



Consumer Healthcare
Products Australia

2021-22 PRE-BUDGET SUBMISSION

Ordinary Members



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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.

CHP Australia welcomes the opportunity to provide our insights and recommendations for the Government's consideration ahead of the 2021-22 Budget.

In the pandemic environment, the value of responsible self-care for individuals and healthcare systems has never been more apparent, and pressures on the international supply chain have emphasised the rapid response value of our domestic manufacturing capabilities.

As such, we believe these are the right policies and priorities to enhance Australia's health and economic recovery.

Self-care

1. Embed self-care in national health policy and practice as recommended by the Mitchell Institute's [Self-care for health: a national policy blueprint](#)¹.
2. Establish 'enabling greater self-care' as a new focus area in the National Preventive Health Strategy's Framework for Action.
3. Implement a common ailment scheme system in Australia, as recommended by [An Australian Minor Ailment Scheme](#)² evaluation.

Health Literacy

4. Develop and implement a national health literacy strategy.
5. Establish medicines literacy as an integral part of medicines safety, the 10th National Health Priority Area.

Manufacturing & Medicines Supply

6. Investigate options to minimise the impact of health protocols and border restrictions on available freight capacity.

¹ Mitchell Institute for Education and Health Policy "Self-care and health: a national blueprint" - <https://www.vu.edu.au/sites/default/files/mitchell-institute-self-care-for-health-a-national-policy-blueprint.pdf>

² An Australian Minor Ailment Scheme - <https://www.uts.edu.au/sites/default/files/2019-11/Full%20Report%20%28w%29.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 regularly³, including analgesics, hand sanitisers, cold & flu products, 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 Australians⁴.

With over 14,000 nonprescription products helping keep Australians productive⁵, every \$1 spent on the most common nonprescription products saves the Australian economy \$4⁶.

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.

³ Consumer Behaviour Factbook (March 2015) Macquarie University

⁴ 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

⁵ TGA Bilateral Meeting Presentation (December 2019)

⁶ 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 healthcare services effectively (*Figure 1*), and can assist policymakers and healthcare professionals to engage Australians in the proactive management of their health.

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 GPs or emergency departments.



Figure 1 – the seven pillars of self-care

In the pandemic environment, the value of responsible self-care for individuals, healthcare systems and protecting public health has never been more apparent.

The Mitchell Institute report, *Self-care and health: by all, for all. Learning from COVID-19⁷*, illustrates how self-care offers an explicit strategy for combating COVID-19, future infectious diseases, and the burden of preventable and chronic diseases.

Self-care is also a key facilitator of Australia's economic recovery. The 2020-21 budget projections are dependent on Governments' ability to contain the virus without further lockdowns or restrictions, and health authorities have identified multiple 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,

⁷ 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>

- avoiding risky health behaviours i.e. smoking,
- monitoring your health, identifying symptoms and knowing the most appropriate place to go for advice and/or care,
- minimising unnecessary contact with high contagion primary health environments by responsibly self-treating common ailments,
- appropriately accessing healthcare services.

Additionally, by engaging individuals in preventive health action and countering dangerous health misinformation through health literacy, self-care plays a vital role in supporting immunisation and vaccination programs.

A survey published by The Lancet⁸ showed almost a quarter of Australians are unsure or unwilling to accept a COVID-19 vaccine. Given the success of any immunisation program depends on high vaccine acceptance and uptake, urgent consideration should be given to implementing policy proposals, like the Self-Care Blueprint, that can help optimise COVID-19 vaccine uptake and immunisation in general.

The World Health Organisation concluded in 2009 that self-care should be a fundamental component to achieving both individual and structural health goals⁹, contributing to illness prevention and improved health outcomes, better chronic condition management, and fostering a more cost-effective healthcare system.

While the term 'self-care' implies a focus on the actions of individuals, the underlying drivers enabling self-care are complex and include factors that sit beyond the individual. Governments and policymakers need to do more to address the barriers limiting individuals' capacity to fully participate in the management of their health, enabling greater self-care¹⁰.

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

Research shows that people who lack the skills to undertake self-care effectively incur higher health service costs¹¹.

Annually in Australia, it is estimated¹², for self-treatable conditions there are between 232,507 and 922,012 unnecessary visits to emergency departments at a cost of AUD124.5 million to AUD493.8 million, and between 8.8 million and 26.6 million unnecessary GP appointments at a cost of AUD397 million to AUD1.2 billion.

