Response to the Productivity Commission's Five Pillars of Productivity Inquiries

Interim Reports Submission

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RESEARCH AUSTRALIA

Championing Australian health & medical research & innovation

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	• *Build awareness and establish governance frameworks that enable trust, equity and innovation to ensure AI enhances, rather than undermines, equitable access and outcomes in healthcare.* • *Invest in building a skills system which supports digital and AI capabilities across the workforce.* • *Expedite a bipartisan national health data framework to guide long-term investment and coordination in Australia's health and medical data infrastructure to enable world-leading data-driven research, improvement, and innovation.* • *Embed system-wide solutions that are person-centred, community-driven, inclusive, and ensure the prevention of bias.* • *Embed equitable approaches to data governance, access, and use to ensure that the benefits of data-driven healthcare and research and innovation are shared broadly across Australia.*	
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Background

Research Australia, as the national alliance and peak body for health and medical research and innovation, welcomes the opportunity to respond to the Productivity Commission's (PC) *Five Pillars of Productivity Inquiries* interim reports, by way of a written submission.

Research Australia is deeply committed to the government's focus on productivity. We recognise health and medical research, development and innovation not merely as a contributor to productivity, but a fundamental cornerstone of Australia's productivity agenda, driving economic diversification, resilience, growth and budget sustainability. The health and medical research and innovation sector contributes to both a healthy nation, and a healthy economy.

It is well established, investing in health and medical research is budget positive and economically generative – every dollar invested in Australian health and medical research yields close to $4 to the Australian economy[1], however, it is likely to be much more. Let's take arthritis and musculoskeletal conditions as an example - affecting 7 million Australians, accounting for 13% of disease burden; forcing over 50,000 Australia's out of the workforce (the second leading cause of early retirement) and costing the health system $16 billion annually[2]. In a Research Australia cost benefit analysis, the return of investment of a $100 million, 10-year research mission dedicated to arthritis and musculoskeletal conditions, would see a return of every $1 invested generating $4.61 back to the Australian economy[3]. It would also contribute to productivity through a 2.2x reduction in burden to the health system; potential $361million net return to the Australian economy; and support over 60 research jobs per annum[4].

In a typical year, poor health reduces global GDP by 15 percent[5]. Better health could add $12 trillion to global GDP in 2040, an 8 percent boost that translates into 0.4 percent faster growth every year[6]. The health and medical research, development and innovation sector is a vital component in improving the health and wellbeing of Australians and maximising the economic gains associated with doing so. Beyond immediate health benefits, the sector drives job creation, supports high-value industries, and improves workforce participation by reducing the burden of disease. Australia's economic future hinges on ensuring the health and medical research, development and innovation sector is prioritised and supported to flourish.

National prioritisation of health and medical research, development and innovation within the productivity agenda will position Australia as a leader in health outcomes, global innovation, enhance economic diversification, and respond to demographic and healthcare system pressures with evidence-driven solutions.

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[1] KPMG. (2018). 'Economic Impact of Medical Research in Australia'. KPMG.
[2] Research Australia. (2025). 'Call for an Arthritis and Musculoskeletal Medical Research Future Fund (MRFF) Mission: Recovery'. See https://researchaustralia.org/wp-content/uploads/2025/09/RA-x-AA_MRFF-Communique.pdf
[3] Ibid.
[4] Ibid.
[5] McKinsey Global Institute. (2020). 'Prioritizing health: A prescription for prosperity'. McKinsey & Company.
[6] Ibid.

With every dollar invested in Australian health and medical research and innovation returning close to $4 to the Australian economy, it is clear that investing in HMR&I is not only budget neutral but would allow further reinvestment back into the broader health sector.

Health and Medical Research Quick Facts

- For every $1 invested in medical research, at least $4 is returned to the Australian economy[7] [8]
- Chronic conditions account for around $82 billion (or 48%) of all disease spending[9]
- Around a quarter (24%) of all Australian Research and Development (R&D) is spent on HMR[10]
- 2.9% of the $252.5 billion spent on health is on HMR[11]

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

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 across every sector. Specifically, expanding the health and medical research, development and innovation sector offers career pathways in emerging fields like MedTech and digital health, fostering a highly skilled domestic workforce, contributing to our knowledge economy.

