

Complementary Healthcare Council of Australia's 2014/15 Federal Pre-Budget Submission

January 2014

Mr Carl Gibson
Chief Executive Officer
Complementary Healthcare Council of Australia

Title: Complementary Healthcare Council of Australia's 2014/15 Federal Pre-Budget Submission
Publication date: January 2014
Published by: Complementary Healthcare Council of Australia
PO Box 450
Mawson, ACT 2606
Australia
Telephone: 02 6260 4022
Facsimile: 02 6260 4122
E-mail: director@chc.org.au

Website: www.chc.org.au

© 2014 Complementary Healthcare Council of Australia

1. Introduction

The Complementary Healthcare Council of Australia (CHC) is the peak industry body for the complementary medicines industry and is unique in representing the entire supply chain, including manufacturers, importers, exporters, raw material suppliers, wholesalers, distributors and retailers.

Complementary medicines and natural healthcare products include vitamins, mineral and nutritional supplements, special purpose foods, herbal and homeopathic medicines, aromatherapy products, and natural cosmetics using herbals and botanicals. The term 'complementary medicines' also comprises traditional medicines, including Traditional Chinese Medicines, Ayurvedic, and Australian Indigenous medicines.

The CHC promotes appropriate industry regulation and advancement to ensure consumers have access to complementary medicines of the highest quality.

In response to the Treasurer's general invitation, the CHC is pleased to submit its recommendations for inclusion in the 2014-15 Budget, with the aims of economic contribution to manufacturing, research and development and, through improved population health outcomes, reducing the pressure on the Government's health budget.

2. Overview

Complementary medicines have been widely embraced by the Australian community, with two out of every three Australians regularly using a complementary medicine product. Australian consumers have been increasingly using a combination of mainstream and complementary medicines to meet their health needs. Many are prescribed or recommended by General Practitioners, and more than 40% of users take complementary medicines for chronic medical conditions, where current treatments may be expensive, ineffective or have unwanted side effects. [1] This has resulted in the industry becoming a significant pillar in preventative healthcare; both economically and as an employer. Over the last few decades the complementary medicines sector has evolved into a major world class industry supporting domestic jobs, research, manufacturing and exports.

Current health policy in Australia is still focused on the treatment of people after they become unwell, resulting in vast social and economic costs associated with chronic disease. This 'drug and disease' paradigm is costly in monetary terms and in terms of the impact on productivity and quality of life. Australia currently spends greater than 9.0% of GDP on healthcare, which is predicted to rise with an ageing population.[2]

> *"Australia needs a new approach to health-care. One which promotes self-reliance and shifts the emphasis from a pharmaceutical drug-based government subsidised disease model to a wellness model, where individuals accept greater responsibility for their own health. The responsible use of complementary medicines, underpinned by appropriate regulations is a vital element of that self-reliance."*—Marcus C Blackmore AM

As recognised by the Government, the demands on the Australian health system into the future will be ever increasing. Investment required at a national level will depend upon good economic management across government to ensure sufficient resources are available to meet our rapidly growing health needs. [3] The utilisation and further development of high quality, cost effective and safe complementary medicines provides an opportunity to decrease these costs through disease prevention and more effective chronic disease management, and potentially less reliance on the hospital system and the PBS.

[1] Complementary Medicine: 3 Vital Investment Priorities, National Institute of Complementary Medicine, 2013
[2] Australia Institute of Health & Welfare (2013), Health Expenditure Australia 2010-2011.
[3] The Coalition's Policy to Support Australia's Health System, August 2013

The contribution made by complementary medicines to improving population health outcomes is supported by a large and growing evidence base; this is particularly the case for major products like multi vitamins, vitamin B, and fish oil, which together account for approximately 50% of complementary medicine sales in Australia.

The Australian Institute of Health and Welfare (AIHW) has estimated that approximately 18% of the overall burden of disease in Australia is related to cardiovascular disease, with coronary heart disease and stroke accounting for over 80% of this burden.[4] There is now good evidence from large clinical trials showing that fish oils supplements lower incidence of coronary heart disease, stroke and heart attack, especially amongst those who have survived a heart attack and those with high blood cholesterol.

