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**Australian Society for Medical Research  
Budget Pre-Submission – January 2025**

For decades, the Australian health and medical research sector has brought prestige to Australia through world-first breakthroughs delivering the human papillomavirus vaccine, cochlear implant and, more recently the first durable total artificial heart.

Decades of Australian government investment in the health and medical research sector enabled these breakthroughs and many others. But in recent years, new investment in the sector has been limited, particularly investment in the Medical Research Endowment Account (MREA) which funds discovery science through National Health and Medical Research Council (NHMRC) programs.

Levels of Commonwealth investment have failed to keep pace with the costs of research creating a structural funding shortfall that is putting at real and significant risk the productivity, performance and growth potential of Australia’s medical research ecosystem. ASMR warmly welcomes the steps that are being taken towards development of a National Health and Medical Research Strategy, and a Strategic Examination of Australia’s Investment in R&D. But ASMR calls for immediate action now to prevent further erosion of the health and medical research sector.

Insufficient new investment affects the entire health and medical research workforce. It is posing a particularly significant threat to early- and mid-career researchers and the Australian Health and Medical Research Workforce Audit (October 2024)<sup>1</sup> identified the following key areas of concern:

**Loss of Researchers to Other Sectors:** The health and medical research sector has seen a significant outflow of talent, with approximately 19,700 trained researchers transitioning to other industries. This represents a critical loss of expertise. Key destinations include public administration (31%) and non-research roles within universities (21%), underscoring the need for targeted retention strategies.

**Job Insecurity and Retention Challenges:** Job insecurity remains a pressing issue, with 55% of researchers in traditional settings employed on fixed-term or casual contracts. This lack of stability undermines workforce retention and pushes researchers to seek more secure

opportunities in industry or other fields. Strengthening career pathways and improving job security are essential to retaining talent and ensuring the sustainability of the sector.

The COVID-19 pandemic underscored the importance of investing in medical research and highlighted Australia's global leadership in this field. Nevertheless, without prompt intervention, there is a potential risk of Australia's research workforce being inadequately prepared to deliver the anticipated health and economic benefits for the nation. Swift action is imperative to avert the unnecessary loss of talent and to guarantee that Australia is well-prepared to address imminent health challenges that pose a threat to our future well-being.

**This budget will be a defining moment for the survival of Australia's health and medical research ecosystem. It is an opportunity for today's Government to take the lead and invest in a sector that provides a significant return on investment to the Australian economy and community.**

*The Australian Society for Medical Research (ASMR) is the peak organisation representing the entire health and medical research sector through public, political and scientific advocacy. As a trusted source of evidence-based advice to government, ASMR provides the following recommendations for the 2025/2026 Federal Budget:*

- 1. Increase funding to NHMRC to fund the full 'direct' costs of research**
- 2. Ensure a future for the Australian medical research sector through new investment in Australian-based early career researchers**

These proposed recommendations will ensure the health and medical research sector can continue to provide strong health and economic benefits, sustain a highly skilled and adaptable workforce, and will support Australia to "become the healthiest nation on Earth"<sup>2</sup>.

**1. Increase funding to NHMRC by \$120 million to fund the full 'direct' costs of research.**

Insufficient funding of direct costs of research threatens generational erosion of the health and medical research workforce. Direct costs fund salaries and research consumables, while indirect costs fund support the research environment, including commercialisation and legal teams, data storage, cyber security and laboratory overheads. **The gap between funding provided for 'direct' research costs and the actual cost of research is widening.**

Analysis by our colleagues at AAMRI of salaries in the health and medical research sector in 2023 compared with the personnel salary packages (PSPs) provided by the NHMRC/MRFF through various grant programs show that the gap between the awarded salary and actual real-world salaries, as determined by modern awards and/or enterprise agreements, **ranged from 35-94%**. Underfunding of the 'direct' costs of research, forces employees (Universities and Medical Research Institutes) to draw from their 'indirect' funding to meet the salary costs of their workforce. The failure of Australian funding system to adequately cover this most critical 'direct' cost of our researchers threatens the viability of the whole health and medical research sector.

As the Australian Government is the primary funder of health and medical research, it is the responsibility of Government to provide funding that matches modern award and/or enterprise agreement rates, which are reviewed and endorsed by the Government's Fair Work

Commission. NHMRC and MRFF grants do not provide sufficient funding for medical research institutes to pay researchers the minimum salary required under enterprise agreements.

