

Medicines Australia submission to the Department of Finance's consultation on **Defining an Australian Business for Commonwealth Procurement**

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Medicines Australia welcomes the opportunity to respond to the Department of Finance's consultation on Defining an Australian Business for Commonwealth Procurement.

Medicines Australia leads the research-based pharmaceutical industry that plays a critical role in safeguarding public health and ensuring the availability of essential medicines. Our members discover, develop and manufacture medicines that bring social and economic benefits to Australia by keeping Australians productive and out of hospital.¹

Although we largely represent a diverse group of multinational corporations (MNCs), our members are committed to contributing to the Australian economy through local operations, employment, investment, and collaboration with local Small and Medium Enterprises (SMEs).

The current lack of consistent definitions for Australian businesses and SMEs can create confusion regarding eligibility for government grants, tax incentives, and regulatory requirements. This inconsistency leads to inefficiencies that hinder our members' ability to navigate the Commonwealth Procurement Framework effectively. Establishing a standard definition applicable across all contexts will enable our members to better leverage the benefits that innovative medicines and technologies bring to Australians and the economy.

Research & Development (R&D)

Pharmaceutical MNCs play an important role in driving innovation through local R&D activities and collaborations with Australian universities, research institutions, and government agencies.² These partnerships facilitate the development of new treatments and healthcare solutions that directly benefit the Australian population. However, inconsistent definitions can create barriers for MNCs to partner with Australian businesses and SMEs when government grants, such as the Medical Research Future Fund (MRFF) or the National Health and Medical Research Council (NHMRC) Grants, are involved. A clear and standardised definition will provide the pharmaceutical MNCs the assurances needed to foster collaborations that lead to shared resources and innovative projects.

Beyond pharmaceutical products

The procurement of medicines and vaccines in Australia follow distinct processes through the Pharmaceutical Benefits Scheme (PBS) and National Immunisation Program (NIP). However, in

¹ Lichtenberg FR. Number of drugs provided by the Pharmaceutical Benefits Scheme and mortality and hospital utilization in Australia, 2002–2019. *SSM - Population Health*. 2023

2023 <https://www.sciencedirect.com/science/article/pii/S2352827323001799>

² MTPConnect. Australia's Clinical Trials Sector June 2024. [MTPConnect_2024_AustraliasClinicalTrialsSectorReport.pdf](https://www.mtpconnect.com.au/australias-clinical-trials-sector-report)

addition to medicines and vaccines, some pharmaceutical companies also develop and supply medical devices, diagnostic tools, and healthcare IT solutions. As the healthcare sector increasingly adopts new technologies, pharmaceutical companies involved in developing innovative solutions could find new opportunities to partner with local SMEs and government projects aimed at improving healthcare delivery and infrastructure.

Empowering local SMEs for better health outcomes

Alongside pharmaceutical MNCs, Medicines Australia's membership includes local SMEs, such as health consulting and advisory firms with specific expertise within our industry, that participate directly in Commonwealth procurement. Some of these local firms report challenges competing with larger global firms for Commonwealth procurement, especially regarding panel participation and transparency. Significant effort is required to get onto panels such as those for the Therapeutic Goods Administration (TGA), Commonwealth Scientific and Industrial Research Organisation (CSIRO), and the Department of Health and Aged Care, only to see minimal engagement despite being listed.

Further, eligibility issues for SMEs to participate in panels can create ripple effects that impact patient access to medicines. Recent issues with Pharmaceutical Benefits Advisory Committee (PBAC) and evaluator availability³ have meant fewer new medicines are being reviewed per cycle and delaying access to potentially life-changing medicines. Expanding the pool of eligible firms to conduct health technology assessments could help ease these bottlenecks. Establishing clearer definitions for Australian businesses and SMEs would improve transparency and streamline processes, enabling more local firms to engage in activities that benefit Australians.

Medicines Australia's members are essential to Australia's local medical research ecosystem, driving the development of innovative medicines and medical technologies. To foster collaboration between multinational corporations and local businesses, Medicines Australia advocates for a clear and consistent definition of Australian businesses and SMEs. This clarity will simplify navigation of the Commonwealth Procurement Framework and empower partnerships that can fully leverage the benefits that global companies offer to Australia.

Should you have any questions about Medicines Australia's submission, please do not hesitate to contact Medicines Australia.

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³ PBAC. Pharmaceutical Benefits Advisory Committee process for managing its March 2025 agenda, 2024.
<https://www.pbs.gov.au/info/news/2024/10/pbac-process-for-managing-its-March-2025-agenda>