

Complementary
Medicines
Australia

JANUARY 2025

Pre-Budget Submission 2025-26



About the complementary medicines industry



Complementary Medicines Australia (CMA) is the peak industry body for the \$6.2 billion complementary medicines supply chain in Australia.

We represent members across the entire industry supply chain, including manufacturers, raw material suppliers, wholesalers, distributors, exporters, retailers and regulatory consultants. CMA promotes appropriate industry regulation and advancement to ensure consumers have access to complementary medicines of the highest quality.

We are proud to work closely with the Therapeutic Goods Administration (TGA) and other Australian Government agencies and departments, such as Austrade and the Department of Foreign Affairs and Trade, to ensure a strong and sustainable industry.

We work hard to ensure consumers have access to safe, high-quality products, and we advocate for our industry, promote research and innovation, and uphold the highest standards of quality and safety.

About complementary medicines

Complementary medicines encompass a wide range of products, from vitamin and dietary supplements (VDS) to herbal remedies and traditional medicines like Ayurveda and Chinese medicine. These products are designed to complement conventional medical treatments, offering a holistic approach to health and wellbeing.

Complementary medicines, including traditional and integrative therapies, are recognised globally, including by the World Health Organisation.

Complementary medicines in Australia

Australia boasts a thriving complementary medicines industry, with a strong international reputation for producing high-quality and safe products.

Beyond its significant contribution to the health and wellbeing of Australians, the complementary medicines industry is a major economic driver, and annual revenue reached approximately \$6.2 billion in 2024.

The complementary medicines industry is also an Australian manufacturing and export success story. Annual exports have now reached \$1.2 billion, driven by the superior quality and safety of our products.

A strong reputation built on quality and safety

This growth is fuelled by our global reputation for producing high-quality, rigorously regulated products. This reputation is underpinned by the Therapeutic Goods Administration's stringent regulatory framework, which ensures that complementary medicines meet the highest standards of safety, quality, and efficacy.

These standards have not only solidified our domestic market but also earned international acclaim, driving demand for Australian complementary medicines globally. Australia's complementary medicines have established a robust presence in the international marketplace, and the clean, green and safe image of Australian products resonates strongly with consumers worldwide.

Who uses complementary medicines?

The industry has witnessed significant growth in recent years. Over 75% of Australian households use complementary medicines, particularly those with higher education and income levels. This reflects a growing emphasis on preventive health and wellbeing, driven by a number of factors:

- Rising health concerns: with increasing rates of chronic diseases and a growing emphasis on preventive health, consumers are seeking natural alternatives to conventional treatments.
- Ageing population: as the population grows older, there is a greater demand for products that can support overall health and quality of life.
- Desire for natural solutions: many people prefer natural remedies that are perceived as having fewer side effects compared to synthetic medications.

The role of complementary medicines in preventive health

Many Australians are turning to complementary medicines and the allied health practitioners that use them, such as naturopaths, to improve their health and wellbeing. Given that primary healthcare in Australia is under considerable strain, with hospitals and general practices stretched beyond capacity, preventive health offers benefits to individuals and the wider community.

This approach often involves using complementary therapies alongside conventional medical treatments, providing a more holistic health solution. The complementary medicines industry promotes preventive health measures such as lifestyle modifications, regular exercise, healthy practices, and dietary supplementation as primary interventions.

Such preventive measures can play a significant role in easing the healthcare burden. Preventive health has been proven to result in better health outcomes, which deliver not only a positive impact on the health and wellbeing of Australians, but financial benefits for government. Complementary medicines should be a fundamental element in this preventive health focus for government.

Key recommendations

We welcome the opportunity to submit recommendations for the 2025-26 Budget to support the ongoing growth of our industry, contribute to the overall health and wellbeing of Australians, and boost the Australian economy.

As we look to the future, CMA urges the Government to actively incorporate complementary medicine in preventive health policy, enhance collaboration with the industry to support its ongoing growth, and build complementary medicine-specific expertise within the Therapeutic Goods Administration.

In particular, we call for a continued emphasis on ensuring that regulations are risk-commensurate, data driven, fair and balanced, and do not hinder innovation or Australia's global competitiveness.

The recommendations aim to strengthen the industry's resilience, competitiveness, and ability to meet the evolving healthcare needs of the Australian population.

