



28 May 2020

## Senate Select Committee on COVID-19

Senator Katy Gallagher  
Senate Select Committee on COVID-19  
By email: [covid.sen@aph.gov.au](mailto:covid.sen@aph.gov.au)

Dear Senator,

We thank the Senate Select Committee for giving Merck the opportunity to comment on the Federal Government's response to COVID-19. The Federal Government is to be congratulated on its efforts and achievements in providing Australians with a clear action plan that has resulted in Australia being the envy of many countries.

### Background

Merck is a German headquartered, vibrant science and technology company that has operated for 352 years. Two of our 3 Divisions (Life Science and Healthcare) have been working collaboratively with other partners in the fight to find a vaccine or treatment for COVID-19. We are proud to partner with Governments, Universities, not-for-profits and other businesses in a coalition of effort to research and develop a solution against COVID-19. In Australia, our Healthcare Division is a member of the pharmaceutical industry association, Medicines Australia.

COVID-19 has put a spotlight on how important health is to Australians. **What the COVID-19 experience has taught us, is that a healthy population is critical to a healthy economy.**

Merck supports our industry association's submission to this Inquiry which details seven recommendations (summarised below):

- That the Federal Government foster the implementation of a modern technology-enabled supply chain that ensures efficient resource utilisation and effective and timely delivery of medicines to Australian patients
- That the Federal Government, work with Medicines Australia for the purposes of national medicines supply management
- That Federal and State Governments work together with industry, through Medicines Australia and the Research and Development Taskforce (RDTF), to enhance Australia's clinical trial capacity
- That the Federal Government continue ongoing use of Telehealth, E-prescribing and Home Delivery of medicines beyond September, and Incorporate the 'voice of the patient' in the matters of healthcare decision making and policy
- That the Federal Government commit to continued investment in medicines through the PBS
- That the Federal Government, at a minimum, retain the current R&D tax incentive for the biopharmaceutical and life sciences sector
- That the Federal Government expand the JobKeeper payment eligibility criteria to include pre-revenue biotech and medtech companies working in Australia



Merck is calling for a particular focus on research and development as a key element to help drive the economy out of recession and give Australia the opportunity to be **the** clinical trials hub for Asia. A unique opportunity is given to Australia due to our very limited spread of COVID-19, compared to Europe and the USA who continue to struggle with the pandemic. It highlights the unique position of Australia which allows us to grab the global spotlight on clinical trials. **But we must be quick.**

**Recommendation:**

*The Government implement an incentive scheme:*

- *To strengthen intellectual property,*
- *To drive tax reform (R&D Tax Incentives),*
- *To provide reimbursement incentives to companies who gain accredited status through local R&D commitment levels (as exists in some other countries who so gain company R&D focus)*
- *To minimise bureaucracy in process and timelines in clinical trial approval and*
- *To provide for a dedicated carve out of some MRFF or provision of funding akin to MRFF but focussed on clinical trials*

*All directed to promote and develop Australia as the clinical trials centre of excellence/hub for Asia.*

**Government's response to research during COVID-19**

Impressively, the Federal Government has launched a number of new initiatives dedicated to research into COVID-19. For the period 20<sup>th</sup> January to 8<sup>th</sup> May 2020, the Government has announced seven research initiatives totalling almost \$300million. Some of this research money would not have been possible if the Government had not the foresight to set up the \$20Billion Medical Research Futures Fund (MRFF) in 2015.

Research is a vital element and first step towards the commercialisation of a medical intervention. The other key element is development. It is this part of the R&D equation which Merck is calling on the Government to show similar foresight to incentivise clinical trials as a vehicle to spark Australia's economy out of the COVID-19 induced recession.

**Clinical Research and Development drives economic stimulus and jobs.**

According to the Federal Government's MTPConnect report, Clinical Trials in Australia, the most recent data from 2015 showed that 1,360 clinical trials were started that year (including 473 industry sponsored trials) which supported approximately 7,000 jobs - a \$1.1 billion in investment.<sup>1</sup>

A number of studies have measured the economic value to clinical trial investment. In 2016, a USA study (New Jersey) concluded that for every \$1Million invested in clinical trials, it generated \$US1.37Million in GDP and 15 new jobs<sup>2</sup>. A similar study was recently reported in New Zealand and found over a 5 year period (2013-2018) that for every 1 clinical trial conducted, it drove direct employment of at least 7 people. Further, for every 1 clinical trial conducted, that trial provided

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<sup>1</sup> MTP Connect, Clinical Trials in Australia. <https://www.mtpconnect.org.au/clinicaltrials>

<sup>2</sup> BioNJ Economic Impact Study of Clinical Trials Activity in New Jersey, 2016



\$NZ1.5Million to economic output to the New Zealand economy (totalling \$NZ1.2Billion over 5 years) <sup>3</sup>.

Australia's early COVID-19 exit and reopening of our economy brings immense opportunities to attract Global companies to prioritise Australia for investment in clinical trials which would otherwise be done in the US, Spain, Italy and Germany. In bringing more of those trials to Australia, we have the chance to grow Australia's clinical trials sector, strengthen international collaboration, create employment, raise levels of scientific expertise and treat more patients. In addition, such local clinical trials provide Australians access to early innovative treatments not yet available in other countries, thereby contributing to a healthier Australia. Further incentives towards local R&D and to Clinical Trials, specifically, will create significant momentum in the goal of driving the Australian economy upwards as a trade export for the country.

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<sup>3</sup> NZIER. (2020). The value of clinical research with modern medicines in New Zealand. Economic contribution and wide-ranging benefits.

[https://www.medicinesnz.co.nz/fileadmin/user\\_upload/Clinical\\_Trials\\_NZIER\\_Report\\_May\\_2020\\_FINAL.pdf](https://www.medicinesnz.co.nz/fileadmin/user_upload/Clinical_Trials_NZIER_Report_May_2020_FINAL.pdf)