⁸ Intention to vaccinate against COVID-19 in Australia - [https://www.thelancet.com/journals/laninf/article/PIIS1473-3099\(20\)30724-6/fulltext](https://www.thelancet.com/journals/laninf/article/PIIS1473-3099(20)30724-6/fulltext)

⁹ World Health Organisation. Self-care in the context of primary health care - <https://apps.who.int/iris/handle/10665/206352>

¹⁰ Mitchell Institute for Education and Health Policy "The State of Self-Care in Australia" - <https://www.vu.edu.au/sites/default/files/the-state-of-self-care-in-australia.pdf>

¹¹ Mitchell Institute for Education and Health Policy "Self-care and health: a national blueprint" - <https://www.vu.edu.au/sites/default/files/mitchell-institute-self-care-for-health-a-national-policy-blueprint.pdf>

¹² An Australian Minor Ailment Scheme - <https://www.uts.edu.au/sites/default/files/2019-11/Executive%20Summary%20%28w%29.pdf>

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.

Additionally, new economic modelling¹³ reveals that greater self-care has the potential to save Australia's healthcare system between \$1,300-\$7,515 per hospital patient, per year, and significantly lower hospital readmission rates.

Self-care is a cost-effective and logical approach that can reduce disease burden, improve health outcomes, and foster a more cost-effective and sustainable healthcare system.

Now is the time for a systematic approach to build self-care capability and enhance self-care activity in all aspects of health and healthcare.

Recommendation 1 - Embed self-care in national health policy and practice as recommended by the Mitchell Institute's *Self-care for health: a national policy blueprint*.

Endorsed by more than 50 health experts and stakeholders, the landmark report by the Mitchell Institute for Education and Health Policy, *Self-care for health: a national policy blueprint*¹⁴, outlines a national policy approach to building self-care capability and enhancing self-care activity in all aspects of health and health care, and provides a framework for action.

Led by renowned public health policy expert, Professor Rosemary Calder AM, the Blueprint offers a suite of evidence-based, feasible policy proposals to support self-care through health policy and practice, developed in collaboration with a network of health, self-care and policy experts.

As illustrated in the report, self-care offers an explicit strategy to improve individuals' health and well-being outcomes, combat COVID-19, limit the impact of future infectious diseases, and reduce the burden of preventable and chronic diseases.

Advocating for a healthcare system re-orientated around helping people to be healthier, rather than primarily engaging them when they are already unwell with preventable conditions, the Blueprint outlines nine priority policy proposals for implementation.

Combined with the structural policy approaches recommended, these proposals will:

- improve health literacy for all
- build self-care into health care practice
- enable consumers to be active partners in health care
- assure the quality and accessibility of digital health information
- develop measures for individual self-care and self-care support by health services.

¹³ Mitchell Institute for Education and Health Policy "Self-care and health: a national blueprint" - <https://www.vu.edu.au/sites/default/files/mitchell-institute-self-care-for-health-a-national-policy-blueprint.pdf>

¹⁴ Mitchell Institute for Education and Health Policy "Self-care and health: a national blueprint" - <https://www.vu.edu.au/sites/default/files/mitchell-institute-self-care-for-health-a-national-policy-blueprint.pdf>

CHP Australia endorses the Mitchell Institute's [Self-care for health: a national policy blueprint](#), and recommends it be implemented in full, and encourages policymakers to make enabling greater self-care a matter of priority.

Recommendation 2 – Establish 'enabling greater self-care' as a new focus area in the National Preventive Health Strategy's Framework for Action.

In Australia's struggle against the epidemic of preventable diseases, supporting and empowering individuals to take greater responsibility for their health outcomes is essential, and enabling greater self-care can enhance preventive health action.

While the economic and social burdens of preventable diseases are well-established, COVID-19 has further reinforced the urgent need and public health value of engaging Australians in preventive action.

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, likelihood of hospitalisation, and recovery outcomes¹⁵.

At the same time, the pandemic has also illustrated how by empowering individuals with the understanding of how to prevent infection and illness and engaging them as partners in their own health management, health authorities can reduce preventable health problems.

Evidence for the efficacy of self-care in prevention policy can be found in previous successful initiatives addressing specific health risks, including tobacco harm reduction and sun safety. Public health campaigns have included direct and indirect elements of self-care – improving health literacy, responsible access to medicines and self-treatment (NRTs, sunscreens), risk avoidance – to support individuals to make healthier choices and limit their exposure to risk factors¹⁶.