CMA recommends that the Government:

1. Consult with the complementary medicines industry to incorporate the role of complementary medicine in the national preventive health strategy and agenda.
2. Provide funding for a comprehensive review on integrating complementary medicine into the health system to:
 - Deliver health benefits for Australians;
 - Achieve budget savings for governments (both Commonwealth and State), and;
 - Help to take pressure off the health system.
3. Remove the ban on private health insurance rebates for natural therapies.
4. Develop industry policies that support the further growth of Australian complementary medicine manufacturing, including raw materials.
5. Initiate a review by the TGA to address industry concerns related to regulations, which:
 - focuses on identifying and reassessing areas of over-regulation and inefficient regulation not commensurate with risk; and
 - aims to foster a more balanced regulatory culture that allows for greater innovation and industry growth without compromising safety.
6. Provide adequate funding for the TGA to undertake all non-cost-recoverable work so these costs are not passed onto industry.
7. Provide additional funding for the Department of Health to undertake positive education campaigns on the health benefits and regulation of Australian complementary medicine products.
8. Increase funding for Austrade to facilitate greater overseas promotion and new export opportunities for Australian complementary medicine products.
9. Provide support for complementary medicine research through targeted funding and increased R&D incentives.

Further details on the implementation of these recommendations are outlined in this submission. We would welcome the opportunity to discuss this further with Government, Parliamentarians and policymakers.

Supporting public health and preventive healthcare

The state of health

Like the populations of many developed nations, Australians face significant health challenges, including rising rates of chronic diseases, mental health issues and an ageing population.

Over 80% of Australians live with a long-term health condition, and approximately 50% have at least one chronic disease.

Health expenditure in Australia has been on the rise, with the country spending \$241.3 billion on health goods and services, or \$9,365 per person. This represents an increase of 6% in real terms compared to the previous year. Australia's health spending accounts for 10.5% of GDP, compared to the OECD average of 9.5%.¹

Modern health concerns often stem from factors such as high-pressure work environments, excessive screen time, sedentary lifestyles, and resulting issues like eye strain, joint pain, sleep disturbances, stress, and anxiety.

While there has been a decline in the national smoking rate and per capita alcohol consumption, obesity rates continue to rise, posing a significant public health challenge. The effects of increasingly sedentary and busier lifestyles of many Australians are further intensified by an increased consumption of fast food with high-fat content along with less vegetable and fruit consumption.

Chronic disease

81.4%

8 in 10 people had at least one long-term health condition

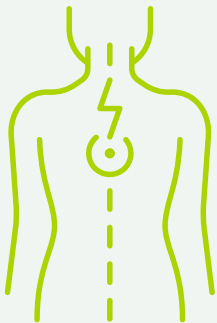
49.9%

1 in 2 people had at least one chronic condition.



Source: Australian Bureau of Statistics. (2023). Health conditions prevalence. Figures for 2022.

Australia's most common chronic conditions



- 01 Mental and behavioural conditions – 26.1%**
- 02 Back problems – 15.7%**
- 03 Arthritis – 14.5%**
- 04 Asthma – 10.8%**
- 05 Diabetes – 5.3%**

Source: Australian Bureau of Statistics. (2023). Health conditions prevalence. Figures for 2022.



The state of Australia's health

66%

of adults were overweight/obese in 2022 (56% in 1995). Australia is one of the world's most obese countries

94%

of adults are not eating enough vegetables

83%

of young people aged 15-17 are not doing enough exercise

23%

of adults have high blood pressure

Source: Australian Institute of Health and Wellness. (2024). Australia's Health.



Investing in preventive healthcare

Preventive health measures can play a significant role in easing the healthcare burden, and complementary medicines are a fundamental element in this. Preventative health has been proven to result in better health outcomes, which delivers not only a positive impact on the health and wellbeing of Australians, but financial benefits for the Government.

The complementary medicines industry promotes holistic health, strongly emphasising lifestyle modifications, regular exercise and healthy practices as primary interventions. Complementary medicines play a crucial role in supplying essential nutrients that may be lacking in diets, thereby contributing to overall health and preventing deficiencies that could potentially lead to health issues.

Empowering well-informed health consumers is integral to improving outcomes and fortifying the population's resilience, ensuring the long-term sustainability of essential healthcare services.

This approach enhances health resilience, promotes proactive health measures, improves the management of health conditions, and ultimately reduces expenditures on essential health services.

The National Preventive Health Strategy is an important framework for proactive healthcare in Australia. However, it does not recognise the untapped potential of complementary medicine. Its role and contribution (and that of associated health practitioners, such as naturopaths) should be acknowledged.