Harnessing data and digital technology: Australia's ability to boost productivity is closely linked to its adoption of digital and data innovation, where the benefits of technological and digital transformation are nowhere more evident than in digitally and AI enabled healthcare system which realises the potential of health data as a critical national asset.

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 to

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[7] KPMG. (2018). 'Economic Impact of Medical Research in Australia'. KPMG.

[8] Research Australia. (2025). 'Call for an Arthritis and Musculoskeletal Medical Research Future Fund (MRFF) Mission: Recovery'. See https://researchaustralia.org/wp-content/uploads/2025/09/RA-x-AA_MRFF-Communique.pdf

[9] Australian Institute of Health and Welfare (AIHW). 'Health system spending on disease and injury in Australia 2022–23'. Accessed 4 September 2025

[10] Research Australia Analysis of ABS. (2025).'Research and Experimental Development, Businesses, Australia Dataset'. See https://www.abs.gov.au/statistics/industry/technology-and-innovation/research-and-experimental-development-businesses-australia/2023-24. Accessed 1 September 2025.

[11] AIHW. (2024). 'Health expenditure Australia 2022–23'. See https://www.aihw.gov.au/reports/health-welfare-expenditure/health-expenditure-australia-2022-23/contents/overview/total-health-spending. Accessed 4 September 2025.

the health system, contributing to a more efficient, sustainable and value-based healthcare system aligned with national productivity goals.

About Research Australia

Setup by government following a landmark review in 2000, Research Australia is the national peak body for the health and medical research and innovation sector. Our membership is drawn from the whole pipeline of health and medical research and innovation, from universities and medical research institutes to charities and patient groups, and health care providers and companies commercialising new health technologies. Our priorities include a whole of systems approach to health and medical research and innovation, smarter investment, workforce and advancing prevention. Underpinning these priorities are equitable health outcomes; collaboration; AI and digital health, data and data linkage.

Research Australia offers the following insights and recommendations, drawing upon our expertise and previous work as the collective voice of the HMR&I ecosystem, to inform the finalisation of the Productivity Commission's report. This submission also draws on a recent Research Australia Health Economics Symposium, which convened more than 100 policymakers, health economists, clinicians, researchers, consumer peak organisations and industry leaders. Held at a critical moment of national policy reform, the Symposium reached clear consensus that if we harness our research strength, apply health economics to policy making and invest in health services research, we can strengthen our health systems and build a healthier population and a more productive, competitive Australia.

Research Australia remains committed to progressing the recommendations and broader insights from our membership across the ecosystem.

Pillar 1: Creating a more dynamic and resilient economy

Summary of Recommendations:

Position HMR&I as Central to a Dynamic and Resilient Economy	• *Elevate the critical role of health and medical research, development and innovation in a dynamic and resilient economy.* • *Build a national culture of health and medical research, development and innovation excellence to enhance productivity.* • *Increase health economist and health service researcher involvement in policy design and development to broaden understanding and evidence outcomes relating to investment in better health outcomes and healthcare models.*
Invest in a Future-Focused Health and Medical Research Ecosystem	• *The Productivity Commission must highlight and work across Government portfolios and engage with key reforms such as the National Health and Medical Research Strategy and Strategic Examination of R&D (SERD) to ensure the HMR&I sector has the necessary investment and coordination to achieve a truly dynamic and resilient economy.* • *Establish a measurable path to 3% GDP investment in Research & Development.* • *Utilise MRFF underspent funds to strategically invest in health and medical research and innovation, with a focus on strengthening the enabling systems and infrastructure that support research translation and innovation.* • *Define a pathway to fund the full cost of research, in a rational and sustainable way, including infrastructure.* • *Increase funding for discovery science, recognising it underpins Australia's global academic standing and future productivity gains.* • *Diversify International funding streams, including Horizons Europe.* • *Better coordination and transparent, monitoring and evaluation of funding.*
Bolster High-Value Economic Activity Through HMR&I	• *Bridge translational funding gaps through targeted health innovation funds, including translational and commercialisation funds, to support pilot trials, scale-up studies, and technology validation.* • *Develop an Australian equivalent of the US Biomedical Advanced Research and Development Authority (BARDA) to unlock Government procurement power.*

	• *Grow the venture capital and commercialisation pipeline.*

Introduction

The Productivity Commission's interim report rightly emphasises the importance of a dynamic economy that enables firms and individuals to invest, learn, innovate, and thrive[12]. Research Australia acknowledge the raft of measures outlined in the Productivity Commission's report and support reforms that encourage investment and reduce organisational burdens, especially as they pertain to the HMR&I sector.

