination rates in Australia 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 (Source: Grattan Institute, A Fair Shot, 2024). The Grattan Institute found the hospitalisation rate for vaccine preventable disease is increasing. They recommended that increased vaccination could assist in curbing these infections and hospitalisations but would require investment and focus from government.
- In order to achieve these goals, the Grattan Institute recommended setting national targets, increasing awareness of vaccination, boosting funding to promote vaccination in mainstream primary care, and tailoring solutions for people who are being missed in the mainstream system, for example culturally and linguistically diverse and Aboriginal and Torres Strait Islander communities.
- If government applied the same targets and commitment from the childhood vaccination program to adult vaccination, the return on investment for government could be \$1.1 billion net annually (Source: Economic Value of Vaccines, 2024). Achieving this objective would require commitment and coordination across levels of government, strong community engagement, and a substantial increase in data gathering and transparency so interventions and support can be targeted most appropriately.

Achieving faster funded access to innovative medicines

- Getting medicines, vaccines and other health technologies funded more quickly

increases the economic and healthcare productivity benefit associated with those medicines. Government should maintain focus on implementing the recommendations of the 2024 Health Technology Assessment review to ensure Australia accelerates time to patient access for innovative medicines and remains an early launch market for new therapies. 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). 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. Simply put, innovative medicines on the PBS saves lives, and reduce hospital admissions and length of stays (Source: Lichtenberg et al, SSM – Population Health, 24, 'Number of drugs provided by the Pharmaceutical Benefits Scheme and mortality and hospital utilisation in Australia, 2002- 2019).

- Funding new medicines for migraine would yield substantial productivity benefits. 4.9 million people in Australia suffer from migraine, of whom 71% are female and 86% are working age. The total economic cost of migraine in Australia is \$35.7 billion consisting of \$14.3 billion in health system costs, \$16.3 billion in productivity costs and \$5.1 billion in other costs. Per person, the cost of chronic migraine is \$21,706 per chronic migraine sufferer and \$6,137 per episodic migraine sufferer. Productivity costs make up the largest share of total costs at 46%. Health system costs make up 40% of total costs, deadweight loss 14%, and carer costs less than 1%. Governments bear the largest share of costs with the Federal Government bearing 35% and State and Territory Governments bearing 8%. Individuals bear 23% of costs and employers and the rest of society each bear 17% of costs. Finding ways to fund effective migraine treatments for patients who aren't adequately served by currently funded medicines would make a significant difference in avoiding the productivity costs associated with migraine (Source: Deloitte Access Economics, Migraine in Australia Whitepaper, 2018).

Pandemic preparedness

- Funding interventions that prevent future pandemics will be essential to avoiding future productivity shocks associated with pandemics. 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. Modelling has shown the probability of a pandemic with similar impact to COVID-19 is around 2% in any given year (Source: Marani M, Katul GG, Pan WK, Parolari AJ. Intensity and frequency of extreme novel epidemics. PNAS. 2021;118(35). doi:10.1073/PNAS.2105482118). Societal trends that increase connectedness between countries, like globalisation and travel, can further accelerate the spread of high-risk pathogens. Government should act on the CSIRO 'Strengthening Pandemic Preparedness Report' which recommended greater investment in early-stage science as well as vaccines research and manufacturing, diagnostics and antivirals (Source: CSIRO, 2022, 'Strengthening Australia's Pandemic Preparedness', pg. iv.), and recommendations outlined in the Halton review of Australia's purchasing and procurement of COVID-19 vaccines to ensure a portfolio approach where we don't put all our eggs in one basket (Source: Halton, 2022, 'Review of COVID-19 vaccine and treatment purchasing and procurement: Executive summary', pg. 3.).

Combatting Anti-microbial resistance

- Funding interventions that prevent accelerating antimicrobial resistance (AMR) will be essential to avoiding the risk of a future without antibiotics. 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 (Source: 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.). A recent study in the journal *Infectious Diseases and Therapy* found reducing AMR 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 (Source: Gordon JP et al *Infect Dis Ther* 2023; 12: 1875-1889.).

