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The Productivity Commission
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Response to "Delivering quality care more efficiently" Inquiry interim report

Thank you for providing Pfizer Australia with the opportunity to respond to the Productivity Commission's interim report.

Pfizer Australia is one of the world's leading providers of prescription medicines and vaccines. 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.

Innovative medicines and vaccines play a critical role in strengthening Australia's economic resilience by improving population health and enabling greater workforce participation. By effectively managing both acute and chronic conditions, medicines reduce the burden of illness that leads to absenteeism and presenteeism for both patients and their carers, thereby allowing individuals to remain engaged in the workforce more consistently and performing at higher levels of productivity. The resulting gains in output contribute directly to national economic performance and long-term fiscal sustainability.

Recent developments in innovative medicines research have seen some of our most feared diseases become treatable, whilst government vaccine programs have led to the effective management of some pandemic infectious diseases. And, as the COVID years demonstrated, innovative medicines and vaccines also deliver a significant contribution to economic productivity and societal well-being.

The recent Health Technology Assessment Policy and Methods Review identified a wide array of opportunities to reform our system of medicines assessment and reimbursement to strengthen the PBS, improve patient access to the best available medicines and vaccines, and position Australia as a first wave launch market. These changes would deliver significant productivity improvements, strong social outcomes, and contribute to the economy over the medium to long term.

The reform opportunities detailed below are also explored in greater detail in Pfizer Australia's Breakthrough Nation report published in 2024. Most of the obstacles to access have been put forward by the local innovative medicines industry consistently over the past 10-15 years, and recommendations for improvement on key issues like comparator selection have been agreed to by federal governments in both the 2017 and 2022 Strategic Agreements with Medicines Australia.

We firmly believe the Albanese Government's focus on policy opportunities for improving economic productivity provides a valuable opportunity for consideration of these urgent and important reforms to strengthen both the Pharmaceutical Benefits Scheme. We thank you again for the opportunity to input into the on-going Productivity Commission inquiry and look forward to the final report.

Yours sincerely,

[redacted]

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[redacted]

Pfizer welcomes the opportunity to input into the Productivity Commission's on-going inquiry into delivering quality care more efficiently and specifically to Chapter 3 of the Report: "A national framework to support government investment in prevention". The care sector and the related life sciences sector play an important role not only in our health systems but in our economies and societies; vaccines and medicines generate significant savings across our health systems and benefits across our economy by keeping people well and in the workforce.

Pfizer Australia supports the Productivity Commission's recommendation for the establishment of a National Prevention Investment Framework and an independent Prevention Framework Advisory Board. These would perform vital work to evaluate the contribution of prevention programs to the government's budgetary position and also apply a quantifiable value to the beneficial impact this investment has on broader society.

The Interim Report calls attention to the opportunity for prevention to "produce significant benefits to individuals, government and the community, relative to its costs"[1], however it does not provide any discussion on the important role that medicines and vaccines have in prevention (e.g., by reducing the need for acute care, by limiting disease progression etc.) and in generating productivity gains. Research has shown that increased access to new medicines tends to reduce premature mortality and hospital utilisation, leading to substantial productivity gains. For example, analysis found that diseases for which there were larger increases in the number of PBS medicines tended to have smaller subsequent growth in premature mortality and hospital days[2].

Pfizer wishes to draw attention to a number of disease areas where medicines and vaccines have had demonstrable impact on productivity, or which have a significant productivity burden addressable by approved medicines:

1. **Cancer** – the 2024 Productivity Commission research paper *Advances in measuring healthcare productivity* found that with regards to the Australian healthcare sector "Productivity grew particularly strongly in the treatment of cancers, suggesting that advances in treatments, rather than across-the-board healthcare reforms, have been the major drivers of growth. Studies from abroad likewise find that diffusion of new treatments is a big contributor to productivity."[3] The paper also notes that "timely approval processes for pharmaceuticals and other medical technologies would help ensure that the diffusion of new treatments remains a positive contributor to productivity growth."[4]

2. **Childhood vaccination** – 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 mortally 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

1 Productivity Commission, 'Delivering quality care more efficiently: interim report', 2025
2 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.
3 Productivity Commission, 'Advances in Measuring Healthcare Productivity', 2024
4 Ibid.

diseases. Modelling has shown that for every dollar spent on vaccination in Australia, the economic return for government is 3.5 times.[5]

3. **COVID-19** – Modelling 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.[6]

4. **Migraine** – the 2018 *Migraine in Australia Whitepaper* estimated the 2018 costs associated with migraine to be $35.7 billion, of which approximately $16 billion were attributable to productivity losses (vs. approximately $14 billion associated with health system costs).[7] This is corroborated by a 2025 systematic literature review looking at the economic burden of chronic migraine (CM) in OECD countries which summarises the latest literature by noting that "some studies in this review reported that indirect costs could surpass direct costs, indicating that the economic burden of CM might be even greater than previously assumed"[8] and concludes by remaking on the "need for further attention to productivity losses due to absenteeism, presenteeism, and the impact on daily activities and work responsibilities."[9] The paper cites estimates of indirect costs associated with migraine ranging as high as ~48,810 GBP per patient per year[10].