The recently published *WHO Traditional Medicine Strategy 2014-2023* highlights the need for Governments to harness the potential contribution that complementary medicines can make through the development of a cohesive and integrative approach, allowing consumers to access complementary medicines in an effective, safe and respectful manner through appropriate integration into health systems. The Strategy encourages countries to harness the potential contribution that complementary medicines can make to health, wellness and people-centred health care. The Strategy is designed to help health care leaders to develop solutions that contribute to a broader vision of improved health and patient autonomy.

The Complementary Healthcare Council believes there is a requirement for further cooperation and collaboration between policy makers, researchers, industry, and health professionals to ensure complementary medicines are a future component of policy contributing to the overall health of all Australians. We would welcome any opportunities for collaboration with the Australian National Preventive Health Agency (ANPHA) or NHMRC on facilitation of further research and clinical trials, and on messaging with regard to preventive health campaigns to encourage and empower all Australians to take better care of their health.

> *"Regular users of complementary medicines are more likely to be female, well-educated, and to belong to an older demographic. They also have a better than average diet, exercise more and smoke less – they are taking control of their healthcare and are looking for tools to support their healthy lifestyle. This is the right way to do prevention."*—Mr Richard Henfrey, CHC Board Chairman.

One of Australia's disadvantages for remaining competitive within global markets is the 'burden of government regulation', where our country ranks a poor 128th out of 148 countries. The business community cites labour regulations and bureaucratic red tape as being the first and second most problematic factors for doing business in Australia.[5] The Australian complementary medicines industry is commonly regarded as one of the most tightly regulated in the world. Regulation of the complementary medicine industry in Australia is similar to and administered by the same regulator as that for pharmaceutical and over the counter (OTC) medicines, as well as medical devices.

As a consequence of this, regulation of the complementary medicine industry is becoming increasingly focused on evaluating complementary medicines against medical criteria – in much the same way that the pharmaceutical industry is evaluated. Complementary medicines do not place themselves in the same category as pharmaceutical interventions, and do not argue that complementary medicines are a replacement for pharmaceutical medicines. Instead, the industry looks at how to assist the overall health of consumers; improving their daily lives and helping prevent or reduce the duration of illness by complementing pharmaceutical medicines where appropriate.

With minimal investment from the Commonwealth, this standardised, 'one size fits all' approach can be addressed. Recognising the qualitative differences between complementary medicines and pharmaceutical medicines is critical to ensuring the sustainability of an economically significant industry through maintaining an innovative and competitive market.

[4] Deloitte Access Economics Report; Fish oils for the secondary prevention of Coronary Heart Disease, 2012.
[5] The Global Competitiveness Report 2013-2014

In the health sector narrowly defined, the CHC believes there are three key Budget priorities:

1. Development of an appropriate regulatory environment that encourages and supports innovation.
2. Support of innovation through research and support for industry investment; removing barriers to innovation and supporting opportunities for growth, both locally and internationally.
3. Improving consumer health through a specific focus on preventative healthcare, including the inclusion of complementary medicines in the Government's preventive health agenda, and support of the Indigenous and Research communities to preserve Indigenous Medicine knowledge.

3. Budget Recommendations

The 2014/15 Federal Budget provides an opportunity to begin to address the regulatory and policy challenges faced by the complementary medicines industry. It provides an opportunity to re-consider the approach to Australia's long term healthcare environment, and to commit to research to show how complementary medicines can contribute to a healthy Australia.

Noting that pre-Budget submissions should consider the Government's strong commitment to fiscal discipline and the need to minimise expenditures, the recommendations set out below propose only moderate additional expenditure across the forward estimates.

3.1 Recommendation 1 – Light touch/right touch regulatory environment

A primary objective of the CHC is to ensure appropriate risk-based legislative provisions that allow consumers to have confidence in the safety, quality and efficacy of complementary medicines. The CHC urges the Government to review the implementation of the current regulatory reforms to ensure appropriate 'light touch/right touch' regulation commensurate with the low-risk nature of complementary medicines, to preserve and strengthen the Office of Complementary Medicines Authorisation, and to ensure complementary medicine specific legislation.