- Antimicrobials 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 antimicrobials are cost-matched to low-cost generics, our systems fail to appropriately value 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 funding approaches to respond to the broken market for antimicrobials. The New Frontier Report recommended implementation of a pilot scheme for value-based payments for new antimicrobial drugs (Source: House of Representatives Health Committee, 2021, 'New Frontiers Report: Delivering better health for all Australians', Recommendation 27, pg. xli.). The CSIRO *Curbing Antimicrobial Resistance* report recommended fit-for-purpose funding models, and financial incentives for antimicrobials (Source: CSIRO, 2023, 'Curbing anti-microbial resistance: a science-powered, human driven, approach to combatting the silent pandemic' pg 4.). Similarly, the Australian AMR Network's *Fighting Superbugs* report recommended a funding model based on the scheme successfully implemented in the UK, which delinks financial returns from utilisation volume to better recognise the inherent public health value of antimicrobials (Source: MTP Connect and AAMRNet, 2023, 'Fighting Superbugs: Ensuring Australia is ready to combat the rise of resistant infections', pg. 14.).

Cover sheet: Supporting document #1

Source: Breakthrough Nation – A 10-point plan for how the life sciences sector can drive Australia's health and wealth

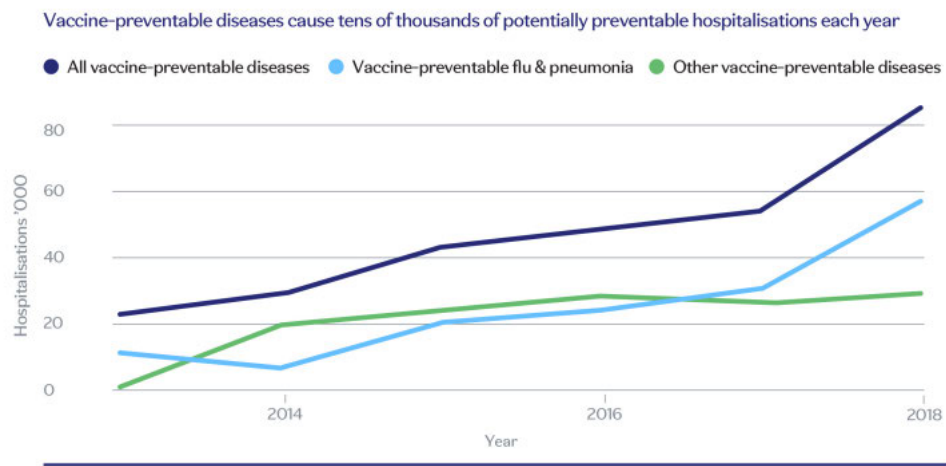


Figure 2. Hospitalisation for vaccine-preventable diseases in Australiaⁱⁱⁱ

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

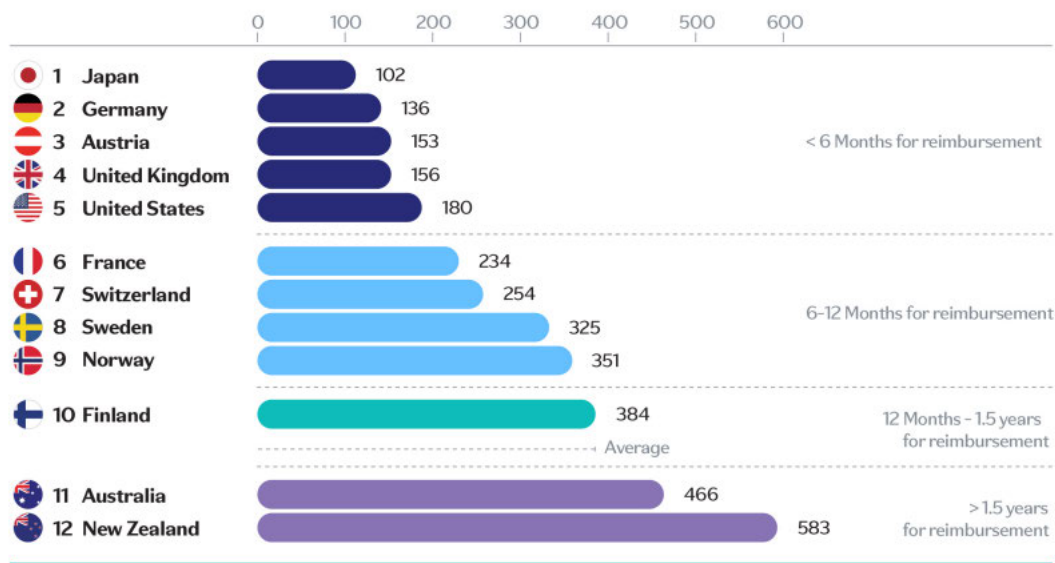


Figure 3. Comparing days from registration to reimbursement in OECD countries^{xi}