5. **Inflammatory bowel disease –** inflammatory bowel disease (IBD) is the name of a group of disorders that cause the intestines to become inflamed, of which the main forms are Crohn's disease (CD) and Ulcerative Colitis (UC) affecting >60,000 Australians. IBD onset is typically in early adulthood causing significant disruption to education and employment and resulting in significant productivity losses. The 2005 productivity losses of IBD were estimated to be $266.7 million[11]

Improved medicines and vaccines access has a direct correlation with reductions in absenteeism (missing work due to illness) and presenteeism (attending work despite feeling unwell, leading to reduced productivity and potential harm to their health and the broader workplace) and consequent economic benefits from increased tax receipts and reduced expenditure on social welfare programs. Australia's evaluation system, however, fails to account for these productivity gains and other broader societal benefits (such as family/carers returning to work) when assessing the value for procurement of these medicines and vaccines.

The addition of uncompetitively high discount rates, cost comparisons between new breakthrough innovations and older less-used treatments, and limited acceptance of real-world evidence all serve to put downward pressure on value. This creates an environment which frequently forces manufacturers to delay or not proceed with listing applications. Of all the new medicines launched globally over the past decade, 84% are available in the United States whereas just 24% are listed on the PBS.[12]

Australian patients wait too long to access innovative medicines and vaccines. It takes on average 466 days for a new medicine to go from TGA registration to PBS listing, which is almost 100 days slower than the

5 Economic Value of Vaccines, 2024
6 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
7 Deloitte Access Economics, 'Migraine in Australia Whitepaper', 2018
8 Eltrafi A. et al, Health Economics Review, 2023, 13:43, "Economic burden of chronic migraine in OECD countries: a systematic review" https://doi.org/10.1186/s13561-023-00459-2
9 Ibid.
10 Ibid.
11 Access Economics, 'The Economic Costs of Crohn's Disease and Ulcerative Colitis', 2007
12 Pharmaceutical Research and Manufacturers of America, Special 301 Submission, pp200-201, 2025.

OECD average and more than 300 days slower than Japan, Germany or the UK.[13] According to recently released Department of Health data this average is actually closer to 650 days.[14] This delay negatively impacts patient outcomes and the broader economy. 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 appropriately value innovation and are affordable for government.

Our Health Technology Assessment (HTA) pathways are slow, cumbersome and unpredictable. This leads to sponsors making multiple resubmissions over years, thereby 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.[15] Over the course of the entire registration, assessment and reimbursement process, Australian patients wait an average of 33 months from global first launch to PBS listing.[16]

HTA policies like comparator selection and caps limiting reimbursed patient uptake often result in barriers to listing that do not support industry investment in innovation or access for patients. Implementing reforms to our HTA system will keep Australians alive, healthy and in the workforce, with substantial productivity gains and economic returns. This will require an initial investment to fast-track patient access however this investment will deliver a budget positive outcome through consequent productivity gains.

By giving an independent Prevention Framework Advisory Board the opportunity to consider the value of these policy reforms to drive patient access to preventive interventions like medicines and vaccines, Australia can become a society that places greater value on the prevention of illness and its direct economic and social impacts rather than the treatment through reactive and costly primary care solutions.

Opportunities for health policy improvement to drive productivity

Adult vaccination

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 mortally over the past 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 NIP including financial incentives for parents and doctors, public information campaigns, national targets, 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. The success of the NIP for children was recognised in the recently released National Immunisation Strategy 2025-2030 which set out priority areas to improve access to immunisation and address inequities in order to reduce the impact of vaccine preventable diseases on the broader Australian community.

Unlike childhood vaccination rates, adult vaccination rates in Australia are very low. The Grattan Institute undertook a comprehensive review of adult vaccination and found vaccines make a substantial contribution to avoiding hospitalisation, serious illness and death. However, they 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.

13 Medicines Australia, Medicines Matter Report 2022.
14 Department of Health, Disability & Ageing, FOI 25-0484 LD - Incoming Government Brief 2025.
15 Medicines Australia, Op. Cit.
16 Pharmaceutical Research and Manufacturers of America, Op. Cit.

The Grattan Institute also found the hospitalisation rate for vaccine preventable disease is increasing, recommending that increased vaccination could assist in curbing these infections and hospitalisations but would require investment and focus from government.[17]

Modelling has shown that for every dollar spent on vaccination in Australia, the economic return for government is 3.5 times.[18] 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 is valued.[19]

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.[20] 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.