While changes to the company tax system and the way government regulates have merit and potentially significant impacts in terms of investment, national GDP and productivity, the report does not recognise the critical role of the health and medical research, development and innovation ecosystem in underpinning a dynamic and resilient economy. Research Australia contends that a strong and innovative HMR&I sector is not merely a beneficiary of such an economy but a fundamental prerequisite for its existence and sustained growth.

Investing in HMR&I not only improves population health but also lowers healthcare costs and supports economic growth by advancing disease prevention, diagnosis, and treatment through local industries and global investment. As mentioned above, investment in HMR&I yields significant returns, therefore this submission will focus on providing the necessary insights and recommendations to elevate and develop the sector to achieve a truly dynamic and resilient economy.

Position HMR&I as Central to a Dynamic and Resilient Economy

Australia ranks 105th in the Economic Complexity Index, having dropped 6 places just since 2021 largely due to a lack of export diversity[13]. The HMR&I sector offers a clear pathway to address this, contributing to economic diversification, skilled employment, and the stimulation of future industries. For every dollar invested in medical research, at least $4 is returned to the Australian economy. The benefits and dividends of a strong HMR&I sector are multifaceted and significant, therefore, as a starting point, the Productivity Commission must position the HMR&I sector at the forefront of debates around creating a dynamic and resilient economy.

Furthermore, the burden of disease is a significant contributing factor to Australia's sluggish productivity. In 2022–23, spending on chronic conditions accounted for around $82 billion (48% of all disease spending)[14]. Many chronic conditions are preventable or manageable through better research and care models. Previous analysis highlighted if action were taken to address the wider determinants of health, then it is estimated that 170,000 extra Australians could enter the workforce, generating $8 billion in extra earnings, annual savings of $4 billion in welfare support payments, and 60,000 fewer people would need to be admitted to hospital annually

[12] Productivity Commission. (2025). 'Creating a dynamic and resilient economy – Interim Report'. Productivity Commission. Pg 1.
[13] Harvard University Growth Lab, Centre for International Development. 'Atlas of Economic Complexity - Australia Profile'. Accessed 15 September 2025.
[14] Australian Institute of Health and Welfare (AIHW). 'Health system spending on disease and injury in Australia 2022–23'. Accessed 4 September 2025.

resulting in savings of $2.3 billion in hospital expenditure[15]. HMR&I plays a vital role in addressing these challenges by advancing knowledge and products for disease prevention, diagnosis, and treatment. By reducing the burden of disease, innovative research lowers barriers to stable employment, decreases workplace absenteeism, alleviates reliance on unpaid carers, and ultimately reduces healthcare costs. A healthier population is a more engaged and productive workforce, which is the very foundation of a dynamic and resilient economy.

As well as elevating and building a national culture around health and medical research, development and innovation as a key enabler of productivity and economic activity, the Productivity Commission should also seek to enhance the role of health economics and health services research in policy design and development. Health economists and health service researchers play an essential role in identifying areas of health investment to maximise productivity, as well as identification of the changes required to withstand shocks and mobilise resources for recovery and broader societal benefit modelling. By bolstering evidence-based policy design and development and research translation into healthcare, future investments will be more strategic and have broader impact assessment, ensuring Australia achieves a dynamic and resilient economy.

Recommendations:

- *Elevate the critical role of health and medical research in a dynamic and resilient economy.*
- *Build a national culture of health and medical research, development and innovation excellence to enhance productivity.*
- *Increase health economist and health service researcher involvement in policy design and development to broaden understanding and evidence outcomes relating to investment in better health outcomes and healthcare models.*

Invest in a Future-Focused Health and Medical Research Ecosystem

For Australia to truly realise its potential as a dynamic and resilient economy, comprehensive investment in the HMR&I ecosystem is paramount. Despite significant investment (approximately $10 billion) on health and medical research in Australia each year[16], policy frameworks and funding are often not cohesive, leading to duplications, gaps, and a reactive focus rather than preparing for the future. Research Australia notes the National Health and Medical Strategy and Strategic Examination of Research & Development (SERD) are currently in development in tandem with the Productivity Commission's inquiries. Together, they offer a unique and highly important opportunity for reform. The Productivity Commission must highlight and work across Government portfolios to ensure the HMR&I sector has the necessary investment and coordination to achieve a truly dynamic and resilient economy. It is imperative this stretches across the whole research pipeline; from basic science through to translation and / or commercialisation.