Source Medicines Australia, 2022, 'Medicines Matter: Australia's access to medicines 2016-2021', pg. 9

Annual nominal PBS expenditure breakdown

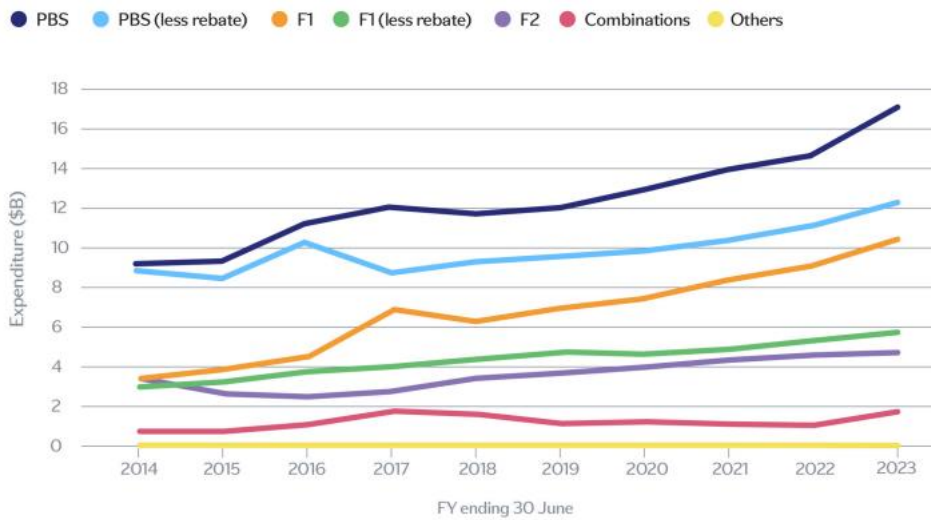


Figure 4. PBS Spend by purpose over time

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

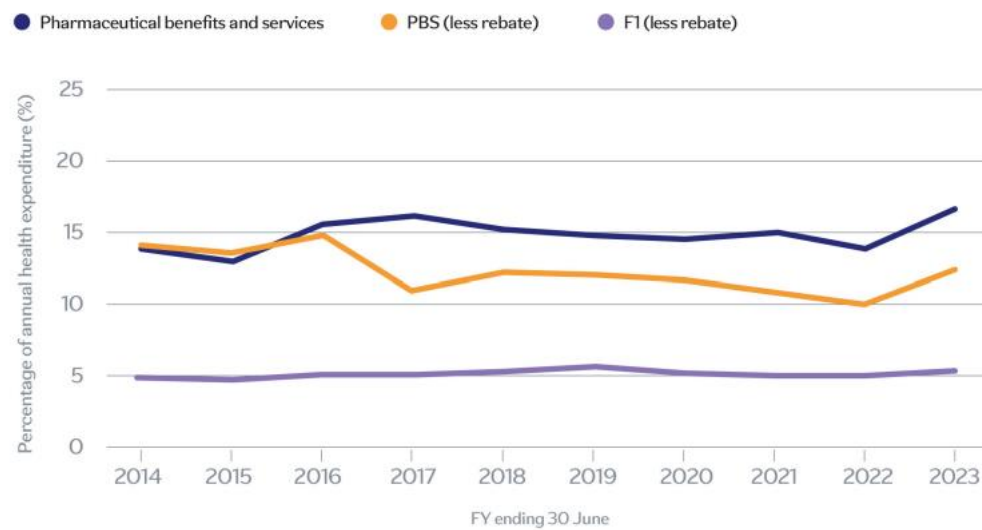


Figure 5. PBS (less rebate) and F1 (less rebate) as a proportion of health expenditure

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.