



Consumer Healthcare
Products Australia

SUPPLEMENTARY 2020-21 PRE-BUDGET SUBMISSION

Ordinary Members



Associate Members



Executive Summary

Consumer Healthcare Products (CHP) Australia is the leading industry voice representing the manufacturers and distributors of consumer healthcare products, including nonprescription medicines. Additionally, we represent businesses that support the consumer healthcare products industry.

In consideration of the COVID-19 pandemic and its repercussions for Australia's fiscal position and policy priorities, CHP Australia welcomes the opportunity to provide this supplementary Pre-Budget Submission for the Government's consideration ahead of the 2020-21 Budget.

If given appropriate support, CHP Australia believes the consumer healthcare products industry has the capacity to generate new economic growth and skilled employment, enhance supply chain resilience, support public health and the long-term sustainability of Australia's healthcare system.

CHP Australia asks that due consideration be given to the following recommendations, focused in what we see as three areas of priority for Australia's economic recovery and resilient post-pandemic landscape:

Self-care

1. Implement the Mitchell Institute's [Self-care and health: by all, for all. Learning from COVID-19](#)¹ report recommendations.
2. Implement a common ailment scheme system in Australia, as recommended by [An Australian Minor Ailment Scheme](#)² evaluation.

Health Literacy

3. Review avenues for improving Australia's health literacy with key development targets.
4. Establish medicines literacy as an integral part of medicines safety, the 10th National Health Priority Area.

Industry

5. Establish a multi-stakeholder working group to investigate and design a competitive mechanism to incentivise domestic medicines manufacturing.
6. Develop a comprehensive strategy to support domestic manufacturing capability and supply chain resilience for medicines, medical devices and diagnostics, in keeping with the recommendation from the UK Life Sciences [COVID-19 Roadmap to Recovery](#)³ report.

¹ Mitchell Institute for Education and Health Policy "Self-care and health: by all, for all. Learning from COVID-19" - <https://www.vu.edu.au/sites/default/files/mitchell-institute-self-care-and-health-learning-from-covid-19.pdf>

² An Australian Minor Ailment Scheme: Executive Summary - <https://www.uts.edu.au/sites/default/files/2019-11/Executive%20Summary%20%28w%29.pdf>

³ UK Life Sciences COVID-19 Roadmap to Recovery - <https://www.pagb.co.uk/content/uploads/2020/06/Life-Sciences-Recovery-Roadmap-3rd-June-2020.pdf>

About Consumer Healthcare Products Australia

Consumer Healthcare Products (CHP) Australia is the leading industry voice representing the manufacturers and distributors of consumer healthcare products, including nonprescription medicines. Additionally, we represent businesses that support the consumer healthcare products industry.

9 out of 10 Australians use nonprescription medicines regularly⁴, including analgesics, hand sanitisers, cold & flu, nicotine replacement therapies, vitamin and mineral supplements, hay fever and allergy relief, sunscreens and many more.

Available over the counter in pharmacies, supermarkets and convenience stores, nonprescription medicines can assist Australians to maintain productive and healthy lives through:

- providing symptom relief,
- aiding health maintenance,
- supporting the prevention of illness and reducing modifiable risk factors,
- treating common ailments that don't require the care of a doctor.

Annually, our industry generates approximately \$8 billion in domestic sales, \$2 billion in export revenue and employs over 10,000 Australians⁵.

With over 14,000 nonprescription products helping keep Australians productive⁶, every \$1 spent on the most common nonprescription products saves the Australian economy \$4⁷.

We believe Australians' health and healthcare system are best served by robust healthcare policies that deliver evidence-based solutions to raise health literacy, promote self-care and self-medication capabilities, and ensure that, where appropriate, more medicines are made available without a prescription.

Our mission is to advance consumer health through responsible self-care.

⁴ Consumer Behaviour Factbook (March 2015) Macquarie University

⁵ CHP Australia estimates based on:

- IQVIA & Nielsen Scan Data Sept 2019. Combined Pharmacy & Grocery
- IBIS Pharmaceutical Product Manufacturing in Australia, March 2019. IBIS World Pty Ltd
- IBIS Pharmaceutical Wholesaling in Australia, March 2019. IBIS World Pty Ltd

⁶ TGA Bilateral Meeting Presentation (December 2019)

⁷ The Value of OTC Medicines in Australia (March 2014) Macquarie University – MUCHE Report

Self-care

CHP Australia advocates for self-care to be embedded in national health policy.