However, researchers have observed that¹⁷ there has been little policy attention directed towards the potential to use similar approaches to engage and support individuals in protecting or improving their health and reducing their risks of preventable chronic disease.

There is evidence that up to 80% of heart disease, stroke and type 2 diabetes, and over a third of cancers, could be prevented through evidence-based self-care – eliminating or reducing exposure to the risk factors of tobacco use, unhealthy diet, physical inactivity and excessive alcohol consumption¹⁸.

In Australia, this means that by 2025, an estimated 29,300 lives could be saved through utilising self-care to enhance preventive action and chronic disease.

¹⁵ Centre for Diseases Control Advice - Certain Medical Conditions and Risk of Severe COVID-19 -

<https://www.cdc.gov/coronavirus/2019-ncov/need-extra-precautions/people-with-medical-conditions.html>

¹⁶ Mitchell Institute for Education and Health Policy "Self-care and health: a national blueprint" -

<https://www.vu.edu.au/sites/default/files/mitchell-institute-self-care-for-health-a-national-policy-blueprint.pdf>

¹⁷ Mitchell Institute for Education and Health Policy "Self-care and health: a national blueprint" -

<https://www.vu.edu.au/sites/default/files/mitchell-institute-self-care-for-health-a-national-policy-blueprint.pdf>

¹⁸ Mitchell Institute for Education and Health Policy "Self-care and health: a national blueprint" -

<https://www.vu.edu.au/sites/default/files/mitchell-institute-self-care-for-health-a-national-policy-blueprint.pdf>

CHP Australia commends the Government's ongoing commitment to prevention policy, and the consultative approach they have taken to the development of the National Preventive Health Strategy.

As outlined in [our response](#) to the consultation paper, CHP Australia believes that supporting and empowering individuals to take greater ownership and responsibility for their health outcomes through self-care is essential to the Strategy's success.

We are encouraged by Minister Hunt's remarks at the launch of the [Self-care for health: a national policy blueprint](#)¹⁹ that, "self-care is the key to effective prevention" and the "next step is to take [the Blueprint] and make sure that self-care is included as a key part of the four pillars that underpin the national preventive health roadmap"²⁰.

CHP Australia suggests that this is best achieved by establishing 'enabling greater self-care' as a new focus area in the National Preventive Health Strategy's Framework for Action, and would welcome further opportunities to contribute to the Strategy's development and preventive health policy in Australia.

Recommendation 3 - Implement a common ailment scheme system in Australia, as recommended by [An Australian Minor Ailment Scheme](#)²¹ evaluation.

A comprehensive evaluation of a minor ailments scheme (hereinafter referred to as a common ailments scheme), conducted by the University of Technology Sydney (UTS) and piloted in the Western Sydney Primary Health Network (WSPHN), 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 Mitchell Institute for Education and Health Policy "Self-care and health: a national blueprint" -

<https://www.vu.edu.au/sites/default/files/mitchell-institute-self-care-for-health-a-national-policy-blueprint.pdf>

²⁰ The Hon Greg Hunt MP launching The Mitchell Institute's Self-Care Policy Blueprint - https://youtu.be/N_ooof8_lts

²¹ An Australian Minor Ailment Scheme - <https://www.uts.edu.au/sites/default/files/2019-11/Full%20Report%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 and its impact on health authorities' ability to successfully manage public health is often underappreciated.

Studies²² have found low health literacy is associated with a range of poor health and policy outcomes including:

- reducing a person's ability to implement health promoting behaviours and follow self-care recommendations.
- less use of preventive health care and increased hospitalisations
- significant economic burden accounting for approximately 3–5% of total health care costs
- strong evidence of an association between socioeconomic disadvantage and limited health literacy
- may significantly reduce consumers' ability to access and utilise the National Disability Insurance Scheme

Concerningly however, a major study of Australia's health literacy revealed that only approximately 40% of Australians had adequate health literacy²³. That means up to 60% of Australians do not have adequate

²² Mitchell Institute for Education and Health Policy "Self-care and health: a national blueprint" -

<https://www.vu.edu.au/sites/default/files/mitchell-institute-self-care-for-health-a-national-policy-blueprint.pdf>

²³ Adult Literacy and Life Skills Survey - <http://www.abs.gov.au/AUSSTATS/abs@.nsf/Lookup/4102.0Main+Features20June+2009>

health literacy skills to access, understand, appraise and use information to make responsible and informed health-related decisions.