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 absenteeism and premature retirement due to ill-health.

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.

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 a strong focus on implementing the recommendations of the 2024 HTA 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. Whilst these estimates are not based on direct data measurement, it shows a clear trend that innovative medicines on the PBS save lives and reduce hospital admissions and length of stays.[21]

As an example, funding new medicines for migraine would be expected to 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[22]. Considering these estimates are from 2018, the current day quantum is likely to be larger.

With that, productivity costs (46%) and health system costs (40%) make up the largest share of total costs. Although Governments bear the largest share of these costs with 43%, migraine sufferers bear a significant amount (23%), with employers and the rest of society each bearing 17% of costs.

17 Grattan Institute, A fair shot: How to close the vaccination gap, 2024
18 GSK, Prevention: A Productivity Superpower - Economic Value of Vaccines, 2024.
19 Office of Health Economics, Socio-Economic Value of Adult Immunisations Programmes, 2024.
20 GSK, Op. Cit.
21 Lichtenberg et al, Op. Cit.
22 Deloitte Access Economics, Op. Cit.

Finding ways to fund effective migraine treatments for patients who aren't adequately served by currently funded medicines, and reassessment of current cap implementations hampering PBS listing of additional new therapies would make a significant difference in increasing migraine treatment options and consequently addressing the productivity cost burden associated with migraine.[23]

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 while also providing significant economic benefits.

A peer-reviewed study found that early and broad vaccination against COVID-19 yielded an estimated $181 billion to the Australian economy, with vaccination contributing to large estimated positive effects for tourism ($28bn), education exports ($26bn), employment (142,000 jobs) and government finances ($259bn), as well as avoiding many thousands of deaths.[24] Modelling has also shown the probability of a pandemic with similar impact to COVID-19 is around 2% in any given year.[25]

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,[26] and recommendations outlined in the Halton Review of Australia's purchasing and procurement of COVID-19 vaccines to ensure a portfolio approach is maintained for vaccine procurement to minimise risk.[27]

Combatting antimicrobial resistance

Funding interventions that prevent accelerating antimicrobial resistance (AMR) will be essential to avoid 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.[28] 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.[29]

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 Frontiers Report recommended implementation of a pilot scheme for value-based payments for new antimicrobial drugs.[30] The CSIRO Curbing Antimicrobial Resistance report recommended fit-for-purpose funding models, and financial incentives for antimicrobials.[31]

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23 Deloitte Access Economics, Migraine in Australia Whitepaper, 2018.
24 Fox et al, Op. Cit.
25 Marani M, Katul GG, Pan WK, Parolari AJ. Intensity and frequency of extreme novel epidemics. PNAS. 2021.
26 CSIRO, Strengthening Australia's Pandemic Preparedness, pg. iv., 2022.
27 Halton, 'Review of COVID-19 vaccine and treatment purchasing and procurement: Executive summary', pg. 3, 2022.
28 MTPConnect, 'Fighting Superbugs: A report on the inaugural meeting of Australia's antimicrobial resistance stakeholders', pg. 1 2.
29 Gordon JP et al Infect Dis Ther 2023: 12: 1875-1889.
30 House of Representatives Standing Committee on Health & Aged Care, 'New Frontiers Report: Delivering better health for all Australians', Recommendation 27, pg. xli, 2021.
31 CSIRO, 'Curbing anti-microbial resistance: a science-powered, human driven, approach to combatting the silent pandemic' pg 4, 2023.

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.[32] Adoption of these recommendations would significantly better position Australia against the potential threat posed by antimicrobial resistance, leading to clear productivity and economic benefits for the nation.

Conclusion

Pfizer Australia is committed to working collaboratively with the Australian government to drive economic productivity through a stronger PBS delivering improved access to innovative medicines and vaccines. As a leading provider of essential health products, we understand the critical role they play in strengthening Australia's economic resilience by improving population health and enabling greater workforce participation.

The evidence is clear - faster access to new medicines and vaccines leads to substantial productivity gains through reduced premature mortality, hospital utilisation, absenteeism, and presenteeism. However, Australia's current evaluation and funding systems create delays that negatively impact patient outcomes and the broader economy. Implementing the reforms outlined in this submission, including accelerating access, updating the way that HTA is applied and conducted, and investing in prevention programs, will keep Australians healthier, more productive, and generate significant economic returns.

Pfizer Australia supports the Productivity Commission's recommendations that prioritise prevention as a tool to deliver better health outcomes and we look forward to the final Productivity Commission report on Pillar 4. We encourage the Productivity Commission to include vaccines and medicines in the scope of prevention, with recommendations on how to unlock the full productivity benefits of these essential health interventions and strengthen the nation's economic resilience. We appreciate the consideration of this submission and welcome any follow-up queries.

32 MTP Connect, Op. Cit., pg. 14.