



Medical Technology
Association of Australia



*NSW Health and Medical Research
Strategic Review – Discussion Paper
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MEDICAL TECHNOLOGY FOR A HEALTHIER AUSTRALIA

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Introduction

The Medical Technology Association of Australia (MTAA) is pleased to participate further in the Strategic Review of Health and Medical Research in NSW by responding to the range of issues which have been raised in the Discussion Paper. While the Discussion Paper addresses some of the comments made by MTAA in previous submissions to the Review, MTAA believes that some recommendations could go further to truly drive the development of NSW as the national leader in the medical technology sector.

As we commented in our response to the Issues Paper, MTAA supports the vision for health and medical research expressed in the paper:

NSW will have a global reputation as a centre of excellence for health and medical research that supports a high quality health system and generates social and economic benefits to the State.

MTAA remains attracted to the dual focus of the vision – on the creation of research that supports the health system, and on the generation of economic benefits. Without inclusion of industry as a partner in this endeavor, there cannot be the economic returns to the State. Much of MTAA's response to the Issues Paper examined mechanisms to support collaboration with industry and to encourage the translation of excellent research into products that can be brought to the market, both to benefit the NSW health system and its patients and to deliver flow-on economic benefits from the creation of a robust manufacturing sector that exports globally. MTAA addressed the pillars and actions which are most relevant to the encouragement of a viable and robust medical technology sector in NSW.

MTAA believes that the actions outlined in the Discussion Paper could be expanded to include further opportunities identified in MTAA's previous submissions.

About the medical technology industry

MTAA represents the manufacturers, exporters and suppliers of medical technology products in Australia. Medical technologies are products used in the diagnosis, prevention, treatment and management of disease and disability. Products range from commonplace, everyday consumable items such as bandages and syringes, to high technology implantable devices such as cochlear implants, cardiac defibrillators and orthopaedic joints, diagnostic imaging equipment, and products which use biological materials.

The medical technology industry had sales in Australia of more than \$7.5 billion in 2009-10 and employed more than 17,500 people. It is strongly research-based with clinical input from healthcare professionals to design and develop products for improved patient benefit. MTAA represents companies supplying approximately 70% of all non-pharmaceutical medical products on the Australian market. About 54% of all medical technology companies in Australia are located in NSW with approximately 79% of all employees in the industry.

Response to Discussion Paper

MTAA responds to specific sections of the Discussion Paper.

4.3 Attract Clinical Trials

MTAA strongly supports an increased focus on attracting clinical trials to NSW. MTAA acknowledges the recommendations of the Clinical Trials Action Group referred to in the Discussion Paper but notes that very little consideration was given to the requirements for clinical trials for medical technology as part of that review. Given the predominance of NSW for the medical technology industry and excellent teaching capability in programs such as biomedical engineering, in addition to health and medical research, there are strong arguments to support programs which increase the uptake of clinical trials of medical technology.

On a national basis, the number of clinical trials using the interventional code 'treatment device' has increased from around 10 in 2001 to around 340 in 2010 according to the ANZ Clinical Trials Registry. MTAA suggests that the proposed actions specifically make provision for clinical trials of medical technology and biomedical devices in NSW.

4.5 Focus Intellectual Property Expertise

MTAA commends the proposed action to audit existing commercialisation offices and then to promote greater scale in commercialisation offices. MTAA would like to highlight the successful development in the United Kingdom of NHS Innovations London, one of the innovation hubs established by the UK Government to capture and commercialise intellectual property in the health system.

NHS Innovations London (NHSIL) works on delivering healthcare innovations that provide patient benefits and quantifiable cost savings. It identifies healthcare solutions within NHS London and then fast-tracks those innovations to market.

As NHSIL's business matures, the strength of the medical innovations pipeline coming from hospitals in London is being recognised globally. It has established the Xpedite[®] Innovations Management process to streamline the identification and commercialisation of suitable technologies.

The Xpedite[®] principles of efficient medical innovation and de-risking product pipeline have been adopted by other health services. NHSIL has modified its business model to focus on more, higher value projects. It is currently progressing two medical device projects with a market potential of over \$1 billion and three projects (one diagnostic and two therapeutics) with market values of between \$20 million to \$100 million if they reach market.