3.1.1 Review of Regulatory Reforms

Issue: The existing environment of escalating red tape contributes significantly to the difficulties faced by industry. Overly burdensome, duplicative and redundant regulatory requirements have led to a stifling of product innovation, which in turn has led to lower productivity, less job creation, and greatly reduced industry investment. Even now the regulatory environment causes significant financial impact, particularly on small and medium-sized enterprises (SMEs) that are being progressively forced out of the industry. The most frequently raised concern is the high cost of operating in Australia; an impost keenly felt when regulation creates additional burdens to export business. The burden will be felt even more with the introduction of the Australian New Zealand Therapeutic Products Agency (ANZTPA), due to the large cost differential associated with manufacture and supply of complementary medicines between Australia and New Zealand.

Background: The Australian complementary medicines industry fully supports appropriate standards of safety, quality and efficacy, and understands the prestige of a medicine listed on the Australian Register of Therapeutic Goods ('brand TGA') to the recognition of high-quality products and the premium that can be attached to a gold-standard benchmark. Manufacturers of complementary medicines in Australia use the same technologies and operate under the same Code of Good Manufacturing Practice (GMP) as the Australian pharmaceutical industry. Sponsors similarly operate under the same Act, with similar regulatory processes as the pharmaceutical industry. However, the current legislative environment for complementary medicines has inflated the risk basis for managing these products.

The Therapeutic Goods Administration (TGA) is in the process of implementing the regulatory reforms outlined in the document *TGA reforms: a blueprint for TGA's future*. Between now and December 2015 the TGA is working to implement 44 Blueprint recommendations, 36 likely to affect the complementary medicines industry; most of which are significant projects with overlapping agendas.[6] There is a very real concern that the implementation of these reforms will stifle the Australian complementary medicines industry to the point that new products will not be developed locally and the competitiveness of the manufacturing sector will be adversely affected.

Whilst we recognise the challenges, the CHC believes the TGA can be redefined to become a fast, focused and effective organisation that uses a 'light-touch' regulatory model for complementary medicines. Consumers and the federal health budget should be benefitting from an appropriately regulated, innovative and competitive industry.

3.1.2 Process for Approval of New Ingredients

Issue: The current process associated with launching a new product is expensive, time consuming, lacks procedural certainty, and, even if successful, does not confer any market exclusivity for the applicant company. The effect of this burden is illustrated by the significant drop over the last decade in the number of applications for approvals for new substances to be included as permitted ingredients. In addition, there is currently no transparent streamlined process for the evaluation of new substances that specifically takes into account data packages that provide evidence of safety by comparable overseas regulators.

Background: As a small market in global terms, with high costs and long time frames, it is unattractive and uneconomical for multi national companies that provide much of the health products and devices to market their products here and provide them to the Australian consumer. A combination of industry information and anecdotal reporting indicate that as consumers become more product-savvy they are increasingly turning to complementary

[6] Source TGA: www.tga.gov.au/pdf/tga-reforms-blueprint-implementation.pdf

medicines bought online from overseas in order to access innovative products that contain ingredients currently not available in Australia.

The CHC believes that an effective way of achieving such an outcome would be to develop, in collaboration with industry, a fast tracked approval process for ingredients already assessed by countries with a comparable regulatory system. The CHC understands that the TGA has been working with international counterparts to identify those areas where mutual recognition may reduce resource wastage by eliminating the duplication of work already completed. Industry is keen to work with the TGA to identify, and make available here, those ingredients that have been assessed by regulators with a similar high standard to the TGA.

3.1.3 Improving Compliance – Licencing of Sponsors

Issue: The CHC is of the view that the majority of industry participants are conducting their marketing in an ethical and responsible manner, but it must be acknowledged that a small number of industry participants are operating outside the established rules and regulations, either unwittingly due to a lack of knowledge, or by design.