[15] Brown L, Thurecht L, and Nepal B. (2012). 'The cost of inaction on the social determinants of health'. National Centre for Social and Economic Modelling, University of Canberra.
[16] See https://researchaustralia.org/australian-research-facts/

Australia's R&D expenditure as a percentage of GDP has declined over the past 15 years to 1.68%[17]. In addition, Australian government investment in R&D is at a historic low, with Government underinvesting in R&D by $1.8 billion per annum compared to the OECD average[18]. Research Australia submits that Government must commit to increasing R&D investment to at least 3% of GDP, with a dedicated focus on HMR&I, which accounts for over a quarter (26%) of Australia's R&D. We also note that there were no changes to forecast expenditure for medical research through the MRFF in the 2025-26 budget, despite the Future Fund's Board of Guardians announcing in October 2024 that an extra $405 million was available in addition to the $650 million annual stipend for new medical research projects[19]. The current MRFF underspend highlights the opportunity to invest these funds strategically back into the sector. Within the MRFF's growth-focused model, this investment should target strengthening the enabling systems and infrastructure that support research translation and innovation. By directing underspend into these areas, the sector is better positioned to thrive, maximise impact, and deliver long-term benefits.

A further critical long-term issue relating to investment is the need to define a pathway to fund the full costs of research, including essential infrastructure. The National Collaborative Research Infrastructure Scheme (NCRIS) requires new and ongoing funding beyond current allocations to support valuable research infrastructure, alongside better coordination and transparent, monitoring and evaluation of funding across all streams. In addition, sustained and increased funding for research through international funding streams and discovery science through the NHMRC and ARC is fundamental as it is the precursor to all further research activity and underpins Australia's global academic standing and future productivity gains.

Recommendations:

- *The Productivity Commission must highlight and work across Government portfolios and engage with key reforms such as the National Health and Medical Research Strategy and Strategic Examination of R&D (SERD) to ensure the HMR&I sector has the necessary investment and coordination to achieve a truly dynamic and resilient economy.*
- *Establish a measurable path to 3% GDP investment in Research & Development.*
- *Utilise MRFF underspent funds to strategically invest in health and medical research and innovation, with a focus on strengthening the enabling systems and infrastructure that support research translation and innovation.*
- *Define a pathway to fund the full cost of research, in a rational and sustainable way, including infrastructure.*
- *Increase funding for discovery science, recognising it underpins Australia's global academic standing and future productivity gains.*
- *Diversify International funding streams, including Horizons Europe.*
- *Better coordination and transparent, monitoring and evaluation of funding.*

[17] Australian Academy of Science. (2025). 'Australian Science, Australia's Future: Science 2035'. Australian Academy of Science.
[18] Ibid.
[19] See https://www.finance.gov.au/sites/default/files/2024-12/mada-mrff-29-october-2024.pdf#:~:text=Pursuant%20to%20section%2034%281%29%20of%20the%20Act%2C%20and,%24l%2C055m%20is%20available%20for%20grants%20of%20financial%20assistance.

Bolster High-Value Economic Activity Through HMR&I

Australia is a country rich in research outputs. As of 2025, Australia produces 2.1% of the world's scientific publications despite having only 0.3% of the global population, ranking sixth among OECD nations for publications per capita/per million people[20]. Despite being ranked in the top 10 globally for health research outputs, Australia is outside the top 20 for commercialisation outcomes[21]. There is a well-known "valley of death" between early-stage research (supported by NHMRC and MRFF) and late-stage private investment. Australia needs targeted health innovation funds, including translational and commercialisation funds, to support pilot trials, scale-up studies, and technology validation.

Closing this gap would not only support sovereign capability but also drive high-value economic activity and skilled jobs across the life sciences sector. A highly developed HMR&I sector attracts both local and global investment, fostering job creation and attracting top-tier talent, thereby bolstering Australia's global reputation and national prosperity. The COVID-19 pandemic starkly highlighted Australia's reliance on global supply chains for essential medical products, underscoring the need for increased self-reliance through domestic production of medicines and medical technologies, an area where HMR&I is critical.

