

# Medicines Australia's Submission to the 2023 Review of the National Freight and Supply Chain Strategy

29 September 2023

Medicines Australia welcomes the opportunity to contribute to the 2023 Review of the National Freight and Supply Chain Strategy (the Strategy).

Medicines Australia is the peak body representing the innovative, research-based, medicines industry in Australia. Our members discover, develop and manufacture medicines and vaccines that help people live longer, healthier lives and bring social and economic benefits to Australia.

Medicines supply chains are an important part of Australia's healthcare system. Over several decades, Medicines Australia members have built extensive global supply chains to ensure patients around the world have ongoing access to medicines. The medicines supply chain in Australia is robust and has stood up well to the challenges posed by the COVID-19 pandemic. It maintained a continuity of supply of medicines into Australia, minimising the health and economic impact of the pandemic.<sup>1</sup>

As we move into a post-pandemic era, Australia needs to ensure the Strategy is fit for purpose and accommodates the needs of Australians now and into the future. Medicines Australia's members are supportive of the overall strategy and goals but will highlight some key considerations that affect the medicines supply chain in this submission. The key considerations revolve around:

- Investing in robust cold storage and transportation infrastructure;
- Recognising Australia's domestic supply chain as part of a complex and integrated global supply chain;
- Balancing the decarbonisation with the need to supply urgent medicines; and
- Considering the intersection of the Strategy with policies from other government entities.

## Investment in robust cold storage and transportation infrastructure

Many pharmaceutical medicines and treatments are temperature-sensitive and require cold chain storage and transportation. Vaccines, for example, are fragile, biological substances. Even slight deviations from recommended storage conditions can significantly compromise their efficacy and safety.<sup>2</sup>

Australia needs targeted investment in robust cold storage and transportation infrastructure to maintain the quality and therapeutic effectiveness of medicines, which can accommodate delays in transportation due to external factors, such as severe weather or geopolitical conflicts. This includes

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[https://www.aph.gov.au/Parliamentary\\_Business/Committees/Joint/Foreign\\_Affairs\\_Defence\\_and\\_Trade/FA\\_DTandglobalpandemic/Report/section?id=committees%2Freportjnt%2F024552%2F73973](https://www.aph.gov.au/Parliamentary_Business/Committees/Joint/Foreign_Affairs_Defence_and_Trade/FA_DTandglobalpandemic/Report/section?id=committees%2Freportjnt%2F024552%2F73973)

<sup>2</sup> <https://www.health.gov.au/topics/immunisation/immunisation-information-for-health-professionals/storing-handling-and-administering-vaccines#:~:text=Vaccines%20are%20fragile%2C%20biological%20substances,when%20the%20vaccine%20is%20administered.>

maintaining an appropriately trained and adaptable workforce who can manage accidental interruption of the storage temperature conditions, and precisely coordinate across processes.<sup>3</sup>

The consequences of a lack of proper cold storage and transportation requirements were seen during the COVID-19 pandemic, where some developing nations could not distribute and access vaccines.<sup>4</sup> Integrating stronger cold chain storage and transportation requirements in the Strategy will help protect the health of Australians by keeping medicines viable throughout their journey from manufacturer to patient.

### Recognise Australia's domestic supply chain as part of a complex and integrated global supply chain

Australia relies on domestic and global medicines supply chains to import the medicines to meet the healthcare needs of our country, as well as exporting medicines that contribute to our economy.

Acknowledging the global nature of the medicines supply chain ensures a stable and consistent supply of essential medications for all Australians. Understanding dependencies on global suppliers helps assess and mitigate risks such as natural disasters, trade disputes, or disruptions in other parts of the world.<sup>5</sup> These will prevent shortages and ensures that patients have access to the medicines they need.

The pharmaceutical industry contributes billions in exports to the Australian economy,<sup>6</sup> thus it is important the Strategy helps maintain Australia's international competitiveness. Investing in supply chain infrastructure and pursuing mutually beneficial trade agreements with international partners will help integrate Australia's domestic supply chain with the global supply chain. This will give Australia greater access to global markets, and reveal opportunities to improve efficiency, reduce costs, guarantee the quality of medicines, promote collaboration and innovation, and enhance productivity.<sup>7, 8</sup>

The Review of the Strategy should consider Australia's place in the global supply chain to assess the country's vulnerabilities and keep the Australian pharmaceutical industry internationally competitive.

