RESEARCH AUSTRALIA Championing Australian health & medical research & innovation

**Submission to The Treasury's Economic Reform Roundtable Consultation**

Research Australia, as the national alliance and peak of health and medical research and innovation, is pleased to have the opportunity to contribute to the 2025 Economic Reform Roundtable consultation. Representing the entire health and medical research, development and innovation ecosystem, our membership is drawn from the whole pipeline, from universities and medical research institutes to charities and patient groups, and health care providers and companies commercialising new health technologies.

Research Australia is deeply committed to the government's focus on productivity. Set up by the federal government in 2000, we have consistently elevated the contribution the health and medical research, development and innovation sector makes to Australia's productivity, such as in our recent submission to the Strategic Examination of R&D and Pre-budget Submission.

**The integral role of health and medical research, development and innovation to productivity**

It is well established, every dollar invested in Australian health and medical research yields close to $4 to the Australian economy, however, it is likely to be much more. Beyond immediate health benefits, the sector drives job creation, supports high-value industries, and improves workforce participation by reducing the burden of disease. National prioritisation of health and medical research, development and innovation will position Australia as a leader in global innovation, enhance economic diversification, and respond to demographic and healthcare system pressures with evidence-driven solutions.

Australia's health and medical research, development and innovation sector is a nationally significant driver of productivity, economic diversification and resilience, growth and budget sustainability. Australia's health, medical research, development and innovation sector can fulfil its potential as a cornerstone of a more productive, diverse and prosperous Australian economy, but we must have the vision, system-wide policies and enablers, smarter investment, industrial capacity, the manufacturing sector, and the workforce skills to make this happen.

The productivity potential of the health and medical research, development and innovation sector to the government's 5 pillar productivity agenda is extensive:

**Creating a more dynamic and resilient economy:** Health and medical research, development and innovation improves population health; lowers healthcare costs; and supports economic growth by advancing disease prevention, diagnosis, and treatment through local industries and global investment.

**Investing in the net zero transformation:** Contributing to climate goals by reducing the healthcare system's carbon footprint, developing sustainable technologies, and informing policy on climate-related health risks, aligning climate, health and productivity agendas.

**Building a skilled and adaptable workforce:** A healthier population underpins a productive and innovative workforce. Expanding the health and medical research, development and innovation sector offers growing career pathways in emerging fields like MedTech and digital health, fostering a highly skilled domestic workforce.

**Harnessing data and digital technology:** Australia's ability to boost productivity is closely linked to how it adopts digital and data innovation, where the benefits of technological and digital transformation are nowhere more evident than in digitally and AI enabled healthcare system.

**Delivering quality care more efficiently:** The health and medical research, development and innovation sector drives improvements in healthcare delivery by embedding innovation into clinical practice, informing evidence-based policy, and supporting real-world and consumer-led research. These activities reduce health

disparities, improve outcomes, and contain costs, contributing to a more efficient and sustainable healthcare system aligned with national productivity goals.

The following table sets out the short- and longer-term reforms that are needed to:

- improve productivity
- build economic resilience in the face of global uncertainty
- strengthen budget sustainability

**Recommendations for increasing productivity by elevating health and medical research, development and innovation:**

| **Priority Reform** | Specific Reform Elements |
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| **Elevate health and medical research, development and innovation as a central pillar of the productivity agenda** | Australia needs to elevate health and medical research, development and innovation as a central pillar of the productivity agenda. In order to do this, it must develop an integrated, sustainable, dynamic and impactful Australian health and medical research, development and innovation system, supported by a National Health and Medical Research Strategy that has:<br>• A seamless pipeline from discovery science to health innovation, including translation and commercialisation;<br>• Longer and coordinated investment to enable sustainability;<br>• Health innovation prioritised as a critical sovereign capability recognising when to build domestic capability or rather import;<br>• A whole of systems approach to ensure coordination investment across all jurisdictions and portfolios;<br>• A bipartisan national health data framework involving government, industry, and the broader health and medical research community. Such a framework should guide long-term investment and coordination in Australia's health and medical data infrastructure, enabling world-leading data-driven research, improvement, and innovation (see link).<br>• Embedding AI technologies across leadership, governance and workforce capabilities (see link)<br>• Innovation embedded in the health system through incentives that align with sovereign capability direction;<br>• Workforce investments to ensure a globally competitive future Australia; and<br>• Evidence-led, transparent monitoring and evaluation of all public spend and expected outcomes. |
| **Build a national culture of health and medical research, development and innovation excellence to enhance productivity** | Australia needs to build a national culture of innovation excellence, especially focused on health and medical research, development and innovation to achieve productivity. It involves systemic changes across education, policy, media, investment, and both industry and public engagement. This includes:<br>• Building health innovation into the national identity<br>• Rewiring the education system to enable and empower innovators and critical thinkers<br>• Invest in a thriving health innovation ecosystem, through de-risking innovation in partnership, and where appropriate, with industry, to accelerate bench to bedside and business<br>• Establishment of a governing body that is strategically appointed, and separate from existing funding organisations, and tasked with monitoring and evaluation.<br>• Industry partnerships<br>• Engage the public (community and consumers) as key stakeholders in their own future<br>• Evidence-informed improvements through ongoing monitoring and evaluation |
| **Implement health and medical research, development and innovation funding systems, models and infrastructure** | Australia must have evidence-led, transparent founding sources, models and infrastructure to enhance health and medical research, development and innovation and include:<br>• Establishing a measurable path to R & D investment of at least 3% GDP;<br>• Better coordination and transparent, monitoring and evaluation of funding;<br>• Defining a pathway to fund the full cost of research, in a rational and sustainable way, including infrastructure;<br>• Bridging translational funding gaps; |