Furthermore, leveraging government's significant procurement power can activate Australian innovation and manufacturing in health. Research Australia proposes developing an Australian equivalent of the US Biomedical Advanced Research and Development Authority (BARDA). This model would enable the Australian Government, as a major purchaser of healthcare products and services, to drive the development and domestic manufacture of new medical products identified as priority national needs, particularly for public health protection and emergencies. This, alongside efforts to grow the venture capital and commercialisation pipeline, would ensure supply of essential medical products, and build sovereign capability, preventing over-reliance on international supply chains, as experienced during COVID-19.

Recommendations:

- *Bridge translational funding gaps through targeted health innovation funds, including translational and commercialisation funds, to support pilot trials, scale-up studies, and technology validation.*
- *Develop an Australian equivalent of the US BARDA to unlock government procurement power.*
- *Grow the venture capital and commercialisation pipeline.*

Conclusion

Research Australia submit that health and medical research and innovation is not merely an important sector, but a central, cross-cutting driver of the economic dynamism, resilience, and productivity Australia seeks. By strategically positioning and investing in HMR&I and unlocking high-value economic activity through commercialisation and sovereign capability development, Australia can unlock significant economic and social dividends. These actions will not only

[20] Ibid.

[21] Keneally B, Arculus R and Lim W. (2023). 'Realising Australia's Biomedical Potential with Targeted Capability Attraction'. BCG.

improve the health and wellbeing of Australians but also stimulate high-value industries, create skilled jobs, diversify our economy, and enhance our national security and global standing.

Pillar 2: Investing in cheaper, cleaner energy and the net zero transformation

Summary of Recommendations:

Embed a Multi-Disciplinary Research Agenda to Build Climate Resilience	• *Support a multidisciplinary and integrated research agenda to enable effective climate policy and resilience.* • *Embed health economic practices to better identify, measure and value climate and environmental impacts in health.* • *Build an integrated approach to outcomes and evaluation which addresses the interplay between environment, cost and risk.* • *Provide new funds for climate-related health research outside of existing funding streams, recognising that inaction poses a significant threat to the Australian economy.*
Drive Reductions in the Carbon Footprint of the Health System	• *Activate a greater national focus on reducing unnecessary care through a renewed focus on adopting the best evidence-based models and research.* • *Create and fund a Centre for Sustainable Healthcare Innovation to identify, evaluate and mitigate emissions across the healthcare system.*

Introduction

Research Australia welcomes the Productivity Commission's (PC) interim report, *Investing in cheaper, cleaner energy and the net zero transformation*. We acknowledge the report's focus on minimising the cost of meeting Australia's emissions targets, speeding up approvals for new energy infrastructure, and addressing barriers to private investment in adaptation to enhance productivity and living standards. As the national alliance representing Australia's health and medical research and innovation sector, Research Australia strongly advocates for the elevation of our sector's pivotal role in the net zero transformation. Health and medical researchers will be central to informing aligned policy as climate-related health risks escalate, while also contributing valuable expertise in reducing the healthcare system's footprint.

Embed a Multi-Disciplinary Research Agenda to Build Climate Resilience

Climate change poses significant immediate, medium, and long-term risks to the health of Australians. While the PC report highlights the importance of a healthier population for productivity, there is an urgent need for a coordinated national effort, including leadership from governments, to support a multidisciplinary and integrated research agenda that will enable the

development of policies to tackle the root causes of climate change and build resilience within the health sector and communities.

The economic and social costs of climate change on health are substantial and growing. Previous Research Australia polling indicates that 40.4% of Australians have already been impacted by climate change, with 10.7% reporting physical illness and 12.5% reporting mental illness linked to these changes[22]. Recent analyses by UNICEF Australia and Deloitte quantified the impact of natural disasters and extreme weather events on children and young people (CYP) as $6.3 billion annually, with costs set to rise to between $10.4 billion and $12.1 billion by 2060 depending on the progression of global climate action[23]. Furthermore, the report estimates the mental health costs for CYP amount to approximately $662 million within the first two years following a disaster. These figures are expected to escalate, making a health-centric approach to climate action not just an ethical imperative, but an economic necessity.