The CHC contends that creating an accreditation/licensing scheme for sponsors is a cost-effective solution to this problem, ensuring that before a sponsor is able to list products on the Australian Register of Therapeutic Goods (ARTG) they must undertake a level of compliance training and be issued with a certificate or licence by a recognised training facility or organisation. The scheme could be administered by a body such as the CHC in a similar manner to the Pre-Approvals Process, in collaboration with the TGA and on a cost-recovery basis.

Background: Listed complementary medicines are included in the ARTG via an electronic application process that is designed to allow simple and fast access to market for low risk complementary medicines. At the time of listing, the product sponsor must certify that they hold the evidence to support indications and claims included in the ARTG for their products, and that the indications and claims are true, valid and not misleading. However, to become a sponsor one does not necessarily require any knowledge about one's legal, regulatory and ethical responsibilities.

A number of the current regulatory changes in the complementary medicines area have the objective of improving compliance, in particular around the marketing of products. Unfortunately, as currently formulated, the regulatory changes designed to curb the ability of some operators to unfairly market their products will penalise the entire industry without creating a barrier to entry for those non-compliant participants and therefore producing no meaningful improved outcomes for consumers.

The proposed Licencing of Sponsors scheme offers a method of ensuring that sponsors hold a minimum level of understanding of the industry and their ongoing regulatory obligations, allows further ability for enforcement, and provides an additional level of assurance for the protection of consumers.

3.1.4 Proposed Investment

The following are proposed:

- *Investing in resources to review the current regulatory reforms, to remove unnecessary red tape.*
- *Investing in the development of a CHC managed process for the licencing of sponsors. This process would be developed in conjunction with the TGA.*
- *Increase the number of new substance applications to the TGA by investing in review and analysis of new ingredients where assessments have been made in countries with comparable regulatory systems.*

Cost: Absorbed by TGA in 14/15 and 15/16 and cost-recovered there-after

3.2 Recommendation 2 – Support of Complementary Medicine Research

A viable, innovative and responsible complementary medicines industry is dependent on research to support quality, safety, efficacy, and cost-effectiveness, and to develop new products. Over the last twenty years, there has been a growing body of scientific knowledge on the efficacy of complementary medicines and a growing number of economic analyses that highlight the cost effectiveness of complementary medicines, especially in the prevention and management of chronic disease. In addition, the retention of Indigenous medicine knowledge is important in safeguarding Indigenous culture and heritage. Government support is key to protecting the interests of the Indigenous population and enabling them to benefit from available opportunities.

3.2.1 Innovation through Evidence

Issue: Funding for complementary medicine research is important to scientifically establish the safety and efficacy of existing complementary medicines and also to develop new complementary medicines. However, less than half of one per cent of National Health and Medical Research Council (NHMRC) funding supported complementary medicine research this previous year. Additional funding support is vital for the industry to show how it can assist in the move towards a more cost-effective Australian healthcare system.

Background: Australia has an important resource in its academic and research bodies, with the potential to be an international leader in complementary medicine research. We have formidable complementary medicine research leaders that hold a national and international reputation.

> *"It is vital for the health of all Australians that high quality research is undertaken into the safety and efficacy of complementary medicine. In many cases complementary medicine interventions have been shown to be clinically effective, some with better safety profiles and greater cost effectiveness than conventional care."*—Professor Alan Bensoussan, Director, National Institute of Complementary Medicine

There is currently little or no incentive for industry to support the development of complementary medicines if there is no possibility of data protection and/or market exclusivity. By comparison with the United States of America and the United Kingdom, research infrastructure for complementary medicines in Australia is not well developed. Research validates and supports innovation and informs good government policy, and there is a need for dedicated government funding for complementary medicines research.[7]

3.2.2 Collaborative Indigenous Medicines Research

Issue: A limited amount of work has been done in the past to catalogue traditional medicine knowledge or to ensure the intellectual property rights of Indigenous Australians should Indigenous medicines become commercialised. In Asian markets, there is great interest in Australian Indigenous medicines as potential new and innovative products.

