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BRINGING HEALTH TO LIFE

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$1 INJECTION INTO HEALTH R&D RETURNS $5 ECONOMIC BENEFIT

"ASMR calls for boost to health R&D funding by an extra $1 billion"

Every dollar spent on health research and development (R&D) returns $5 in national economic benefit, a major new report by Access Economics for the Australian Society of Medical Research reveals.

And Australians' current life expectancy has increased by eight years compared to the 1960s, because of massive advances in medical research, health promotion and overall healthcare.

In launching the report, Australian of the Year Professor Fiona Stanley, CEO of the Australian Research Alliance for Children and Youth and Director of the Telethon Institute for Child Health Research, said: "The economic analysis forecasts that a reduction in cancer in the community by just 20% would be worth a staggering $184 billion to the national economy – more than total Commonwealth expenditure in the current financial year.

"Furthermore, a reduction in cardiovascular events by 15% would be worth $34 billion, more than Australia's federal health budget, while reducing intentional and unintentional injuries by 30% would save over $370 billion, greater than Australia's total net foreign debt," Professor Stanley said.

The dramatic analysis of the economic benefits of health R&D was conducted by leading economists Access Economics and released in Canberra today. The report has led to a call by the ASMR for the Federal Government to recognise the exceptional value of health R&D and to commit an additional $1 billion research budget to this crucial sector over the next five years.

The report also revealed that Australia's national investment in health R&D ($1.7 billion, or just 0.25% of GDP), lags well behind our OECD counterparts and the public sector's share of funding the sector fell by about 8% during the 1990s.

ASMR President, Dr Moira Clay said Australia is in a prime position to secure major benefits from health R&D. "The value of extended lifespan and improved quality of life provide exceptional economic benefit to Australia through the investment in health R&D."

"To highlight just a few examples, Australian medical discoveries have led to breakthroughs in treatments for stomach ulcers resulting in savings of $250m per annum in health costs in Australia alone, reduction in SIDS deaths to one fifth of former levels, and development of cochlear implants that have restored hearing to over 50,000 people worldwide," Dr Clay said.

"We are calling on all levels of government to recognise Australia's potential and boost health R&D funding by an extra $1 billion from 2004-2009.

"Health R&D has become one of this country's most important industries and we have enormous opportunity. If the 19th century was about the industrial revolution, and the 20th century was about the communications revolution, the 21st century is about the healing revolution – and it will have dramatic positive impact on society and the economy. Australia must seize the opportunity," Dr Clay said.

The new report, *"Exceptional Returns: The value of investing in health R&D in Australia"*, will be distributed to politicians, key stakeholders and researchers in a "grass roots" campaign starting from today.

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“Australia is a recognised world leader in health and medical research. The national benefit has never been fully understood or appreciated, but today’s report proves how important health R&D investment is. The challenge now is to build from the world leading foundations that are in place. And that requires capital – which we call on our political leaders to support,” Dr Clay said.

“We have thousands of scientists and researchers working in public and private institutions like universities, medical research institutes, companies, private laboratories and hospitals. We should recognise their outstanding contribution to the welfare of this country – but even more importantly we should encourage greater efforts and expand those efforts so Australia can reap more reward in the 21st century,” she said.

According to Lynne Pezzullo, Senior Health Economist from Access Economics, the specially commissioned report is an Australian first. “It is exciting to employ methodologies developed recently by world-renowned economists from US Universities such as Harvard, Columbia and Yale to estimate for the first time the value of gains from health R&D in Australia.

“Our findings show that here, as in the US, investment in health R&D surpasses every other source of rising living standards in our time, with improvements in lifespan equivalent to 46% of final consumption expenditure over the forty year period considered,” Ms Pezzullo said.

Key facts from the comprehensive analysis reveal that:

* Australia spent $1.7 billion on health R&D in 2000-01 against overall direct expenditure on health of almost $61 billion.
* Almost 50% of the $1.7 billion was funded by the Commonwealth, but only 9% by State/Territory governments. The rest came from private and public institutions.
* Cancer was the leading area of research ($160m or 9%), cardiovascular disease accounted for 7%, and immune system and mental health about 3% each.
* Australia’s per capita spending on health R&D in 2000-01 was about $88, almost double the 1992-93 figure.
* But Australia’s expenditure was 0.25% of GDP compared to the US 0.7%, the UK 0.8%, and Denmark 1.1%.

Australian medical discoveries have had huge impact, the report found. New and more efficient treatments for bipolar disorder, cardiovascular disease and cancer have been developed from home-grown R&D. Australian discoveries have contributed in a major way to the birth and growth of the biotechnology industry, with successful commercialisation in areas such as treating sleep apnea and testing blood products.

Access Economics reports “weighty economic reasons for enhancing health R&D investment” in particular balance of payments and employment multiplier issues. And it warns against any tendency to hitch a “free ride” on our OECD allies’ efforts.

It concludes that health R&D must be seen as an investment in wellness with exceptional returns.

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