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| **that align to national productivity priorities** | • Expanding long-term funding models;<br>• Activating government procurement powers;<br>• Developing a similar model to the US Government's Biomedical Advanced Research and Development Authority (BARDA) (see link for further information);<br>• Boosting investment in research infrastructure, including the Centre for Disease Control, clinical trials one stop shop, and data and digital health infrastructure;<br>• Growing venture capital and commercialisation pipeline;<br>• Increasing philanthropically based health and medical research, development and innovation; and<br>• Diversifying International funding streams, including Horizons Europe |
| **Develop and retain a health and medical research, development and innovation workforce suitable for Australia's future productivity needs** | Australia needs to attract, develop and retain a health and medical research, development and innovation workforce suitable for Australia's future productivity needs. This can be achieved through the development of a National Health and Medical Research, Development and Innovation Workforce Plan.<br><br>The Plan should have a long-term vision with immediate incentives for boosting the current workforce and forecasting future Australian needs, including global competitive for workforce.<br><br>The actions need to be strategic, embed and leverage other workforce and employment strategies, such as gender responsive budgeting to address the gender disparity within the sector, especially in research leadership positions.<br><br>Overall, the plan should:<br>• address the whole pipeline of skills required from initial discovery through to innovation, including translation, entrepreneurship, product development, commercialisation and manufacturing<br>• support a highly skilled and sustainable research workforce with circular mobility between academia, industry and other sectors across the pipeline<br>• align with changes required in our K-12 education curriculum and national plans to increase the development of skills needed for our future needs<br>• be aligned with key measures across other workforce strategies<br>• ensure universities (and other institutions across the ecosystem) are equipped to train the next generation of researchers<br>• retain Australian researchers and attract the world's best talent<br>• prioritise marginalised workforces |
| **Incentivise industry engagement in health and medical research, development and innovation** | Australia needs to incentives industry to recognise the value of health and medical research, development and innovation investment and should focus on reducing risk, highlighting potential returns, and align with broader national productivity and business objectives. In addition to the existing recommendations they include:<br>• Financial incentives within funding programs to de-risk private investment in health innovation;<br>• Longer term consistent and bi partisan policy commitment to government incentives;<br>• Streamlined regulatory pathways, to accelerated approvals and support for clinical trials and innovative health technologies, as well as align with international regulatory frameworks to support global market access;<br>• Intellectual Property support to assist in navigating and protecting IP rights<br>• Infrastructure and ecosystem support, for example subsidised access to biotech labs, clinical trial networks, AI health data platforms, and the investment of national networks for biobanking and genomics;<br>• Talent and workforce development, support for industry PhDs, postdocs, and internships in private companies;<br>• Innovation clusters and hubs such as investment in health innovation precincts, especially around universities and hospitals, and the co-location incentives for startups and corporates near research institutions;<br>• Market access and global opportunities, such as biobridges and strategic partnerships; and |

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| | • Investment promotion, for example, elevating Australia as a preferred destination for global pharma and medtech R&D and marketing Australia's strong clinical trials ecosystem and world-class research. |
| **Advance early intervention and prevention to reduce burden of disease** | Australia needs to prioritise reducing burden of disease through advancing early intervention and prevention. This should include:<br>• An increased focus on social, cultural, environmental and commercial (and other) determinants of health and wellbeing and how health and medical research, development and innovation contributes to platforms like climate change, cost of living, poverty and geopolitics;<br>• Expand the role for the Australian Centre for Disease Control in supporting the alignment of Australian research and innovation with unmet health needs. In the event of a health emergency, such as the recent COVID pandemic, the Australian CDC should have the capacity to direct emergency funding provided by the Australian Government from outside normal funding streams;<br>• Contributing to global health challenges;<br>• Strengthening a sustainable and equitable healthcare system through investments in translational research;<br>• Improving equity in health outcomes through equitable participation and funding of health and medical research, development and innovation to priority populations; and<br>• Increasing public health and medical research literacy. |

All Australians benefit from strong investment in health and medical research, development and innovation. The investments we make now will be the difference between short term ad hoc investments or establishing a national policy framework and infrastructure that will future proof not only the health and medical research, development and innovation sector, but Australia into the future.

Research Australia is pleased to have had the opportunity to make this submission on behalf of our broad membership, which is drawn from across the health and medical research pipeline. We are also willing to provide further information and/or contribute further to support all efforts in ensuring health and medical research, development and innovation can play a leading role in supporting productivity gains, both health and financial in securing Australia's healthy future.

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