### Balancing decarbonisation with the need to supply urgent medicines

Medicines Australia supports the Strategy's national vision for decarbonisation. However, it is important to balance these efforts with the need to have fair, timely, reliable, and affordable access to high-quality medicines, as outlined in the National Medicines Policy.<sup>9</sup>

Many of Medicines Australia's members are moving to freight and transportation methods with lower carbon footprints, such as sea and land. These methods are much slower than air freight and can affect

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<sup>3</sup> <https://joppp.biomedcentral.com/articles/10.1186/s40545-022-00411-5>

<sup>4</sup> <https://pubmed.ncbi.nlm.nih.gov/34069242/>

<sup>5</sup> [https://assets.ey.com/content/dam/ey-sites/ey-com/en\\_gl/topics/life-sciences/life-sciences-pdfs/ey-pharma-supply-chains-of-the-future-final.pdf](https://assets.ey.com/content/dam/ey-sites/ey-com/en_gl/topics/life-sciences/life-sciences-pdfs/ey-pharma-supply-chains-of-the-future-final.pdf)

<sup>6</sup> <https://www.statista.com/statistics/1199092/australia-value-of-pharmaceutical-exports/#statisticContainer>

<sup>7</sup> <https://www.dfat.gov.au/trade/about-ftas/Pages/the-benefits-of-free-trade-agreements>

<sup>8</sup> <https://www.tga.gov.au/resources/publication/publications/tga-international-engagement-strategy-2021-2025>

<sup>9</sup> <https://www.health.gov.au/resources/publications/national-medicines-policy?language=en>

the level of stock in the country, especially if demands spike or access to areas become limited due to disasters.

Transparency and availability of information from the Government that affect the flow and demand of medicines, such as planned route closures, policy and regulatory changes, and medicine shortages, will help manufacturers to better manage supply. This will allow better coordination and planning between supply chain stakeholders to maintain the supply of essential, lifesaving medicines to Australian patients, whilst minimising the impact of emissions.

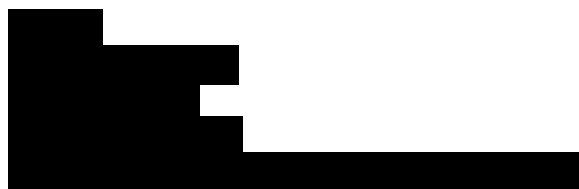
### Consider the intersection of the Strategy with policies from other government entities

Medicines Australia is supportive of the Strategy's implementation to involve all tiers of government that are involved in industry, transport, infrastructure, and freight. Additionally, the intersection other government entities that play a role in medicines supply chains should also be considered in the implementation of the Strategy.

The Department of Health and Aged Care have implemented policies that affect the supply and demand of medicines. These include the Pharmaceutical Benefits Scheme's (PBS) Minimum Stockholding Requirements,<sup>10</sup> and the 60-day prescriptions of PBS medicines, which were both designed to maintain medicines stock levels. The Therapeutic Goods Administration also play a key role in managing medicines shortages.<sup>11</sup> Further, policies from the Department of Climate Change, Energy, the Environment and Water regarding decarbonisation, and international trade negotiations with the Department of Foreign Affairs and Trade, may also affect the medicines supply chain and should therefore be reflected in the Strategy.

The different government entities whose policies affect the medicines supply chains should not function in silos. Imbedding collaboration and coordination of policies and legislations that affect freight and supply chains will be critical for the future success of the Strategy, and to meet Australia's healthcare demands.

The Review of the National Freight and Supply Chain Strategy is an opportunity to ensure medicines supply chains meets the needs of the future. Medicines Australia and its members look forward to the ongoing collaboration with the Government to ensure Australians continue to have access to innovative medicines.



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<sup>10</sup> <https://www.pbs.gov.au/info/news/2022/10/pbs-minimum-stockholding-requirements>

<sup>11</sup> <https://www.tga.gov.au/safety/shortages>