



SANOFI 2020-21 PRE-BUDGET SUBMISSION

Recommendation:

The Australian Government exempt the Pharmaceutical Benefits Scheme from the offsets policy, as recommended by Medicines Australia.

About Sanofi:

Sanofi is a global biopharmaceutical company focused on human health. We prevent illness with vaccines, provide self-care solutions, such as over-the-counter medicines and vitamins, to better manage personal wellbeing and invent innovative medicines to treat and manage rare diseases, as well as long-term chronic health conditions.

Our investments in research and development (R&D) are targeted toward specialty care, particularly oncology, immunology, rare diseases and rare blood disorders and vaccines. Continued innovation and investment in R&D are at the heart of what we do. We are committed to respond to community needs and to provide people with adapted solutions in order to improve their quality of life and extend their lives.

Our corporate Australian headquarters are in Sydney. We also have offices, state-of-the-art laboratories and a world-class manufacturing facility in Brisbane, along with offices across Melbourne, Adelaide and Perth. In Australia and New Zealand, we are currently undertaking 34 clinical studies, across more than 70 different sites. In Australia, we invest more than \$20 million annually in R&D.

Australia's changing demographic profile and health expectations:

Australians, irrespective of who they are or where they live, expect to have access to the best medical care and treatment. Medicare and the Pharmaceutical Benefits Scheme (PBS) are the twin pillars of affordable, accessible and universal healthcare for all Australians.

Access to medicines is a fundamental enabler for people to live their best lives, regardless of their stage in life. However, with the percentage of Australians aged 65 and over increasing – and projected to grow further (by 2057, it is projected there will be 8.8 million older people in Australia, making up 22% of the population¹) a commensurate increase in demand for medicines is likely, given the prevalence of multiple health conditions is higher in older age groups².

As the 2015 Intergenerational Report³ highlights, not only will Australians live longer but improvements in health mean they are more likely to remain active for longer. 'Active ageing' presents great opportunities for older Australians to continue participating in the workforce and community, and to look forward to more active and engaged retirement years. However, this can only occur if Australia continues to invest in medical innovation.

The shift to a focus on quality of life is being driven by the expectations of older people themselves. According to the American Medical Association⁴, baby boomers (those born between 1946 and 1964) value and pursue social engagement and healthy lifestyle behaviours and have high expectations for wellness and independence in late life.



At the same time as the expectations of older people towards their health care changes, advances in medical science are leading to the development of new medicines and ways of treating disease that are resulting in people not only living longer but that are also allowing them to enjoy a higher quality of life. Because of these two factors, reform of PBS funding is needed to ensure health is improved through access to medicines and treatments, as a result of investment in existing treatments and the latest medical breakthroughs.

Innovation is the key to unlock better health outcomes:

The pharmaceutical sector is one of the most research-intensive sectors⁵. Given the costs, length of time, and inherent uncertainties in drug development, investments in R&D are dependent on a viable long-term return to enable companies to invest in further medical discoveries.

At Sanofi, we continue to strengthen our R&D portfolio, with a particular focus on biologics. Biologics, such as antibodies, proteins or enzymes, are large molecules, often 200 to 1,000 times the size of “classical” small molecules used in chemical drugs. Widely used in vaccines, these molecules have given hope to people with rare genetic diseases, with enzyme replacement therapy pioneered by Sanofi Genzyme at the beginning of the 1980s.

At Sanofi’s new digital manufacturing facility in the US – one of the world’s first such facilities – we are harnessing the power of intensified, continuous biologics production technology, which connects the production process with R&D. This is paving the way for improved commercialisation of important new medicines for patients. Beyond the production of biologics, our R&D efforts are focussed on in-house research projects and products with the potential to be first- or best- in class. In addition, we are expanding the development of new technology platforms, including cell and gene therapies.

Ensuring access to medicines through the PBS:

As outlined in Medicines Australia’s 2020 pre-budget submission⁶, current net PBS expenditure is much lower than the headline figure when discounts, paid by pharmaceutical companies in the form of rebates to government, are accounted for. This has resulted in flat PBS expenditure over the decade, which is expected to continue over the forward estimates, with growth in the PBS estimated to be at 0.06%.

While the PBS has delivered universal access to medicines for Australians for 70 years, without changes to PBS funding, considering a growing and ageing population, and current trends in new medicine listings, access to medicines that Australians enjoy today will be at risk. For this reason, Sanofi supports Medicines Australia’s call to Government to exempt the PBS from the offsets policy to ensure Australia does not fall behind comparable OECD countries with respect to access to medicines that enable Australians to live their healthiest and best lives.



References:

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2. https://www.aihw.gov.au/getmedia/19dbc591-b1ef-4485-80ce-029ff66d6930/6_9-health-ageing.pdf.aspx. Accessed January 2020
3. https://treasury.gov.au/sites/default/files/2019-03/2015_IGR.pdf. Accessed January 2020
4. <https://journalofethics.ama-assn.org/article/baby-boomers-expectations-health-and-medicine/2014-05>. Accessed January 2020
5. <https://www.mdpi.com/2071-1050/11/11/3125/pdf>. Accessed January 2020
6. Medicines Australia, 2020-21 pre-budget submission