

Research Australia

An alliance for discoveries in health

Research Australia

2013-14 Budget Submission

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About Research Australia

Research Australia is an alliance of 170 members and supporters advocating for health and medical research in Australia. Research Australia's activities are funded by its members, donors and supporters from leading research organisations, academic institutions, philanthropy, community special interest groups, peak industry bodies, biotechnology and pharmaceutical companies, small businesses and corporate Australia. It reflects the views of its diverse membership and represents the interests of the broader community.

Research Australia's mission is to make health and medical research a higher priority for the nation. We have four goals that support this mission:

- A society that is well informed and values the benefits of health and medical research.
- Greater investment in health and medical research from all sources.
- Ensure Australia captures the benefits of health and medical research.
- Promote Australia's global position in health and medical research.

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Introduction

Health and medical research receives significant funding from the Commonwealth Government. While it is easy to see this funding as an expense, it needs to be recognised as an investment which improves Australians' quality of life and provides important economic benefits.

An individual's health is central to their wellbeing. Preserving and increasing the wellbeing of its members is a goal of every human community and is a fundamental responsibility of government. In public opinion polling by Research Australia over the last decade the provision of health services and of funding for health and medical research have consistently rated as high priorities for government funding. In the polling conducted in July 2012, 80% of respondents rated increased funding for health and medical research by the Australian Government as 'Important' to 'Extremely Important'.¹

There are still numerous diseases and conditions that affect our wellbeing, and our changing lifestyles continue to create new challenges for us. Health and medical research is the starting point for overcoming these problems and further extending the health and wellbeing of our community. As a community our wellbeing depends on continuing to invest in research, and equally importantly, ensuring that we continue to use the new knowledge the research generates in ways that benefit us all.

Reducing the burden of disease on the Australian community has the added advantages of reducing the cost associated with treating specific diseases, and increasing national productivity.

For these reasons, the funding of health and medical research has been an important priority for the Australian Government over decades and must remain so.

¹ Research Australia, *Public Opinion Polling 2012*,
<http://researchaustralia.org/publications/public-opinion-polls.html>

Summary of Recommendations

- A real increase in Commonwealth Government funding for health and medical research, to enable continued improvements in the health and wellbeing of all Australians.
- A specific allocation to fund the implementation and monitoring of the McKeon Review recommendations and the development of a coherent national health and medical research strategy
- Increased funding for health systems research to increase capacity to analyse and identify best practice for the Australian health care system and to increase research into the most successful, effective and efficient delivery mechanisms and structures for implementing best practice.
- Increased funding for research to support the effective and rapid translation of new discoveries into practice.
- Greater funding for population health and preventive health research to improve the effectiveness of preventive health campaigns and identify emerging trends in the health and disease profile of the Australian population.
- Retention of the R&D tax credit as an important mechanism for supporting the commercialisation of Australian research.

Health and medical research- an investment in the future

Health and medical research is a unique investment in the future of all Australians, which provides a range of economic and other benefits.

Increased life expectancy and reduced morbidity

The increases in life expectancy and general health that have been achieved over the last century and longer have been attributable in large part to advances in our knowledge of health sciences, and the development of new technologies, medicines, therapies and changes in behaviour that have followed.

The Australian Government is the single most significant funding source for the provision of health services in Australia, and significant increases in the percentage of Gross Domestic Product (GDP) spent on the provision of health services have been projected.²

The twin challenges presented by this projection are to limit increases in health expenditure and to increase GDP.

The new discoveries made by basic research provide the knowledge that forms the platform for better treatment and management of disease. These improvements in treatment and disease management have the capacity to reduce hospital admissions and the demand for primary care services, thus reducing the costs incurred by the Australian health system. Undertaking research in Australia, in conjunction with the Australian hospitals and the broader healthcare system ensures better translation of research into practice and enhances the skills and capacity of the whole Australian health sector.

As an example of the capacity of research to reduce health expenditure, cardiovascular disease (heart failure, stroke, coronary heart disease, vascular disease) has been a major target of health and medical research over several decades. Over this period, we have seen enormous advances in our understanding of the causes of, and risk factors for, cardiovascular disease; the ensuing development of new drugs, therapies and surgical interventions for its treatment; and identification of the behavioural changes required for its prevention.