As comprehensive public health information campaigns continue to be an important and valuable part of efforts to manage COVID-19, this figure should be of particular concern to policymakers and health authorities. Healthy literacy capabilities significantly affect individuals' ability to:

- engage and understand public health messages,
- implement the health advice, habit or directive,
- maintain 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 preventive actions, then they are more likely to engage with information on the matter, and practise behaviours that minimise the risk of contagion.

Additionally, health literacy also affects individuals' ability to discern what is genuine health information and to identify misleading information sources. As illustrated by the Sydney Health Literacy Lab's report, *COVID-19: Beliefs in misinformation in the Australian Community*²⁴, this heavily impacts governments' and public health officials' ability to manage and protect public health.

National leadership is urgently required to address Australia's substandard levels of health literacy, and ongoing investment provided to identify and implement solutions.

Furthermore, given the threat vaccine hesitancy poses to Australia's economic and health recovery, action to combat health misinformation and disinformation is required.

Recommendation 4 - Develop and implement a national health literacy strategy.

With up to 60% of Australians lacking adequate health literacy skills to meet the demands of everyday life and make informed health-related decisions²⁵, CHP Australia calls for the development and implementation of a national strategy to improve Australia's health literacy and self-care capability for all, as outlined by the Mitchell Institute²⁶.

The strategy should:

- Identify and target the health literacy needs of disadvantaged and at-risk individuals, communities and population groups through all primary health care services and health promotion initiatives.
- Build system capacity through the National Safety and Quality Health Service Standards and accreditation processes by:

²⁴ COVID-19: Beliefs in misinformation in the Australian Community - <https://www.medrxiv.org/content/10.1101/2020.08.04.20168583v1.full.pdf>

²⁵ Adult Literacy and Life Skills Survey - <http://www.abs.gov.au/AUSSTATS/abs@.nsf/Lookup/4102.0Main+Features20June+2009>

²⁶ Mitchell Institute for Education and Health Policy "Self-care and health: a national blueprint" - <https://www.vu.edu.au/sites/default/files/mitchell-institute-self-care-for-health-a-national-policy-blueprint.pdf>

- establishing health literacy competencies and embedding them into professional education and continuing professional development and workforce accreditation standards,
- implementing organisational self-assessment of health literacy practices, capabilities, and responsiveness for health service providers, including their understanding of health literacy needs within their catchment populations,
- developing concise, valid and reliable measures for health literacy to be used in periodic population surveys and as a practical screening instrument for tailored interventions,
- investing in medical and health research to identify and address health literacy needs in disadvantaged communities and at-risk population groups, particularly culturally and linguistically diverse communities, using place-based approaches that engage communities in their implementation.

Furthermore, considering the evolving power and influence of social media to disseminate information and shaping public perception, a robust and responsive strategy to combat health misinformation and disinformation must form part of our health literacy and preventive health frameworks.

Recommendation 5 - 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.

CHP Australia (formerly the Australian Self-Medication Industry) was one of the pioneers of Australia's Quality Use of Medicines policy, and firmly believes medicines literacy is an integral and indivisible component of medicines safety.

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 AUD1.4 billion annually²⁷.

At least half of the cases, which include prescription and nonprescription 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 believes that medicines literacy should be established as a key area to be addressed when advancing the 10th National Health Priority, and that the terms of reference for the National Medicines Policy review be expanded to include consideration of medicines literacy.

²⁷ Medicines Safety: Take Care Report - <https://www.psa.org.au/wp-content/uploads/2019/01/PSA-Medicine-Safety-Report.pdf>

Manufacturing & Medicines Supply

9 out of 10 Australians use nonprescription medicines regularly²⁸, including analgesics, hand sanitisers, cold & flu products, nicotine replacement therapies, vitamin and mineral supplements, hay fever and allergy relief, sunscreens and many more.

Annually, our industry generates approximately \$8 billion in domestic sales, \$2 billion in export revenue and employs over 10,000 Australians²⁹.

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.

Throughout the pandemic, Australia's local medicines manufacturing's flexibility and responsiveness has assisted distributors in responding to the evolving needs of government procurement, the healthcare system, and consumers. A capability that is enhanced by nimble contract manufacturers who make up a large proportion of domestic operations.

However, as we reflected in our [Supplementary 2020-21 Pre-Budget Submission](#), the recent constraints and pressures on the global supply chain have emphasised the rapid response value of our domestic manufacturing capabilities, and that these learnings should encourage the development of parallel strategies for:

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

CHP Australia commends the Morrison Government for utilising insights from experts and industry stakeholders to develop their Modern Manufacturing Strategy, and welcomes the \$1.5 billion investment to make Australian manufacturers more competitive, resilient and able to scale-up to take on the world.