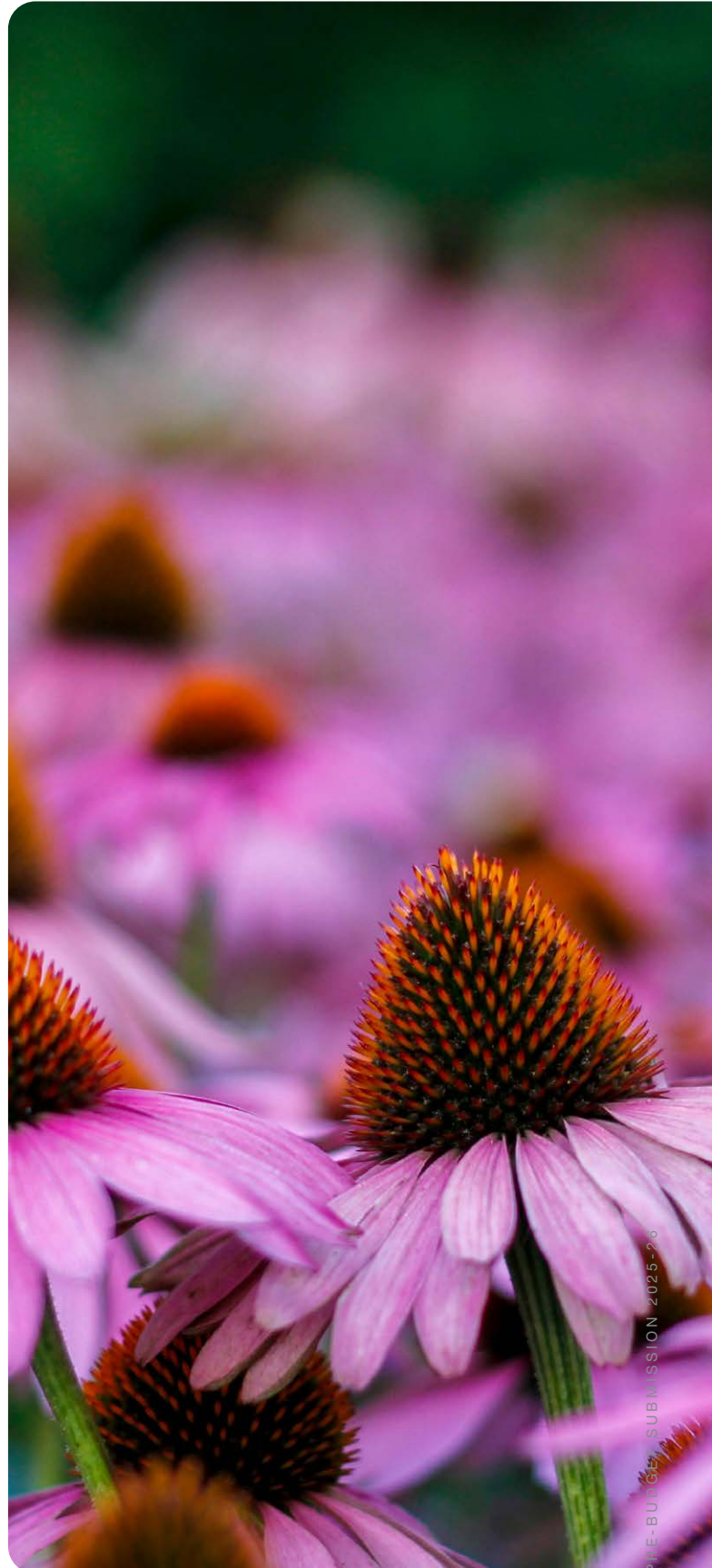
Recommendation #1

The Government consult with the complementary medicines industry to incorporate the role of complementary medicine in the national preventive health strategy and agenda.

Recommendation #2

Provide funding for a comprehensive review on integrating complementary medicine into the health system to:

- 1. Deliver health benefits for Australians;**
- 2. Achieve budget savings for governments (both Commonwealth and State), and;**
- 3. Help to take pressure off the health system**



Supporting healthy lifestyles and practices

In 2019, the previous Australian Government removed the ability for private health insurers to provide rebates for a variety of natural therapies (such as naturopathy, yoga, pilates and tai chi). These therapies encourage Australians to adopt healthier lifestyles and exercise, which studies show can help take pressure off the healthcare system.

Studies show therapies such as naturopathy effectively translate evidence-based preventive health approaches into real and sustained behavioural and lifestyle changes in patients¹.

These therapies are not intended to cure severe diseases but rather to support overall health and wellbeing. We know that when people adopt healthier lifestyles, they are less of a burden on the health system, and this reduces costs for both insurers and the Government².

A Government funded review (by the National Health and Medical Research Council) into the benefits of these therapies has now been finalised. We call on the Government to remove the ban and give health insurers the flexibility to offer rebates to members, if they wish to do so.

Private health insurers have called for the ban to be removed because of the demonstrated positive impact these therapies can have on people's health.

Many individuals express dissatisfaction with current treatment methods for lifestyle conditions such as sleeping problems, eye/vision issues, joint and muscle pain, stress and anxiety and weight management.

Natural therapies have an important role to play in addressing these challenges and offer untapped benefits to the health system.

By removing the blanket ban on private health insurance rebates for natural therapies, more Australians would be financially incentivised to incorporate these therapies into their lifestyle and improve their health, lessening their dependence on the healthcare system.

Recommendation #3

The Government remove the ban on private health insurance rebates for natural therapies.