4.6 Support Early-Stage Venture Capital

MTAA notes action 4.6.1 to establish a medical device incentive program in partnership with venture capital companies, to assist with clinical assessments and trials of innovative medical devices to assist greater uptake of these products by the health system.

Although MTAA supports this recommendation, we argue its focus needs to be much broader to have an impact on successful medical technology product development and its uptake in the Australian hospital system.

MTAA envisions the key purpose of this program to be providing assistance to emerging companies throughout all stages of the commercialisation process. The proposal's limitation is that venture capital funds will need to plan for a return on investment before they make a commitment and may not be prepared to fund at an early stage. MTAA argues that if the NSW government plans to establish a fund of this nature it should provide sufficient support for all of the costs involved in bringing a product to a point where it becomes attractive to venture capital funding such as intellectual property protection, regulatory approvals, clinical investigations, marketing as well as facilitating access to local manufacturing facilities.

In its response to the Issues Paper, MTAA recommended the government establish a mechanism to ensure research ideas that have potential for rapid health benefits are captured at the critical early commercialisation stage when a prototype is being developed. Inventors have very different skills from entrepreneurs and MTAA envisions a Medical Device Fund to be tasked with formalising linkages between universities, hospitals, research institutions and emerging companies to improve the likelihood of a product being investment-ready at the early stages of the commercialisation process. In addition the Fund would be established to work with government ensuring technology development is linked in with priority health areas to meet an identified need.

Fostering growth in the medical technology industry has the potential to deliver economic and social benefits to NSW through employment and export opportunities as well as establishing a knowledge economy which is more internationally competitive.

MTAA supports recommendation 4.6.2 to align NSW research with Commercialisation Australia processes to increase the pipeline of investable ideas for medical devices.

5.1 Enhance Health and Medical Research Hubs

Actions 5.1.1 and 5.1.2 to enhance health and medical research hubs do not fully recognise the role that a cluster can perform in bringing industry together with hospitals and universities.

Medical technology is one of the few industries which has economic growth potential in NSW. International trends indicate that formation of a cluster can be a key component of a successful growth strategy.

Australia, and the state of NSW as home to 54% of medical technology companies, must remain aligned with global competitors if it is to establish a reputation for being a desirable destination to undertake research and development and clinical investigations. In addition we need to establish mechanisms to improve commercialisation pathways to increase product development. International research indicates industry clusters are a successful way of achieving this.

MTAA notes that funding constraints mean the NSW government is in a position only to support a limited number of hubs. MTAA argues the NSW Government should consider the fact that a physical cluster of medical technology companies already exists in north-western Sydney around Macquarie Park/North Ryde. Government's role is one of facilitation to establish a formal collaboration model linking the companies with nearby Macquarie University hospital and Macquarie University as a starting point.

The Australian Hearing Hub is already under development in the area. It is planned as world-class facility purpose-designed to facilitate collaborative research into hearing and related speech and language disorders. It brings together relevant Macquarie University's research teams (Language Sciences and Cognitive Sciences, Audiology and Speech Language Pathology) with a major government research organisation, Australian Hearing and the National Acoustic Laboratories, as well as not-for-profit organisations offering clinical and related social services for hearing disorders, like The Shepherd Centre. Importantly it also includes the global headquarters for the market leader in implantable hearing devices, Cochlear Limited.

The medical technology industry is part of the solution to the NSW Government's escalating health budget, one of its most complex policy challenges. MTAA supports the establishment of a formal structure tasked with the role of examining other potential cluster arrangements, particularly where the focus is on solutions for the healthcare system.

Internationally industry clusters come in different forms and varying sizes but the common theme in all examples is the formal information sharing amongst partners. Another example of a regional neighbor prioritising growth in medical technology is New Zealand where a Health Innovation Hub is currently under development. The plan is to bring together the district health boards with industry as core stakeholders to focus on early stage development and commercialisation of medical device technologies.

To become competitive with other economies and to capture a greater share of the global market NSW needs to improve its translational research capabilities by improving collaboration.