



The Australian Society for Medical Research

February 5, 2015

Budget Policy Division  
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### Re: Pre-Budget Submission

Since 1961, the Australian Society for Medical Research (ASMR) has provided advice to government on behalf of the Health and Medical Research (HMR) Sector. The ASMR proudly represents more than 1700 direct members and more than 120,000 additional Australians through our affiliated professional societies, medical colleges and corporate/disease related foundation members.

Importantly, our advice is always evidence based, and our goal is to assist government in developing policy that allows our country's highly skilled health and medical research workforce to maintain, and expand their contribution to the health and economic wellbeing of all Australians.

A strong Health and Medical Research Sector = Healthier Australians, Increased Productivity, Economic Savings and Growth

The proposed Medical Research Future Fund (MRFF) is a welcome move that will support the valuable work of Australian health and medical researchers. To ensure maximum health and economic returns, it is critical that returns from the MRFF are immediately brought forward.

A delay by only 5 years of investment into the MRFF would reduce health and productivity benefits by \$11.3 billion<sup>3</sup>

Australia faces unprecedented health and economic challenges over the next 50 years. The 2010 Intergenerational Report predicts an unsustainable escalation of health care costs, with health system expenditure forecast to grow from \$113 billion in 2012 to \$3.3 trillion by 2062<sup>2</sup>.

Australian health and medical research underpins the Nation's health care system. There is overwhelming evidence that a viable and competitive HMR sector can mitigate Australia's current and future health and economic challenges.

As a Nation we face both ***an immediate and long term crisis in health***. Currently, government invests 0.6% of total health expenditure into the National Health and Medical Research Council (NHMRC) the major public funder of health and medical research in the country. The investment in NHMRC has not kept pace with the CPI, or with the health challenges that this country is facing. ***Investment into NHMRC has been static since 2008*** (Budget 2014 = \$778,546,186 vs. budget in 2008 = \$784,635,585). We face an immediate depletion of our highly skilled workforce as well as spin off job losses. This loss of intellectual capital poses a serious threat to the viability of a sector which brings exceptional health and economic returns to Australia.

Investing in health and medical research generates returns across multiple economic pillars, reduced healthcare costs, improved and increased productivity, and increased export growth <sup>2-5</sup>.

- The last ten years of National Health and Medical Research Council (NHMRC) funded research alone has avoided almost \$6billion in health system costs due to increased well-being <sup>4</sup>
- The largest increase in real exports over the last decade has been in medical instruments and medicinal and pharmaceutical products <sup>5</sup>
- For every \$1 invested, there is an average return of \$2.17 in health and economic benefits <sup>2</sup>
- For every \$1 invested through the MRFF there will be a \$3.39 return in future health and productivity gains <sup>3</sup>

Without immediate additional investment, Australia will continue to see escalating health care costs, lost economic returns, and a loss in intellectual capital.

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.

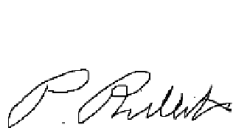
To ensure a healthy and prosperous Australia, the ASMR recommends that Government:

- Immediately lifts investment in the NHMRC to represent 1% of total health expenditure in Australia.
- Establish the Medical Research Future Fund for Australia's future investment into health and medical research.
- Commit to incrementally increasing investment for health and medical research to reflect 3% of total health expenditure by 2023<sup>2</sup>.

This evidence based investment strategy will have a conservative **saving of \$25.9 billion to the Australian Economy**, as well as significantly improve health outcomes for all Australian's<sup>2</sup>.

We would be delighted to provide additional advice and information.

Yours Sincerely,



Dr Phoebe Phillips  
President



Dr Roger Yazbek  
Immediate Past President



Dr Sarah Meachem  
President-Elect

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2. Deloitte Access Economics. Extrapolated returns on investment in NHMRC medical research. In: 2012, <http://www.asmr.org.au/Publications.html>
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4. Deloitte Access Economics. Returns on NHMRC funded Research and Development. In: 2011, <http://www.asmr.org.au/Publications.html>
5. Prime Minister's Manufacturing Taskforce, 2012, Report of the Non-Government Members. <http://www.industry.gov.au/industry/manufacturing/Taskforce/Pages/Library%20Card/SmarterManufacturing.aspx>