Research Australia submits there should be an emphasis not only on basing the response to climate change on the best available, data, evidence and research, but to supporting the creation of evidence to inform policy making where this evidence does not currently exist. This includes improving the ability to identify, measure and value climate and environmental impacts in health by embedding health economic practices. Government and policy makers also need to embed an integrated approach to outcomes and evaluation which addresses the interplay between environment, cost and risk. Government should provide new funds for this research agenda outside of existing funding streams such as the NHMRC's Medical Research Endowment Account or the Medical Research Future Fund. As outlined above, underinvesting in climate resilience poses a significant risk to our health and economy, with an additional impact on the budget. We must be bold in our interventions and build the necessary evidence-base to guide future strategic investment and policy.

Recommendations:

- *Support a multidisciplinary and integrated research agenda to enable effective climate policy and resilience.*
- *Embed health economic practices to better identify, measure and value climate and environmental impacts in health.*
- *Build an integrated approach to outcomes and evaluation which addresses the interplay between environment, cost and risk.*
- *Provide new funds for climate-related health research outside of existing funding streams, recognising that inaction poses a significant threat to the Australian economy.*

[22] Research Australia (2023). 'Public Opinion Poll. Health and Medical Research and Innovation'. Access online here: https://issuu.com/researchaustralia/docs/ra_publicopinionpoll_final_12_october.
[23] UNICEF Australia & Deloitte. (2025). 'The economic and social impact of disasters on children and young people'. UNICEF Australia & Deloitte.

Drive Reductions in the Carbon Footprint of the Health System

Analysis by the Australian Centre for Disease Control estimates the total greenhouse gas emissions by the Australian health system equated to 5.44% of Australia's total greenhouse gas emissions[24]. These emissions are divided between:

- Health Care Services: 59% of the total
- Residential Care and Social Assistance Services: 33% of the total
- Human Pharmaceutical and Medicinal Product Manufacturing: 8% of the total[25]

The Australian Government aims to accelerate progress to achieving net zero emissions by implementing effective adaption measures[26]. These measures aim to align domestic policies, such as the National Health and Climate Strategy, with global efforts such as the Alliance for Action on Climate Change and Health (ATACH) Programme, within which 84 countries (including Australia) have made commitments to sustainable low carbon health systems[27]. To meet net zero targets, and by extension safeguard a healthier population to meet Australia's productivity challenges, the health sector must decarbonise at pace.

Research Australia submits that to do this, we need a much greater national focus on reducing unnecessary care, which has benefits for patients, the health system and the environment. This requires a renewed focus on driving adoption of best evidence-based models of care and the research that produces this data. In addition, we propose the creation and funding of a Centre for Sustainable Healthcare Innovation. This Centre would have two primary purposes:

1. Identify and evaluate areas for potential mitigation of emissions across the supply chain, medicines and gases, waste and prevention and optimising models of care.
2. Solicit proposals for solutions to the identified areas for mitigation.

The Centre would engage clinicians, medical administrators, engineers and health economists in the identification and evaluation of areas to target for mitigation, and the development of calls for proposals to address specific areas. As well as providing opportunities for established Australian companies it could support start-ups through a stage gated research and development process to the delivery of the solution.

Recommendations:

- *Activate a greater national focus on reducing unnecessary care through a renewed focus on adopting the best evidence-based models and research.*
- *Create and fund a Centre for Sustainable Healthcare Innovation to identify, evaluate and mitigate emissions across the healthcare system.*

[24] Australian Centre for Disease Control. (2025). 'Estimates of Australian health system greenhouse gas emissions 2021–22'. Australian Government. Pg 8.
[25] Ibid.
[26] Verlis K et al. (2024). 'The current state of sustainable healthcare in Australia'. Australian Health Review 48(5), 489–496. Pg. 489.
[27] World Health Organization. 'Country commitments to climate change and health. Alliance for Transformative Action on Climate and Health (ATACH)'. Available at https://www.who.int/initiatives/alliance-for-transformative-action-on-climate-and-health/commitments. Accessed 10 September 2025.