Self-care refers to the activities we can undertake every day to enhance our health and wellbeing, prevent disease, limit illness, and use health care services effectively (*Figure 1*), and can assist policymakers and healthcare professionals to engage Australians in the proactive management of their health.



Figure 1 – the seven pillars of self-care

Self-care also empowers individuals with the knowledge and skills needed to responsibly self-treat common ailments that don't require the care of a doctor, reducing unnecessary and costly visits to GP or emergency department.

Annually in Australia, it is estimated⁸, for self-treatable conditions there are between 232,507 and 922,012 unnecessary visits to emergency departments at a cost of AUD124.5 to AUD493.8 million, and between 8.8 and 26.6 million GP appointments at a cost of AUD397 million to AUD1.2 billion.

That is an estimated total burden of between AUD511 million to AUD1.67 billion a year in unnecessary consultations for self-treatable conditions that could be managed more efficiently through responsible self-care, with sufficient advice and support available from a pharmacist.

With over 14,000 nonprescription products available to help keep Australians healthy and productive⁹, every \$1 spent on the most common nonprescription products saves the Australian economy \$4¹⁰.

⁸ An Australian Minor Ailment Scheme: Executive Summary - <https://www.uts.edu.au/sites/default/files/2019-11/Executive%20Summary%20%28w%29.pdf>

⁹ TGA Bilateral Meeting Presentation (December 2019)

¹⁰ The Value of OTC Medicines in Australia (March 2014) Macquarie University – MUCHE Report

The World Health Organisation concluded in 2009 that self-care should be a fundamental component to achieving both individual and structural health goals¹¹, contributing to illness prevention and improved health outcomes, better chronic condition management, and fostering a more cost-effective healthcare system.

The value of responsible self-care for individuals, healthcare systems and protecting public health has never been more apparent. Health authorities have identified multiple well-established self-care skills and behaviours as essential to stopping the spread of COVID-19 including:

- practicing social distancing and good hand hygiene,
- actively managing wellbeing, staying healthy and building immunity,
- avoiding risky health behaviours i.e. smoking,
- identifying symptoms and knowing the most appropriate place to go for advice and/or care,
- monitoring your health and responsibly self-treating common health conditions,
- appropriately accessing healthcare services.

In responding to COVID-19 pandemic, more Australians are taking greater responsibility for their health behaviours and outcomes, showing unprecedented eagerness to participate in preventative health and self-care behaviours including:

- 95% of Australians reported practicing social distancing measures, with 77% cancelling personal gatherings¹²,
- 84% Australians reported washing their hands or using sanitiser more than usual¹³,
- Four times as many Australians are trying to quit smoking¹⁴,
- More Australians are proactively seeking out reputable health information with health.gov.au experiencing a 760 per cent increase in traffic¹⁵,
- More than 7.3 million flu vaccines have been administered in Australia this year, compared to 4.5 million and 3.5 million administered for the same period in 2019 and 2018, respectively¹⁶.

The landmark [*The State of Self Care in Australia*](#)¹⁷ report by the Australian Health Policy Collaboration found a general community acceptance that individuals should take a more active role in and responsibility for their own health and wellbeing.

¹¹ World Health Organisation. Self-care in the context of primary health care URL: <https://apps.who.int/iris/handle/10665/206352> [accessed 2019-07-15]

¹² Australian Bureau of Statistics: Household Impacts of COVID-19 Survey, Detailed Release, May 2020 - <https://www.abs.gov.au/AUSSTATS/abs@.nsf/mf/4940.0>

¹³ Australian Bureau of Statistics: Household Impacts of COVID-19 Survey, Detailed Release, May 2020 - <https://www.abs.gov.au/AUSSTATS/abs@.nsf/mf/4940.0>

¹⁴ <https://www.health.gov.au/ministers/the-hon-greg-hunt-mp/media/four-times-as-many-people-trying-to-quit-smoking-during-covid-19>

¹⁵ According to the government's content management system GovCMS, and as reported in public service publication The Mandarin.

¹⁶ <https://www.health.gov.au/ministers/the-hon-greg-hunt-mp/media/record-flu-vaccines-in-2020-to-protect-australians>

¹⁷ Australian Health Policy Collaboration report "The State of Self Care in Australia" report - <https://www.vu.edu.au/sites/default/files/the-state-of-self-care-in-australia.pdf>

However, despite Australians' growing enthusiasm to engage in greater self-care, the current system contains numerous socioeconomic and other barriers limiting individuals' capacity to fully participate in their own health management, leaving them overly reliant on more costly medical interventions.

