



January, 2014
Budget Policy Division
Department of the Treasury
Langton Crescent
PARKES ACT 2600
Email: prebudgetsubs@treasury.gov.au

Re: Pre-Budget Submission

The Australian Society for Medical Research (ASMR) is the peak professional body representing the Australian Health and Medical Research sector. The society represents more than 1700 direct members, and more than 120,000 additional Australians through our affiliated professional societies, medical colleges and corporate and disease related foundation members.

The ASMR mission is to foster excellence in Australian health and medical research and to promote community understanding of the *health, productivity and economic savings to Australia stemming from health and medical research.*

Australian health and medical research underpins the Nation's health system. Without increased and sustainable funding for health and medical research, the future health and economic challenges facing our nation are alarming:

- Health and Ageing expenditure: currently more than a quarter of total Federal Government spend, will increase to almost half of total spend by 2049-50¹
- Total health and residential aged care expenditure will escalate from 9.3% GDP in 2003 to 12.4% GDP in 2033²
- Health system expenditure to grow from \$113 billion in 2012 to \$3.3 trillion by 2062³

Recent data demonstrates that the proportion of the household income spent on private health insurance will double by 2062⁴. This increased financial pressure will drive families away from private health, and back into the public system, placing greater strain on an already struggling health system. Decreasing the burden of disease by just 5% - through increased health and medical research - will lead to direct savings of up to \$21.4 billion to the private health insurance sector, and concomitantly, the Australian health budget⁴.

Strategic plans are needed to mitigate the future health crisis, as the effects of an aging population, climate change and chronic diseases reach catastrophic levels in the coming decades. The projected economic challenges demand responsible action from Government.

The ASMR requests the Federal Government to incrementally increase investment into the National Health and Medical Research Council (NHMRC) to 3% of total health expenditure over the coming decade. This evidence based investment strategy will have a conservative saving of \$25.9 billion to the Australian economy³.

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Investment in Australian health and medical research has a proven track record of providing exceptional economic and health benefits:

- Between 1993 and 2005, health and medical research is estimated to have returned a net benefit of \$29.5 billion⁵
- Every dollar invested in health and medical research returns on average \$2.17 in health and economic benefits⁵

The NHMRC is the nation's largest single pool of funding for health and medical research. Investment into NHMRC has generated exceptional health and economic returns:

- Investment in NHMRC between 2000-10 is projected to save \$966 million in direct/indirect costs to the health system, and avert 98,426 disability adjusted life years⁶
- Gains of \$6 billion linked to increased well-being from NHMRC investment between 2000-10⁶
- In 2011, \$6.1 billion commercial returns from NHMRC R&D since 1970⁶

Current investment in the NHMRC is approximately 0.6% of the total health expenditure. Our independent data supports a business plan for increasing investment in NHMRC to 3% of total health spend as a clear and effective strategy to protect community and government from the projected health and economic disaster.

ASMR makes this submission as an evidence based response to the Federal Government's reports that project an unsustainable level of Health expenditure over the coming decades.^{1,2} We would be happy to discuss this with you at any time.

Yours sincerely,



Dr Roger Yazbeck
ASMR President



Dr Phoebe Phillips
ASMR President-elect

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1. Australian Government, The Treasury 2010. Australia to 2050: future challenges — The 2010 Intergenerational Report. In: <http://www.treasury.gov.au/igr/igr2010/default.asp>

2. Goss J 2008. Projection of Australian health care expenditure by disease, 2003 to 2033. Cat. no. HWE 43. Canberra: AIHW.

3. Deloitte Access Economics. Extrapolated returns on investment in NHMRC medical research. In: 2012, <http://www.asmr.org.au/Publications.html>

4. Deloitte Access Economics. Australian Health Insurance: extrapolated savings from health and medical research. In: 2012, <http://www.asmr.org.au/Publications.html>

5. Access Economics. Exceptional returns: The Value of Investing in Health R&D in Australia II. In: 2008, <http://www.asmr.org.au/Publications.html>

6. Deloitte Access Economics. Returns on NHMRC funded Research and Development. In: 2011, <http://www.asmr.org.au/Publications.html>