Background: The complementary medicine industry recommends that the Government supports collaborative Indigenous medicines research and development projects between the research sector and indigenous communities; protecting culturally significant traditional indigenous medicine knowledge and leveraging the mainstream economy to secure practical benefits for Indigenous people.

Indigenous disadvantage has been targeted by the Council of Australian Government's (COAG), with two of the goals being to improve the health and wellbeing of Aboriginal and Torres Strait Islander people and to increase employment opportunities as a critical component of Closing the Gap[8].

---

[7] Complementary Medicines in in the Australian Health System: Expert Committee on Complementary Medicines in the Health System Report to the Parliamentary Secretary to the Minister for Health and Ageing; September 2003

[8] http://www.indigenous.gov.au/economic-participation/

A large cultural and traditional knowledge base exists in the form of Indigenous medicines, with Indigenous Australians having used medicinal plants and food for thousands of years. There are already well known Indigenous Medicine substances such as Tea Tree, Eucalyptus and Emu oils. Most recently Kakadu Plum has been the subject of intensive research and development and scientific trials as to efficacy in treating a range of conditions. It is estimated that there are hundreds more yet to be catalogued, researched and trialled as to their potential impact on population health outcomes and commercial opportunity, both locally and in International markets.

3.2.3 Cost-effectiveness of Complementary Medicines

Issue: Expanding the use of complementary medicines could maintain excellent patient outcomes while saving hundreds of millions of dollars a year in healthcare costs. Recent reports have indicated that selected complementary medicines are able to be highly cost effective, especially in the prevention and management of chronic conditions, but more research is needed to inform how complementary medicines can contribute to funding choices in the broader context of national health.

Background: Two reports that look at the cost-effectiveness of complementary medicines are the Access Economics report, 'Cost effectiveness of complementary medicines' commissioned by the National Institute of Complementary Medicine in 2009, and the Frost & Sullivan report 'Smart Prevention – Health Care Cost Savings Resulting from the Targeted Use of Dietary Supplements', a US study in which the authors found the use of key complementary medicines, including omega-3 fatty acids, B6, B12 and folic acid, could reduce hospital costs by $US billions per year.

The Access Economics report found that the use of St John's wort for mild to moderate depression provided costs savings relative to standard anti-depressants, with the unit cost of St John's wort estimated at $0.17/day and the cost of standard antidepressants estimated as $0.57/day. Across the 56% of Australians with mild to moderate depression that are taking medication, a saving of over $50 million would be possible.[9]

Both reports demonstrate the importance of taking complementary medicines as a means to combat unsustainable health care costs, and as a means for high-risk individuals to reduce their chances of having to deal with potentially costly disease-related events.

3.2.4 Barriers to Innovation – Data Protection

Issue: In most cases, complementary medicines are not patentable because an application for a standard patent may be rejected if the invention is merely a mixture of known ingredients. Further, the general intellectual property laws do not necessarily protect the types of information that may be sought to be protected.

Background: In 2003, in a report to the Parliamentary Secretary to the Minister for Health and Ageing, the Expert Committee on Complementary Medicines in the Health System recommended that, "the TGA convene a stakeholder group to identify incentives to encourage innovation and research in complementary medicines, including data protection and market exclusivity."[10]

Data protection is a well-established methodology in the regulatory systems of most developed countries, including Australia, to provide adequate incentive for product innovation, recognising that significant investment is required to generate and provide data to gain regulatory approval. However, for the complementary medicines industry, the commercial reality of 'difficult-to-obtain patent protection' to recoup clinical trial costs has and always will limit the amount of clinical trials being conducted to provide scientific evidence for complementary medicines. In this area, complementary medicines are always at a disadvantage when compared to pharmaceuticals.

A possible solution is to develop Regulatory Protection as an alternate to IP protection to stimulate investment and innovation. This would help to recoup the enormous costs involved in generating data to gain regulatory approval before a competitor is permitted to rely on those data for the approval of a copying product.

---

[9] Access Economics Pty Ltd, Report for The National Institute of Complementary Medicine, Cost effectiveness of complementary medicines, 2010, piii.