This will have no cost to Government but taking pressure off the health system will result in savings and other associated benefits.

It should be up to private health insurers to determine which benefits they want to offer to their members.



1. NICM Health Research Institute. Securing The Future of Complementary Medicines Manufacturing In Australia, 2023.

2. Wardle J, Steel A, Casteleijn D, Bowman D (2019). An evidence-based overview of naturopathic practice in Australia. Australian Journal of Herbal and Naturopathic Medicine 31(1):9-13

Natural Therapies



Industry revenue is forecast to climb by an annualised 3.0% over the five years through 2028-29 to \$4.3 billion

Source: IBISWorld. (2024). Alternative Health Therapies in Australia.



20,731
Businesses

(2024-29: 2.2% CAGR)



38,800

The number of complementary medicine practitioners



50%

of Australians have chronic disease



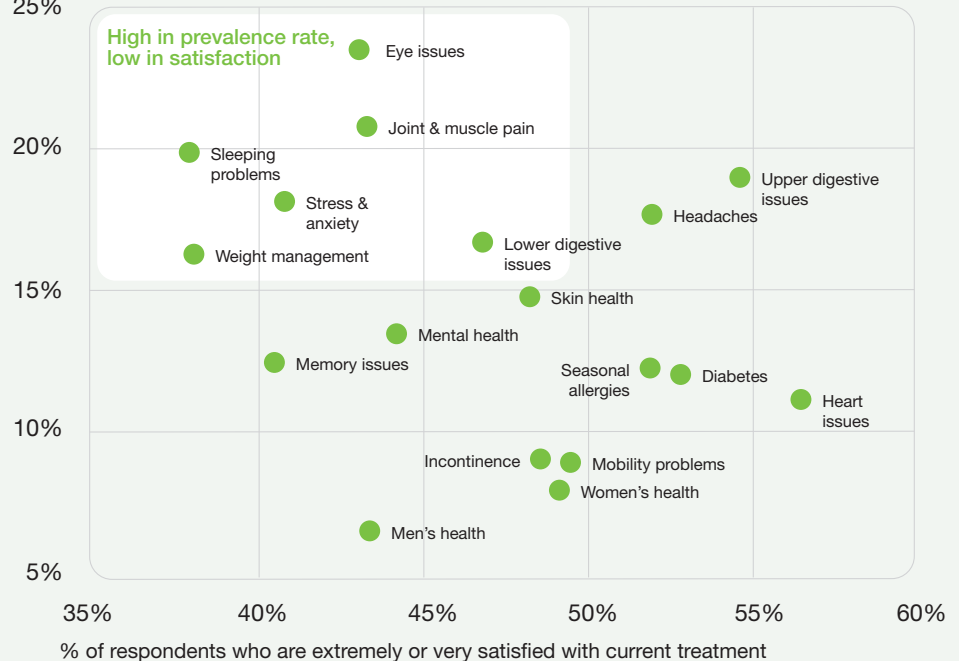
80%

of Australians have long-term health conditions

Satisfaction with current treatment

% of respondents who have concern

25%



Source: Euromonitor Voice of the Consumer: Health and Nutrition Survey, fielded 2023.

Supporting jobs and the economy

The complementary medicine industry makes a significant contribution to Australia's economic growth, through advanced manufacturing, jobs, exports and research initiatives.

Complementary medicines are an Australian manufacturing success story, worth over \$6.2 billion per year, and Australia is one of the largest exporters of complementary medicines to many international markets, including China. Products are highly sought-after due to their impeccable reputation for quality, safety and efficacy.

The industry creates a wide range of well-paid, highly skilled jobs, employing nearly 16,000 people across manufacturing, logistics, research, retail, and more.

The international market for complementary medicine stands at an impressive \$325 billion and Australia holds a particularly advantageous position due to its highly skilled manufacturing capabilities that comply with the Pharmaceutical Inspection Co-operation Scheme (PICS) and Good Manufacturing Practice (GMP) standards.

The complementary medicine sector drives research and development, advancing scientific and medical knowledge.

Australian companies must remain competitive by excelling in product quality, innovation, and strategic market positioning. Opportunities exist for companies investing in research and innovation to develop new and unique products. Formulations backed by scientific evidence continue to differentiate products in the market.

The ability to adapt to various regulatory landscapes and align with global trends positions Australia's complementary medicine industry as a robust and competitive player in the international arena.

There is potential to capture a greater share of the rapidly expanding global market, but the industry currently faces a range of barriers¹ which hinder growth. These include:

- insufficient grant funding for research and development
- heavy reliance on imported raw materials, creating supply chain vulnerabilities
- acute skills shortages
- high manufacturing costs compared to overseas
- growing competition from overseas brands

Addressing these barriers is essential for Australia's complementary medicines industry to grow. Strategic measures and support from Government can bolster the industry across both domestic and international markets.