Between 1993–94 and 2009–10, there was a steady reduction in the rate of Australian hospitalisations with a principal diagnosis of coronary heart disease, from 867 hospitalisations per 100,000 people to 643.³ Similar trends are evident for cardiovascular disease generally, and survival rates and incidences of cardiovascular disease in the population have also declined. This has occurred

² Australian Government, Department of Treasury, 2010, *Intergenerational Report 2010 Australia to 2050: Future challenges*, Table A.3

³ Australian Institute of Health and Welfare, *Trends in cardiovascular disease*, <http://www.aihw.gov.au/cardiovascular-health/trends/>

despite cardiovascular disease being more prevalent in older age groups and the ageing of the Australian population over this period.

These changes in the statistics for cardiovascular disease represent a significant and ongoing cost saving to the Australian health system, and demonstrate the return that the investment in health and medical research at all stages can deliver.

Improving national productivity

Investments in health and medical research are also investments in improving the nation's overall productivity. Improvements in health are particularly important in increasing the labour participation rates of older working Australians. The most common reason given by Australian retirees for why they retired was their health.⁴ Improving Australians' health can therefore defer the decision to retire.

Governments around the world are implementing measures to increase retirement ages. In Australia, measures to extend Australians' working lives include increasing the age pension eligibility age from 65 to 67 and changing the age at which superannuation benefits can be obtained from 55 to 60.

The success of these measures depends to a large degree on Australian workers remaining healthy in their older age. This not only gives them the opportunity to continue working; an expectation that they will both live longer and remain healthier to a greater age than their parents did gives them an incentive to remain in the workforce for two reasons:

- They need to continue working to be able to fund a long and active retirement.
- The prospect of remaining healthy and living longer gives them confidence that even if they defer retirement for another few years they will still be healthy enough to enjoy it when they do retire.

Continued investment in health and medical research can extend Australians' working lives and increase national productivity.

⁴ Australian Bureau of Statistics, 2009, *Australian Social Trends* 4102.0 2009, p.26

Recommendations

Research Australia makes the following recommendations for the funding of health and medical research in the 2013-14 Budget.

A real increase in funding for health and medical research, to enable continued improvements in the health and wellbeing of all Australians.

The Australian Government has invested in health and medical research over many decades, and this investment has provided strong returns for the Australian community. This investment in basic, applied and translational research must be maintained if we are to continue to reap the benefits. While acknowledging the short term budget pressures, Research Australia believes that to sacrifice the long term benefits of funding health and medical research for the short term benefits of fiscal restraint is a false economy.

Research Australia proposes that at a minimum the recent trend of real increases in funding for grants by the NHMRC should continue in the Budget for 2013/14, subject to consideration by the Government of the broader recommendations expected to be made by the Strategic Review of Health and Medical Research in Australia in respect of the future funding of health and medical research.

Fund the implementation and monitoring of the McKeon Review recommendations and the development of a coherent national health and medical research strategy

The Australian Government has made a significant investment in the Strategic Review of Health and Medical Research in Australia, as have the research and health services sectors. Research Australia is supportive of the strategic direction the review has identified for the next decade, and the key measures necessary to implement it. While the Review has yet to provide its final report and recommendations to the Government, Research Australia anticipates that the Australian Government will be receptive to many of the recommendations.

If these recommendations are to be implemented effectively, it is critical that sufficient resources are committed for this purpose. Research Australia urges Treasury to make an appropriate allocation for the establishment and funding of a body to drive the implementation of the adopted recommendations and to monitor the effectiveness of the Strategy in achieving its stated goals.

Increased funding for health systems research to increase capacity to analyse and identify best practice for the Australian health care system and to increase research into the most successful, effective and efficient delivery mechanisms and structures for implementing best practice.

The Australian health system is large, complex and diverse. While the National Health Reforms have established a broad national framework and a set of targets, the first report of the National Health Performance Authority, into hospital emergency departments, has highlighted the significant variation in performance by individual hospitals across Australia.⁵

If we are to achieve the efficient, effective national health system that is the aim of the National Health Reforms, we need to increase our capacity for health services research. Health services research can improve the delivery of health care through the development of best practice models and structures for Australian health services; guiding the reform process; and supporting the evaluation of outcomes.

Increased funding for research activities to support the effective and rapid translation of new discoveries into practice.

Making the most of our research discoveries depends on our ability to effectively translate new therapies, procedures and approaches into practice.