[10] http://www.tga.gov.au/pdf/archive/committees-eccmhs-report-031031.pdf

3.2.5 Proposed Investment

The following are proposed:

- *The convening a stakeholder Taskforce to identify mechanisms to allow for data protection and market exclusivity for complementary medicines. (see also proposal 3.3)*

  Cost: Secretariat costs to be absorbed by Department of Industry, CHC and Industry

- *Restoration of support for complementary medicine research groups.*

  Cost: $500,000 each year for three years

- *Direction of the National Health and Medicine Research Council (NHMRC) to allocate ten percent of funding to a structured program of complementary medicine specific research, in order to demonstrate the cost effectiveness of complementary medicine integration into Australian healthcare policy and practice.*

  Cost: Nil – Reallocation of existing resources

- *Funding should be provided to suitable research organisations to undertake a comprehensive stock-take of specific indigenous medicines in consultation with traditional owners.*

  Cost: $300,000 each year in 14/15 and 15/16

3.3 Recommendation 3 – Industry Taskforce

The complementary medicine industry currently provides substantial employment opportunities whilst developing a range of technical and vocational skills through innovation, research and the utilisation of complex technologies, despite increasing global competitiveness and regulatory pressures.

Issue: With globalisation and increased commercial and economic pressures across national boundaries, the Australian complementary medicine manufacturing sector is under pressure to remain competitive and relevant. The competitiveness of Australia's manufacturing industry is currently under threat, if not already floundering.

To this end, the complementary medicines industry today directly employs around 5000 highly skilled workers and generates approximately $200 million in GST revenue each year. Despite the size and impact of the industry, there is very little by way of Government support, either in direct financial support or in terms of policy focus. There is also no targeted support for export facilitation or skills maintenance or traineeships.

Background: In this Asian Century, the complementary medicines industry is one industry that, in a supportive environment, has the ability to grow exponentially and support local manufacturing, as well as providing a significant contribution to our exports. 'Talent-driven innovation' was chosen as the most critical driver of a nation's competitiveness among the ten major categories of drivers such as quality and availability of scientists, researchers, engineers and skilled production workers. This clearly indicates that companies must innovate to stay ahead of competition within the global market. [11]

We have already seen a growing demand in the Asia Pacific region for complementary medicines and functional foods, with an ageing population driving sales of fish oil, glucosamine, Coenzyme Q10 (CoQ10), calcium and energy boosting products such as ginseng and vitamin B.[12]

Conservative estimates suggest that increasing non-resource exports to Asia through improved Asian capabilities could provide the Australian economy with an additional $60 billion to $115 billion over 10 years. As manufactured products currently represent around 76% of Australian merchandise exports (excluding mining), a substantial part of this potential export opportunity should be available to Australian manufacturers.[13]

Whilst it is acknowledged that a number of Federal Government programs exist that could help to address some of the gaps in industry development support, the CHC continues to believe that an overarching complementary medicines industry framework that brings together innovation, manufacturing and health policy is required to give policy focus to this important industry.

The Taskforce would, in collaboration with industry, identify where the industry is currently positioned and best directions for optimal development. Importantly, it would provide practical mechanisms for the complementary medicines industry to address the key issues outlined above as to improving population health outcomes and sustaining and enhancing innovation, research, manufacturing, job creation and exports in this significant sector.[14]

The Taskforce would have a 'how to' approach to the complementary medicines industry's challenges and opportunities. Ideally, it would be made up of senior officers within the Department of Industry and the TGA, stakeholders from industry, and would include other Government agencies to ensure whole-of-Government agreement.

---

[11] 2013 Global Manufacturing Competitiveness Index
[12] Euromonitor International
[13] http://www.awpa.gov.au/publications/Documents/Manufacturing%20workforce%20issues.pdf
[14] Euromonitor Vitamins and Dietary Supplements in Australia July 2011

3.3.1 Proposed Investment

The following is proposed:

The Government to support a complementary medicines' specific Taskforce to consider and implement (as a part of their remit):

- *identification of mechanisms to allow for data protection/market exclusivity for complementary medicines;*
- *modification of the product registration pathway to incentivise research and innovation;*
- *increased availability of industry support schemes;*
- *strategic policy directions to invest a fair and proportionate amount of NHMRC funding to complementary medicines* (complementary medicines are ~12.5% of the total medicines and devices sector);[15] and
- *targeted mechanisms to facilitate export facilitation, skills development and/or traineeships*.