In 2023, the NHMRC provided \$880 million in competitive research grants. Of this, approximately 45 percent, or \$395 million was for salaries. At a minimum, there was a 30% gap between NHMRC/MRFF PSPs and salaries awarded through modern enterprise agreements at Universities and Institutes. **ASMR therefore recommends as a short-term patch that the annual NHMRC budget for competitive research grants is increased by 30 percent, thereby equating to an additional \$120 million in 2025.**

## **2. Ensure a future for the Australian medical research sector by investing in Australian-based early career researchers**

Inflation and the increased cost of conducting research, combined with over a decade of static investment in the NHMRC, has led to a halving in the number of funded grants over the last decade<sup>3</sup>. The result is fewer funding opportunities available to researchers, contributing to a diminishing workforce and discouraging young people from choosing health and medical research as a viable career. A survey of 658 Australian early career researchers found that lack of funding and job insecurity were the major contributors for early career researchers deciding to leave the sector<sup>4</sup>. The loss of existing researchers and a lack of new researchers being trained is no trivial matter, with around a decade to train a researcher, the educational investment and intellectual capital loss is one Australia cannot stand to lose. Further erosion of the health and medical research workforce, grant funding opportunities and rising costs of research will have critical consequences for our sovereign capability and will take decades to rectify.

The Medical Research Future Fund (MRFF) serves a specific purpose downstream of NHMRC-funded research. The focus of the MRFF is on funding the translation of research discoveries into clinical practice and commercialisation, whereas the NHMRC supports people and discovery research projects that underpin the success of the MRFF. For the MRFF to remain successful, investment in the NHMRC must be increased to an adequate level that can sustain the discovery research needed for impactful translation of healthcare innovations.

In December 2023, the MRFF grew to a \$22 billion dollar fund. It provides an ongoing funding stream for medical research and medical innovation into the future with the credits to the MRFF preserved in perpetuity. The capital of the MRFF is invested, with the earnings used to make grants of financial assistance for medical research and medical innovation over the long-term. The Future Fund Board of Guardians manages the investments of the MRFF. Each year, the Future Fund Board of Guardians reports to the Finance Minister and recommends the maximum annual distribution amount (MADA) that can be drawn from the MRFF each financial year for medical research and innovation grants.

For 2023-24 the Future Fund Board recommended that the MADA for research grants should be \$870 million and for 2024-25 it should be \$973 million. However, in 2023-24 only \$650 million was allocated. In 2024-25, the budget remains the same, which means the allocated amount is **\$323 million less** than the recommended MADA.<sup>5</sup> At the same time grant success rates for early-career researchers (ECR) are at an all-time low. In 2023, the MRFF Early-Mid Career Research Fellowship scheme had an overall success rate of 2.5% while success rates of ECR's applying for NHMRC Ideas grants was the lowest of any demographic, at less than 7%.

**ASMR recommends allocating an immediate \$50 million in ECR priority funding from the excess capital within the MRFF to each of NHMRC Ideas, NHMRC Investigator and MRFF EMCR Fellowship schemes.** This will enhance grant success rates for our most talented ECRs, signaling to this cohort that Australia values their contributions to the health and medical research sector and is willing to support the next generation of health and medical researchers to establish their careers in Australia.

### **Benefits of the proposed recommendations**

#### **Increased investment in the health and medical research sector will lead to significant health and economic returns for Australia**

- New investment in the full costs of research through the NHMRC will enhance productivity and strengthen delivery of **innovative research and provide some stability to the health and medical research sector.**
- Investment in NHMRC-supported projects and people yields exceptional returns **with every \$1 invested returning at least \$3.20** in economic, health and social benefits, including wellbeing gains, commercialisation and avoided healthcare costs<sup>5,6</sup>.
- NHMRC investment between 2000-2015 is projected to yield **future net returns of \$1.5B per year by 2040-2055**<sup>6</sup>.
- Independent economic modelling indicates that incrementally increasing investment into the NHMRC MREA to reach 3% of total health expenditure would generate **\$58 billion in health and economic benefits over a ten-year period**<sup>7</sup>.
- Econometric studies indicate that basic/discovery research provides the greatest social returns and increases the productivity of applied research, such as that funded by the MRFF<sup>8</sup>.
- Total health expenditure has increased on average 3.4% per year over the last decade<sup>9</sup>, equating to an increased yearly spend of around \$6B per year. Increased and sustained investment into health and medical research will lead to innovative, preventative, and more efficient healthcare, overall resulting in a more cost-effective health system.

### **Summary**

Australian health and medical researchers have a long legacy of ground-breaking discoveries and healthcare innovations. The government has an opportunity through new investment in NHMRC- and MRFF-funded schemes to ensure we continue as a global leader in providing innovative healthcare. An immediate increase in investment will reduce the loss of our talented health and medical research workforce and their innovative research. Pair this with a commitment from both sides of government to long-term sustainable investment, and the nation will benefit from a healthier, more prosperous and equitable society into the future.

Yours sincerely,



Prof Tony Kenna  
President



Dr Chantal Attard  
Immediate Past President

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