Embedding support for self-care in Australia's health care structures would efficiently capitalise on Australians' willingness to take individual responsibility for their own health.

Recommendation 1 - Implement the Mitchell Institute's *Self-care and health: by all, for all. Learning from COVID-19*¹⁸ report recommendations.

The economic and social burdens of chronic and/or preventable diseases are well established, and the COVID-19 pandemic has further emphasised the importance of engaging Australians in the proactive management of their health.

Preventable conditions and modifiable risk factors - smoking, obesity, diabetes – can have a significant and detrimental impact on an individual's own susceptibility to infection, the infection's severity, and recovery outcomes.

We acknowledge and commend the Government's leadership and concentrated efforts prior to the pandemic to address these systemic issues around preventive health as a matter of priority, and recognise that the COVID-19 pandemic has necessitated a shift in priorities and health resources.

However, CHP Australia would encourage the policymakers not to overlook the epidemic of preventable and chronic disease, emphasising that while these are two separate and distinct challenges for public health with their own variables, they can have some shared solutions.

A new report released by the Mitchell Institute, *Self-care and health: by all, for all. Learning from COVID-19*, highlights the effectiveness of self-care in improving health and wellbeing for individuals and communities, and how it can help limit the devastating impact of infectious diseases.

As illustrated in the report, self-care offers an explicit strategy for combating COVID-19, future infectious diseases, and the burden of preventable and chronic diseases.

Professor of Health Policy, Rosemary Calder explains, "COVID-19 has shown us that engaging people in understanding how to prevent infection and illness, and how to be as healthy as possible, can reduce preventable health problems."

If properly supported, self-care can be a game changer for public health, with benefits being shared by individuals and government.

¹⁸ Mitchell Institute for Education and Health Policy "Self-care and health: by all, for all. Learning from COVID-19" - <https://www.vu.edu.au/sites/default/files/mitchell-institute-self-care-and-health-learning-from-covid-19.pdf>

“We have a once-in-a-lifetime opportunity to apply this lesson to develop our health system to help people to be healthier, rather than waiting for them to be unwell with health problems that are preventable – which is what happens now.”

While not all the benefits from investments in preventive health are immediately visible, the Government’s foresight and work in this space, if continued, will provide long-term and sustained relief for the Budget bottom-line and, more importantly, improve the health and wellbeing of Australians¹⁹.

CHP Australia endorses the Mitchell Institute’s report, and suggests that its recommendations be implemented in full; that governments focus on enabling the health system to embed self-care support in all health care services and to prioritise prevention and management of both infectious and chronic diseases, particularly in primary health care.

CHP Australia further recommend that self-care be incorporated into the National Preventive Health Strategy and would welcome opportunities to contribute to the strategy’s development.

Recommendation 2 - Implement a common ailment scheme system in Australia, as recommended by *An Australian Minor Ailment Scheme*²⁰ evaluation.

A recent comprehensive evaluation of a minor ailments scheme (hereinafter referred to as a common ailments scheme), piloted in the Western Sydney Primary Health Network, estimated that 7-21.2% percent of all GP consultations and 2.9-11.5% percent of all emergency department services in Australia could be safely transferred to a community pharmacy.

The integrated primary care pilot program included the participation of 150 GPs from 27 practices, 33 community pharmacies and 894 patients in the WSPHN.

Researchers determined there was “good evidence that the clinical advice provided by community pharmacists regarding symptoms of minor illness will result in the same health outcomes as if the patient went to see their GP or attended the emergency department”.

Evaluation of the service’s economic value concluded that a common ailments scheme is a cost-effective alternative to the traditional primary care model, and estimated the potential clinical and economic impact of national implementation (*Figure 2*).

¹⁹ Jackson H, Shiell A. (2017) Preventive health: How much does Australia spend and is it enough? Canberra: Foundation for Alcohol Research and Education.