Cost: Nil – Secretariat costs to be absorbed by Department of Industry, CHC and Industry

[15] Euromonitor Consumer Health in Australia July 2011

4 Conclusion

Complementary medicines play a significant role in allowing individuals to maintain a high level of physical and psychological wellness, and have the potential to assist in the reduction of the ever-increasing healthcare costs associated with preventable chronic diseases. As highlighted in the WHO strategy, complementary medicines have a long history of use in health maintenance and in disease prevention and treatment, in particular for chronic disease. In Australia, the complementary medicines industry has much to offer in terms of contribution to the preventative health agenda.

The Australian complementary medicine industry is commonly regarded as one of the most heavily regulated in the world, and, in recent years, has been subjected to regulatory burdens more appropriate to high-risk pharmaceutical products. Addressing the 'one size fits all' approach through a review of the current regulatory reforms is critical to ensuring the sustainability of the industry and maintaining an innovative and competitive market that is able to meet consumer demands.

Health policy in Australia does not yet recognise the contribution of complementary medicines or Indigenous medicines, and a significant gap exists in the translation of the existing evidence base into integrative medical practice. Support of complementary medicine research will help the Australian complementary medicines industry to gain its position as a leading Australian industry sector and exporter.

A sustainable complementary medicines industry offers significant potential population health and wellbeing benefits as well as associated ongoing budgetary savings to the Government's health budget.

Appendix 1

Complementary Healthcare Council of Australia

The Complementary Healthcare Council of Australia (CHC) is the peak industry body for the complementary medicines industry. The CHC is unique in representing the entire supply chain including:

- manufacturers
- importers
- exporters
- raw material suppliers
- sponsors
- wholesalers
- distributors, and
- retailers

We are the principal reference point for our members, the government, the media and consumers to communicate about issues relating to the complementary medicine industry.

Complementary medicines and natural healthcare products include vitamins, mineral and nutritional supplements, special purpose foods, herbal and homeopathic medicines, aromatherapy products, and natural cosmetics using herbals and botanicals. The term 'complementary medicines' also comprises traditional medicines, including Traditional Chinese Medicines, Ayurvedic, and Australian Indigenous medicines.

The Australian National Audit Office estimates that market growth has been around 3-12 per cent per year, and today the industry directly generates around 5,000 highly-skilled manufacturing jobs. There are more than 250 individual complementary medicine companies in Australia, with 59 Therapeutic Goods Administration (TGA) approved manufacturing facilities around the country. Combined, these companies generate around $2 billion in annual revenues.[16]

The global market has been estimated at $US 83 billion annually.[17] Of this, Australian companies export around $200 million in complementary medicines to more than 20 countries in Southeast Asia, Europe and The America's, and this continues to grow at higher rates than domestic consumption.[18]

Complementary medicines are generally available for self -selection by consumers and can be obtained from retail outlets such as pharmacies, supermarkets and health food stores. The majority of complementary medicines are indicated for the relief of symptoms of minor, self-limiting conditions, maintaining health and wellbeing, or the promotion or enhancement of health.[19]

The CHC develops and manages a marketing code of conduct to which its members comply, and to which CHC promotes compliance with amongst all industry participants. This includes operating to the highest regulatory and ethical standards when sourcing, manufacturing and marketing complementary medicines.

---

16 CHC Complementary Medicines Industry Audit May 2011, available by request.

17 The Australian National Audit Office, Performance Audit Report No. 3 2011-2012, Therapeutic Goods Regulation: Complementary Medicines, pp13.

18 CHC Industry Audit May 2011

19 Source TGA, http://www.tga.gov.au/industry/cm-basics-regulation-overview.htm