



The Australian Society for Medical Research

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Budget Policy Division
Department of the Treasury
Langton Crescent
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Re PreBudget Submission

The Australian Society for Medical Research (ASMR) is the peak professional body representing the Australian Health and Medical Research (HMR) sector. In addition to more than 1700 direct members, the ASMR represents the sector through 57 affiliated professional societies and medical colleges representing an additional 18,000 people actively involved in HMR. Our corporate and disease related foundation memberships bring a further 100,000 Australians with an interest in HMR into association with ASMR. Our mission is to foster excellence in Australian HMR and to promote community understanding and support of the sector through public, political and scientific advocacy: **Bringing Health, Productivity and Economic Savings to Australia.**

The future health and economic challenges facing our nation are alarming:

- Health and Ageing expenditure: currently >1/4 of total Federal Government spend increasing to almost 1/2 of total spend by 2049–50.¹
- Total health and residential aged care expenditure escalating from 9.3% GDP in 2003 to 12.4% GDP in 2033.²
- Health system expenditure to grow from \$113 billion in 2012 to \$3.3 trillion by 2062.³
- Proportion of income spent on Private Health Insurance to double by 2062.⁴

Accordingly, strategic plans to mitigate the future health crisis will become increasingly important as the effects of an aging population, climate change and chronic diseases reach their projected levels in the coming decades. The projected economic challenges demand responsible action from Government.

For the 2013/14 Budget, ASMR's request to the Federal Government is to lift investment in the National Health and Medical Research Council (NHMRC) to 1% of total health expenditure in Australia. This investment strategy, followed by an increased investment to 3% over the coming decade, has a conservative saving of \$25.9 billion to the Australian economy.³

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

- HMR between 1993 and 2005 is estimated to have returned a net benefit of \$29.5 billion.⁵
- Every dollar invested in HMR returns on average \$2.17 in health benefits.⁵
- Australian HMR returns 117%, exceeded only by mining (159%) and wholesale/retail (438%) sectors.⁵

The NHMRC is the nation's largest single pool of funding for health and medical research, representing 0.8% of the total Federal Government Health spend. 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 years.⁶
- Gains of \$6 billion linked to increased well-being from NHMRC investment between 2000–10.⁶
- In 2011, \$6.1 billion commercial returns from NHMRC R&D since 1970.⁶
- Conservative decrease by 5% in the burden of disease, through HMR, has an estimated saving of \$21.4 billion to the Private Health Insurance sector.⁴

Current investment in the NHMRC is approximately 0.8% of the total health expenditure. Good business practice and our published data would indicate that increased investment (to 1% of total health spend) in NHMRC is a strategy to protect community and government from the projected 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. Paul Dawson
ASMR Immediate Past President



Prof. Naomi Rogers
ASMR President

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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>