Furthermore, we welcome the decision to designate "medical products" a National Manufacturing Priority area, with clear scope to harness the economic potential in, and incentivise investment across all medicines sectors, including nonprescription products.

We are satisfied that the Modern Manufacturing Strategy, broadly speaking, has the capacity to address the concerns raised in our previous submissions³⁰, and to capitalise on the burgeoning export market for Australian made health products.

²⁸ Consumer Behaviour Factbook (March 2015) Macquarie University

²⁹ 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

³⁰ Submission from CHP Australia to the National COVID-19 Commission Advisory Board - https://drive.google.com/file/d/1s7CAmHPdns38I9pliwJ5_3ZyD6ICGSwx/view?usp=sharing

However, “on-shoring” of manufacturing should not be viewed as a pathway to complete medicines self-sufficiency. With competitive international market conditions and the higher costs of domestic operations, it is in the interest of consumers, government, and sustainable industry that the supply chain for packaging, raw materials, and medicinal products remains robust. Even wholly domestic product manufacturing operations would still be reliant on the international supply chain for raw materials and components.

Australia does not have the capacity to support medicines self-sufficiency and, for the foreseeable future, access to the vast majority of medicines Australians use every day to maintain productivity and healthy lives will be depend on a resilient and effective international supply chain.

Recommendation 6 – Investigate options to minimise the impact of health protocols and border restrictions on available freight capacity.

Flexibility in the supply chain is essential to ensuring the ongoing supply of medicines. The production and distribution of medicines is a long and complex process. It is reliant on forward planning to have all starting materials, not just the active ingredients but also excipients, packaging components and printed labelling available to manufacture the number of batches required to meet the order quantity. The starting materials may need to be sourced from multiple countries and must meet approved quality standards before release for manufacture. Firm orders for the medicine therefore often need to be placed six months or more ahead of the planned date of manufacture. Rapidly increasing the size of the order once the process is in motion cannot be achieved by simply running the machines longer.

Given the unpredictable nature of the COVID-19 environment, businesses cannot rely on consumer purchase data during the demand peaks and troughs of 2020, nor the data from years pre-COVID to accurately forecast demand. Are consumers now over supplied? Could there be further panic buying in response to further COVID-19 spikes in the community? In this environment flexibility in the supply chain and available freight capacity is critical to ensuring ongoing supply of medicines.

Through the collaborative efforts of regulators, industry and trade officials, Australia’s pandemic supply chain has somewhat stabilised. However, the impact of recent health protocols implemented to contain the more contagious “UK strain” suggest that the current supply chain framework is too dependent on health protocols allowing sufficient international passenger travel to guarantee the ongoing availability of sufficient air freight capacity.

The halving of permitted international passenger arrivals highlights the direct and considerable impact health and containment protocols can have on the operation of the already fragile pandemic supply chain. In this instance, it significantly reduces air freight capacity for the foreseeable future. While we acknowledge the temporary relief that the additional 20 Government supported flights will provide³¹, a permanent solution is required.

Throughout the pandemic, access to air freight has been essential to expediting and managing the

³¹ Joint media release with Senator the Hon Marise Payne and the Hon Michael McCormack MP: Government to support a further 20 facilitated commercial flights - <https://www.foreignminister.gov.au/minister/marise-payne/media-release/government-support-further-20-facilitated-commercial-flights>

supply of medicines, diagnostics, and medical devices. Australia's successful management of COVID-19 has allowed industry and supply chain managers to utilise the steady increases to international passenger arrivals to start relieving supply pressure points, and meet the evolving needs of consumers, government procurement and the healthcare system.

CHP Australia appreciates the necessity and value of Australia's health and infection containment protocols, and supports the rigorous adherence to all measures recommended by health authorities. However, we would also suggest that more can be done to reasonably minimise the impact of variable health protocols on the available air freight capacity, and the management of the supply chain.

Given the volatility of the pandemic, proactive steps should be taken to ensure Governments have the ability to implement all infection containment protocols health authorities advise are necessary without having concerns about any unintended consequences for the supply chain.

CHP Australia recommends the Government works with industry to determine the minimum amount of ongoing air freight capacity required to ensure the supply chain's ongoing functionality, and investigate options to guarantee this minimum air freight capacity separate from international passenger arrivals.

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