Recommendation #4

The Government should develop industry policies that support the further growth of Australian complementary medicine manufacturing, including raw materials.



Australia's manufacturing sector

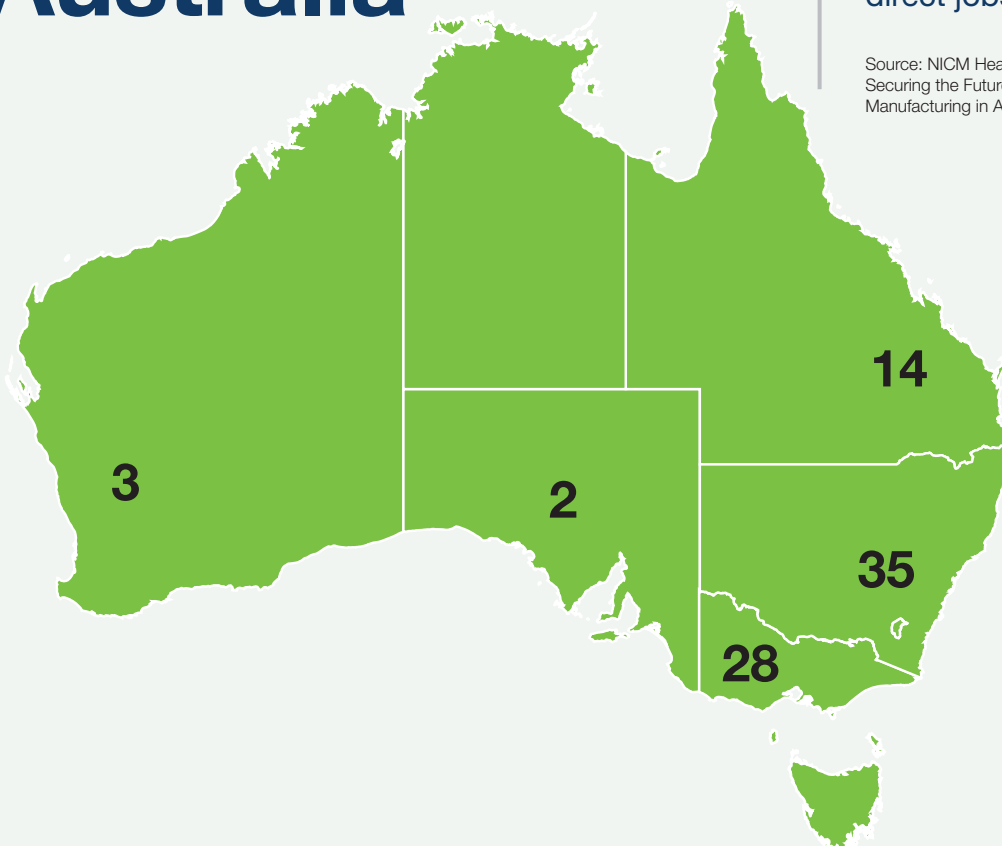
Australia's manufacturing sector is renowned globally for its innovation and best practices. The complementary medicines industry is a prime example of this excellence, identified as a high value-add Australian sector and a national priority for growth.

Australian manufacturers are leaders in research and development (R&D), driving innovation and setting industry standards. This commitment to innovation has contributed to the sector's reputation for producing the highest quality complementary medicines worldwide.

Manufacturing facilities

There are 82 TGA-licensed finished product manufacturing facilities for complementary medicines across Australia.

82 facilities across Australia



Source: Therapeutic Goods Administration. (2023). TGA Complementary Medicines Manufacturing Licence Registry.

Employment

The complementary medicines industry is a significant employer, directly and indirectly supporting jobs across various sectors, including manufacturing, logistics, research, retail and more. In 2022, the industry directly employed an estimated 5,500-6,800 people in production roles. However, the total direct workforce is estimated to be much larger, at 15,900 employees across both production and non-production roles.

15,900

direct jobs in production and non-production roles

5,500-6,800

direct jobs in production roles

Source: NICM Health Research Institute. (2023). Securing the Future of Complementary Medicines Manufacturing in Australia, a Strategic Business Case.

Supporting efficiency and appropriate regulation

Australia's complementary medicine sector is arguably the most highly regulated in the world. These stringent regulations by the Therapeutic Goods Administration (TGA) ensure product safety and quality underpinned by evidence-based claims, making our products desirable to international buyers.

Ongoing and appropriate regulation on safety, quality and efficacy is essential for ensuring Australian complementary medicines maintain a high standard and competitive global reputation.

Whilst high Australian standards permit some price premium, this is not unlimited. Current aspects of regulation do not always reflect the low-risk nature of the products involved, and local businesses face the challenge of meeting the compliance costs which many overseas competitors do not. This creates restrictions and financial imbalances, resulting in delayed time to market and reduced competitiveness.