²⁰ An Australian Minor Ailment Scheme: Executive Summary - <https://www.uts.edu.au/sites/default/files/2019-11/Executive%20Summary%20%28w%29.pdf>

Figure 2: Projected cost reductions from national implementation of a common ailments scheme

		Estimated annual community pharmacy manageable services			Cost reductions	
		GP services (n)	ED services (n)	Combined services (n)	Overall cost reduction potential with shift of services to pharmacy	Overall cost reduction potential if AMAS is paid for
National	Maximum	26,586,994	922,012	27,509,006	-\$1,665,411,901	-\$1,266,806,407
	Minimum	8,778,725	232,507	9,011,232	-\$511,373,307	-\$380,800,559
NSW	Maximum	8,831,535	331,233	9,162,768	-\$572,069,660	-\$439,301,145
	Minimum	2,916,073	83,528	2,999,601	-\$174,621,799	-\$131,157,576
WSPHN	Maximum	1,271,558	11,454	1,283,012	-\$62,356,841	-\$43,765,997
	Minimum	419,854	2,888	422,742	-\$20,096,087	-\$13,970,549

Abbreviations: AMAS: Australian minor ailments scheme; AUD: Australian dollars; ED: emergency department; GP: general practitioner; NSW: New South Wales; WSPHN: Western Sydney primary health network

CHP Australia supports due consideration being given to a common ailments scheme for community pharmacies nationwide to adopt and implement, as recommended by the comprehensive UTS evaluation.

Health Literacy

The importance and value of health literacy, particularly in the context of a pandemic, is often underappreciated. It has been observed that individuals with better health literacy have, on average, better comparative health outcomes and are generally more economically effective users of healthcare services.

Healthy literacy also plays a vital role in protecting public health as it has a direct/tangible impact on the effectiveness of health information campaigns.

Being health literate not only removes the barriers to individuals engaging and understanding public health messages, it also supports the implementation of these learnings and long-term adherence to the promoted health behaviours.

For example, if a person understands how germs function, how they spread, the potential consequences of infection and value of preventative actions, then they are more likely to engage with information about on the matter, and practicing behaviours that minimise the risk of contagion.

Health literacy also contributes to enabling individuals to discern genuine health information from misleading information sources and, as illustrated in the Sydney Health Literacy Lab's recent report, *COVID-19: Beliefs in misinformation in the Australian Community*²¹, effecting the ability of governments and public health authorities to manage public health events.

Concerningly, the last major study by the Australian Bureau of Statistics into Australia's health literacy was conducted in 2006 as part of the Adult Literacy and Life Skills Survey²² (ALLS). It revealed that, on average, approximately 40% of Australians had adequate health literacy. This means that 60% of Australians do not have adequate health literacy.

As comprehensive public health information campaigns continue to be an important and valuable part of Governments' efforts to combat COVID-19 and stop the spread, urgent attention should be given to improving Australians' health literacy.

Recommendation 3 - Review avenues for improving Australia's health literacy with key development targets

Ongoing investments in health literacy and lifelong health education are essential for maintaining individual well-being and public health.

National leadership to address the substandard health literacy levels of Australians is urgently required to identify solutions, and a greater emphasis needs to be placed by government on measures to improve health literacy.

CHP Australia recommends that the Department of Health review established and emerging avenues for improving Australia's health literacy and develop a co-ordinated approach for action, including key development targets, with the States and Territories. Furthermore, health literacy should be incorporated as a standing COAG agenda item until the key development targets are met.

Recommendation 4 - Establish medicines literacy as an integral part of medicines safety, the 10th National Health Priority Area

CHP Australia commends the decision by Commonwealth, State and Territory Ministers to enshrine medicines safety as the 10th National Health Priority, acknowledging that while medicines are safe and effective when used appropriately, further action is required to ensure all Australians have the knowledge and skills to use prescription and nonprescription medicines responsibly.

²¹ *COVID-19: Beliefs in misinformation in the Australian Community* - <https://www.medrxiv.org/content/10.1101/2020.08.04.20168583v1.full.pdf>

²² Adult Literacy and Life Skills Survey - <http://www.abs.gov.au/AUSSTATS/abs@.nsf/Lookup/4102.0Main+Features20June+2009>

Every year 50,000 Australians are hospitalised with issues relating to medication errors, inappropriate use, misadventure and interactions. A further 400,000 present to emergency departments. These medical interventions cost the health system nearly AUD\$1.4 billion annually²³.

At least half of the cases, which include prescription and non-prescription medicines misuse, are preventable. Improving medicines literacy is essential if we want to reduce the burden of medicines related hospitalisations and support the Quality Use of Medicines.

Medicines literacy includes lifelong skills applicable to all medicines use, such as the ability to read medicines labels, to understand dose information, track and manage multiple medicines, to store medicines safely, and to responsibly dispose of expired medicines.