The CareTrack study published in 16 July 2012 reported relatively low levels of appropriate care (in accordance with current guidelines) provided by health care providers across a range of common medical conditions.⁶ This study indicates that we have a long way to go in ensuring the provision of health care in accordance with current guidelines; and the task for translating new discoveries into mainstream healthcare practice is just as great if not greater.

To achieve better translation we need to improve the interaction between the research and health delivery sectors.

There are a number of initiatives that require additional funding to improve translation:

- The creation of more roles in health services across medical, nursing and allied health professions that have a dedicated time and resource allocation to research (i.e. clinician researcher roles).
- Providing research 'buy-outs' to Medicare Locals to enable General Practitioners and other health professionals to engage in research, including clinical trials.

⁵ National Health Performance Authority, *Hospital Performance: Time patients spent in emergency departments in 2011-12*, <http://www.myhospitals.gov.au/report>

⁶ W. B. Runciman et al, *CareTrack: assessing the appropriateness of health care delivery in Australia*, *Medical Journal of Australia* 197 (2), 16 July 2012

- Building capacity and investing in implementation research, including comparative effectiveness research, to assist with shifting practitioners to adopt better practice.
- Investment by the health system in 'change management' expertise and practice to incentivise and support professionals to adopt new practices and create behavioural change.
- Creating an 'evidence' portal for practitioners, to support the adoption of best practice.
- Measurement of success for health and medical research. This includes evaluating the likely impact and outcomes of new or proposed research activities, to ensure all types of research have a long term goal of translation.

Greater funding for population health and preventive health research to improve the effectiveness of preventive health campaigns and identify emerging trends in the health and disease profile of the Australian population.

The reduction in the rates of tobacco smoking in Australia over the last few decades is probably the best evidence of the effectiveness of public preventive health campaigns and their capacity to deliver very significant savings to the health system. The success of future campaigns and the identification of emerging population health issues (such as obesity) are dependent upon the capacity of Australia's public, preventive and population health researchers.

The establishment of the National Preventive Health Agency in 2011 was an important initiative in coordinating and focusing Australia's approach to preventive health. Research Australia proposes an expansion of the National Preventive Health Agency's grants programs to enable it to expand its activities.

Retain the R&D tax credit as an important mechanism for supporting the commercialisation of Australian research.

Commercialisation is a key means of delivering health and medical discoveries to the community. Australia does not have as strong a track record in commercialising health and medical research as it does in undertaking health and medical research. Australia accounts for only 1.7% of the OECD's patents for health and medical research despite contributing 3% of the OECD's medical research publications.⁷ Using a broader measure of biotechnology patents, the OECD reports that for 2005, Australia had 2.2% of the world's share of biotechnology patents.⁸

⁷ Grant, J. 2004, *Sustaining the Virtuous Cycle*, Australian Government, p.24, 2004; OECD 2000-2009 data on patents by inventor, for category IPCA 61- medical or veterinary science; hygiene

⁸ OECD, *2008 Compendium of Patent Statistics*, p.19

Improving the rates of commercialisation of Australian health and medical research is vital to improving health outcomes, optimising the return on the public investment in research, and developing a successful and significant biotechnology industry.

In addition to direct support for commercialisation through programs such as Commercialisation Australia, the Government provides support for R&D through the R&D Tax credit. Research Australia is aware of the Government's ambition to reduce the corporate tax rate, and to do so in a tax neutral way. While not opposed to this ambition, Research Australia does not support a reduction in the R&D tax credit. It is a well targeted measure which is providing critical support to the commercialisation of health and medical research, and is attracting international investment in the Australian biotechnology sector and in clinical trials at a time when the high Australian dollar and absence of venture capital are creating significant barriers for the sector. The R&D Tax Credit must be retained.

Conclusion

The Australian Government makes a substantial investment in health and medical research. It is a long term investment, and even small reductions in funding can have a disproportionate effect, disrupting careers and halting research that has been years in development. The negative consequences of such cuts will be felt for years to come, in lost opportunities and lost lives.

It is an investment that is important to our economy, to our technology and health sectors, and to the well being of all Australians. It is an investment that is justified by the returns it provides, both in economic terms and in the capacity of Australians to live longer and better lives. It is an investment that is valued and supported by the Australian public, because they know that 'when you have your health, you have everything. When you do not have your health, nothing else matters at all.'

Research Australia has welcomed the opportunity to provide this submission, and is, of course, willing to elaborate or provide any further information that may be required.