Increasing regulatory expectations over recent years and further red flags of increasing regulation in coming years risks Australian businesses becoming priced out as an exporter to global markets.

To remain competitive and ensure companies have sufficient resources for ongoing innovation, Australia needs risk-appropriate regulation for complementary medicines governed by senior staff with a strong background in complementary medicines who can sensitively understand and navigate any risk while appropriately creating incentivised and accessible innovation.

Further, it is important to focus compliance efforts on genuinely significant areas of safety, quality, and matters of claims and advertising that are verifiably untrue or misleading which have the potential to create a lack of level playing field for complying industry, while preventing resource wastage on less significant matters.

The TGA has flagged a future major review of fees and charges. This must include a review to remove areas of ineffective regulation while ensuring remaining regulation remains efficient across the market and low-cost.

High-fee, low-to-no risk requirements for products must be appropriately removed or streamlined to minimise regulatory burden and promote regulatory cohesion and compliance.

It is critical that the sector has greater transparency and consultation about the way that cost-recovered resources are utilised for regulatory compliance purposes. Through greater consultation with industry, the TGA can ensure that compliance expenditure is targeted to necessary areas, rather than those which result in little to no difference to the marketplace or consumers.

Recommendation #5

The Government should initiate a review by the TGA to address industry concerns related to regulations, which:

- **focuses on identifying and reassessing areas of over-regulation and inefficient regulation not be commensurate with risk, and**
- **aims to foster a more balanced regulatory culture that allows for greater innovation and industry growth, without compromising safety and quality.**

Non-discretionary TGA functions encompass a wide variety of activities that cannot be cost recovered, including activities relating to illegal products, and general consumer education activities.

Where there is not enough direct Government funding, the remaining is absorbed through levied fees and charges imposed on the industry. This should not occur as it is an unfair burden on the entire Australian medical and healthcare products industry.

Recommendation #6

The Government should provide adequate funding for the TGA to undertake all non-cost-recoverable work so these costs are not passed onto industry.

Recommendation #7

The Government should provide additional funding for the Department of Health to undertake positive education campaigns on the health benefits and regulation of Australian complementary medicine products.

The TGA undertakes important work and it's important the Australian public has awareness and understanding of the strict regulations and protections in place to help ensure safety, quality and efficacy of products. This will help to provide consumers with greater confidence, education and information about products.