CHP Australia recommends that improving and facilitating medicines literacy, an integral part of medicines safety, be incorporated into the terms of reference for the National Medicines Policy and Quality Use of Medicines review, and established as a key area of consideration to be addressed when advancing the 10th National Health Priority.

Industry

Although the majority of medicines Australians use are imported, there is still a small but vibrant nonprescription medicines manufacturing industry in Australia supporting high quality, skilled jobs and generating economic and exports growth.

The recent constraints and pressures on the global supply chain have emphasised the rapid response value of our domestic manufacturing capabilities, and these learnings should encourage the development of parallel strategies for:

- reinforcing supply chain resilience,
- extending capacity for domestic medicine and medical technology manufacturing.

If given appropriate support, the nonprescription medicines manufacturing sector has the capacity to provide new and ongoing economic growth for Australia, capitalising on the burgeoning export market for Australian made health products.

However, with competitive global market conditions and the higher costs of domestic operations, ensuring the commercial viability of domestic operations continues to be an ongoing obstacle to attracting and retaining investment.

To date, the breadth of potential growth in this market has gone unrealised.

²³ Medicines Safety: Take Care Report - <https://www.psa.org.au/wp-content/uploads/2019/01/PSA-Medicine-Safety-Report.pdf>

If Australia wants to secure the benefits of a robust, flexible, pandemic-ready medicines manufacturing sector, targeted incentives for domestic operations are required.

Recommendation 5 – Establish a multi-stakeholder working group to investigate and design a competitive mechanism to incentivise domestic medicines manufacturing.

Factor (f) was a pricing mechanism that ensured the domestic economic activity generated by the product sponsor, including new investment, production, research and development, was considered when setting the price of PBS-listed medicines.

In 1997-98 the Commonwealth paid Factor (f) price increases totalling \$169.7 million, and the scheme successfully delivered:

- Australian Production Value Added (PVA) activity for the year totalled \$787.6 million compared with \$613.9 million for 1996-97 - a 22.1% increase,
- Expenditure on research and development for that year was \$99 million compared with \$83.5 million in 1996-97 - a 15.7% increase.

Factor (f) illustrates how well targeted schemes can stimulate pharmaceutical investment in Australia. However, it was also a narrow mechanism designed during a period of economic prosperity, to facilitate the needs of a 1980's healthcare system primarily focused on acute illness and trauma treatment, rather than the increasing preventable illness and chronic condition management challenges in contemporary healthcare.

To address the health and economic challenges of today and beyond the COVID-19 pandemic, a new, broader domestic manufacturing incentive mechanism is required. The enhanced mechanism should have clear scope to harness the economic potential in, and incentivise investment across all medicines sectors, including nonprescription products.

In addition to a secure global supply chain, a strong domestic manufacturing sector can provide new and ongoing economic benefits to Australia while also ensuring that skills and infrastructure are in place to respond to future challenges to the global market.

Recommendation 6 – Develop a comprehensive strategy to support domestic manufacturing capability and supply chain resilience for medicines, medical devices and diagnostics, in keeping with the recommendation from the UK Life Sciences report.

Based on CHP Australia's work and experiences as part of the TGA's Medicines Shortages Working Group, we believe that when the international community productively works together to address supply pressures, the global supply chain is robust, resilient, and effective.

However, the increasing prevalence of medicines nationalism, international factionalism, political

interference, and trade wars have increased the sovereign risk in this space and highlighted a vulnerability in the global supply chain.

To help mitigate these political vulnerabilities, additional resilience needs to be built into the supply chain. As with other comparable economies around the world, Australia does not have the capacity to support medicines self-sufficiency. Even wholly domestic product manufacturing operations would still be reliant on the global supply chain for raw materials and components.

Australia's experience of the COVID-19 global supply chain are consistent with observations and conclusions reached by the UK's Life Sciences sector in their *COVID-19 Roadmap to Recovery*²⁴ report;

"While supply chains have responded well in the crisis, additional resilience could be provided through improved demand forecasts and transparency along the supply chain, support for supply diversification, international inventory management and development of a strategic reserve of essential medicines."

CHP Australia agrees with this assessment and would encourage conversations be had, and strategic plans developed, to strengthen Australia's supply chain resilience.

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²⁴ UK Life Sciences COVID-19 Roadmap to Recovery - <https://www.pagb.co.uk/content/uploads/2020/06/Life-Sciences-Recovery-Roadmap-3rd-June-2020.pdf>