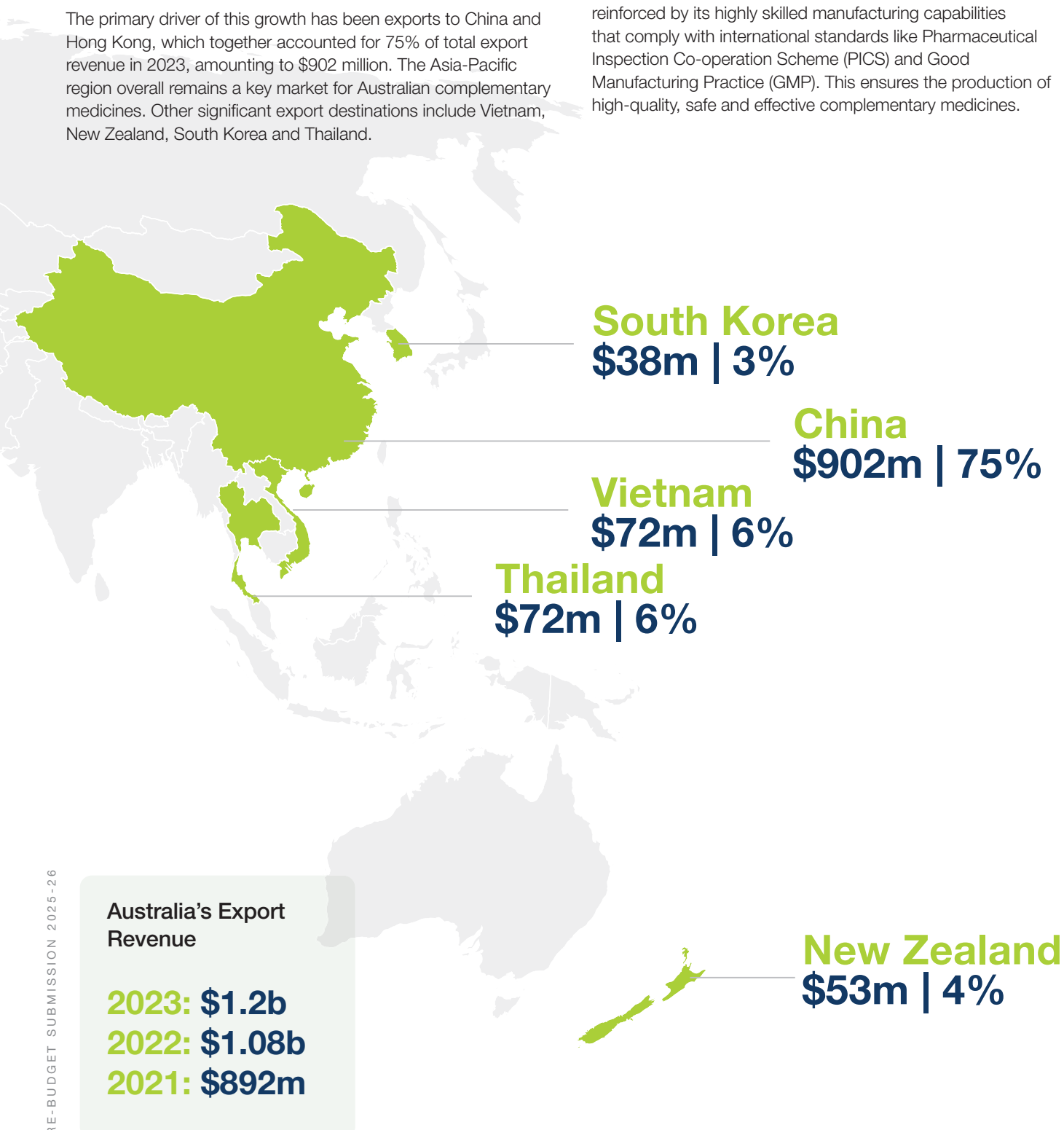
Supporting exports

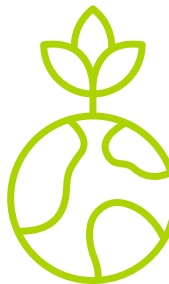
Australia's complementary medicine products have achieved significant success in the global market, with exports reaching \$1.2 billion in 2023.

The primary driver of this growth has been exports to China and Hong Kong, which together accounted for 75% of total export revenue in 2023, amounting to \$902 million. The Asia-Pacific region overall remains a key market for Australian complementary medicines. Other significant export destinations include Vietnam, New Zealand, South Korea and Thailand.

'Made in Australia' carries a strong reputation and has high credibility in overseas markets, particularly in China. Australian products are highly sought-after due to their impeccable reputation for quality, safety and efficacy.

Australia's advantageous position in the global market is reinforced by its highly skilled manufacturing capabilities that comply with international standards like Pharmaceutical Inspection Co-operation Scheme (PICS) and Good Manufacturing Practice (GMP). This ensures the production of high-quality, safe and effective complementary medicines.



\$325 billion 

The global complementary medicines market in 2023



forecast to reach **\$418 billion by 2027**

\$1.2 billion exports 

Exports to China are worth more than lobster and almost as much as wine 

Continuing to support Australian exports is critical for the ongoing success of our industry. It is for this reason that recent budget cuts and staffing reductions for Austrade have been disappointing.

Increasing funding for Austrade is essential to support Australian complementary medicine companies in meeting surging global demand. By allocating additional resources to Austrade, the Government can strengthen promotion initiatives, foster new trade alliances, and navigate diverse regulatory environments for local businesses.

Increased funding for Austrade funding will allow small and medium-sized businesses to benefit from market research, targeted marketing, and in-market support, lowering barriers often faced when exporting alone.

Australian complementary medicines, backed by the TGA's high standards, already enjoy a 'clean, green' global reputation. However, more government-backed trade missions and promotional campaigns can reinforce brand Australia's credibility and connect businesses with new commercial opportunities.

Asia Pacific offers strong growth potential, where rising incomes and a focus on natural health drive demand. Accelerating these exports will diversify Australia's economic base and safeguard domestic manufacturing jobs.

By investing in Austrade to expand international reach, the complementary medicines industry can continue its impressive trajectory and further cement Australia's status as a global leader.

Recommendation #8

The Government should increase funding for Austrade to facilitate greater overseas promotion and new export opportunities for Australian complementary medicine products.



China largest export market with **75% share**

Supporting innovation, research and development

Research and development (R&D) is critical to supporting the future of Australia's complementary medicines sector. Australia is home to several world-class institutions researching areas including herbal medicine, natural products, and integrative health.

Despite the sector's large economic contribution fueled by consumer recognition of the benefit of complementary medicines, little to none of this finds its way back to direct funding of research and development, for example, by way of NHRMC grants into efficacy trials and epidemiological studies relating to complementary medicines.

Investment in R&D enables clinical trials and scientific studies to ensure continued effectiveness and safety in complementary medicines. This also fosters and retains consumer trust and innovation within the regulatory framework.

R&D also plays a pivotal role in establishing quality standards for manufacturing processes, raw materials and final products.

Collaborative research between the industry and the broader healthcare community also creates new and improved opportunities for patient care, which for complementary medicines, are almost always low-cost and cost-effective interventions.

Despite the industry's commitment to research and development, a lack of Government funding commensurate with the sector's contribution to the economy currently hinders industry growth and market potential through limiting access to more specific evidence-based claims.

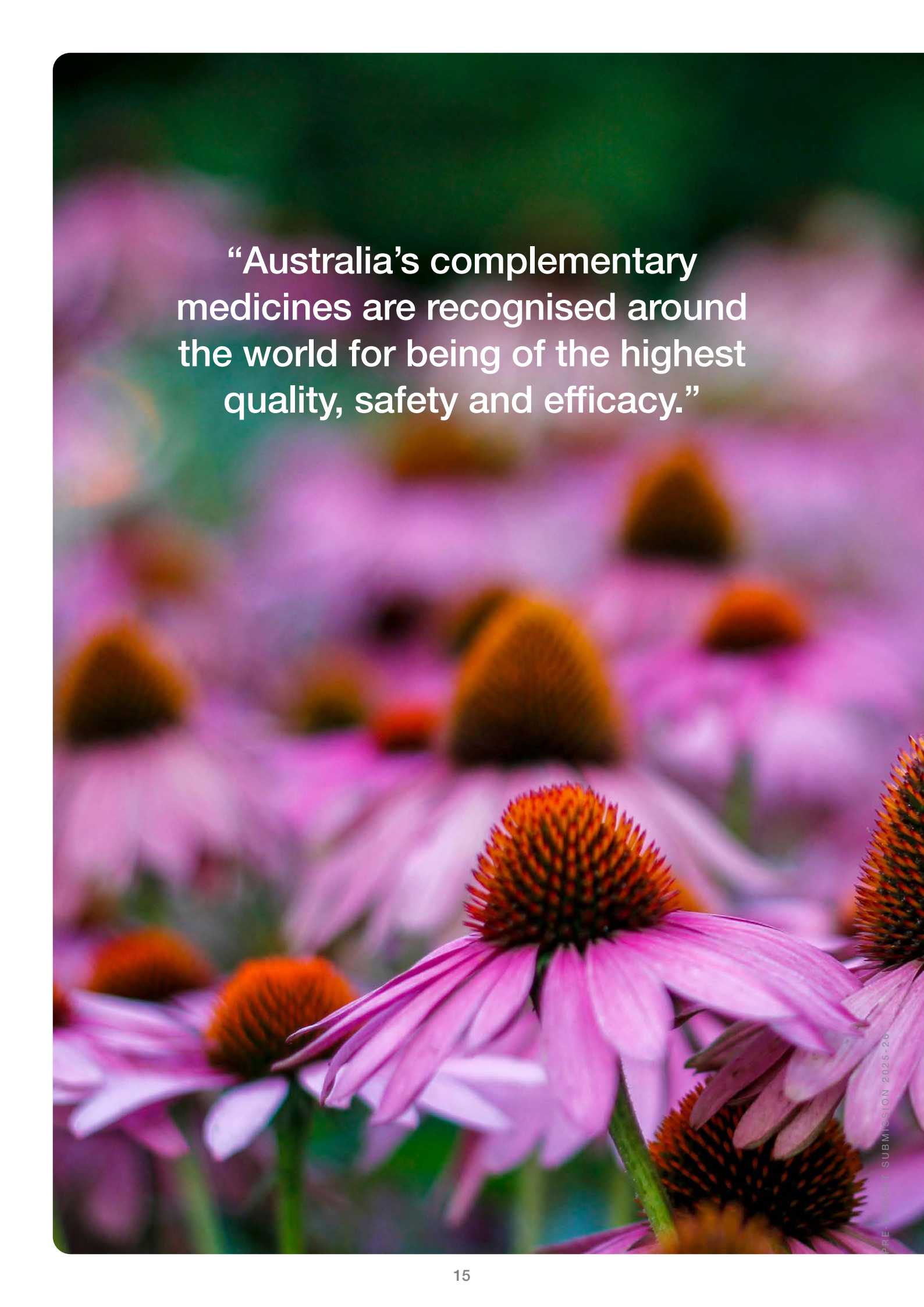
Limited grant funding from the Government deters companies from co-investing in the innovation which is critical to widening the efficacy base for consumers and health professionals to effectively use in the fight against chronic health conditions.

Clearer funding pathways and targeted funding for R&D are critical for fostering innovation creating significant health benefits for Australians, and to more clearly establish Australia as a world-class leader in complementary medicine manufacturing, research and development.

Recommendation #9

The Government should provide support for complementary medicine research through targeted funding and increased R&D incentives.





“Australia’s complementary medicines are recognised around the world for being of the highest quality, safety and efficacy.”



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