Conclusion

The cost of inaction on climate change and net zero, as outlined above, is a key threat to the Australian population, health system, economy and productivity. The recommendations outlined in this paper have multi-faceted productivity benefits. By prioritising a multidisciplinary research agenda and addressing decarbonisation in health, we can reduce emissions across the system, ultimately leading to a healthier population to spur further economic growth and productivity gains, acknowledging that better health could add $12 trillion to global GDP in 2040[28]. This, alongside efforts to bolster powerful climate policy and resilience and identification of the most efficient models of care through high-quality and well-funded research, will help deliver a robust response to the current threat posed by climate change.

[28] McKinsey Global Institute. (2020). 'Prioritizing health: A prescription for prosperity'. McKinsey & Company.

Pillar 3: Harnessing data and digital technology

Summary of Recommendations:

Enabling AI and Digital Leadership	• *Implement a domain-specific approach to AI regulation, adapting existing regulatory frameworks rather than implementing broad, new AI-specific mandates.* • *Prioritise measuring the effects of AI and digital technology on the healthcare system and wider economy by health economists and health service researchers to direct investment and inform future policy direction.* • *Adopt a two-tier governance approach where general principles are applied across the whole of government to guide regulation, with detailed implementation provided by the regulator closest to the industry.* • *Prioritise public trust and social licence in the adoption of AI technologies.* • *Build awareness and establish governance frameworks that enable trust, equity and innovation to ensure AI enhances, rather than undermines, equitable access and outcomes in healthcare.* • *Invest in building a skills system which supports digital and AI capabilities across the workforce.*
Expanding Data Access and Data Linkage	• *Expedite a bipartisan national health data framework to guide long-term investment and coordination in Australia's health and medical data infrastructure to enable world-leading data-driven research, improvement, and innovation.* • *Embed system-wide solutions that are person-centred, community-driven, inclusive, and ensure the prevention of bias.* • *Embed equitable approaches to data governance, access, and use to ensure that the benefits of data-driven healthcare and research and innovation are shared broadly across Australia.* • *Address inadequate support for data sharing and collaboration and inconsistent privacy and governance frameworks as key inhibitors to health R&D.* • *Restore funding to the ABS to improve R&D data capture and analysis, as a first step towards a robust framework for measuring impact.*

Introduction

The Interim Report's focus on enabling AI's productivity potential and creating new and safe pathways for data access aligns with Research Australia's priorities for strengthening national productivity. We believe that the benefits of technological and digital transformation are nowhere more evident than in a digitally and AI-enabled healthcare system. For example, the PC's own analysis estimated that making better use of data in electronic medical record systems could save up to $5.4 billion per year by reducing the length of time patients spend in hospital, and up to $355 million through fewer duplicated tests[29]. It is therefore vital that we harness Australia world-class research and innovation capabilities in this area to safeguard future productivity gains.

Research Australia acknowledges and directs the Productivity Commission to a recent report by Digital Health Cooperative Research Centre (Digital Health CRC), titled 'Health data is a national asset: observations into unlocking the value of Australia's health and medical data for research, improvement and innovation'[30]. The report provides a comprehensive summary of the current state of play and pathways forward in this space. Research Australia look forward to further collaboration with Digital Health CRC and other stakeholders, building on our previous work[31], to ensure Australia can be a global leader in data-driven health care delivery, medical research and innovation.

Enabling AI and Digital Leadership

Previous estimates suggest generative AI could add up to $115 billion in productivity gains to the Australian economy by 2030, equating to a 5% uplift in gross domestic product[32]. It is therefore vitally important Australia adopts AI in a safe, responsible, and ethical way while harnessing and maximising its potential productivity gains.

Research Australia supports the PC's emphasis on sensible regulation to build community trust and business confidence in AI technology, and the call for regulatory responses to be proportionate, risk-based, outcomes-based, and technology-neutral where possible[33]. We concur with the need for comprehensive gap analyses of existing regulatory frameworks to understand AI-related risks before introducing new, economy-wide AI-specific regulations. Measuring the effects of AI and digital technology on the healthcare system and wider economy by health economists and health service researchers should also be prioritised to inform future investment and policy direction.

Research Australia strongly advocates for a domain-specific approach to AI regulation, adapting existing regulatory frameworks rather than implementing broad, new AI-specific mandates. We propose a two-tier governance approach where general principles are applied across the whole

[29] Productivity Commission. (2024). 'Leveraging digital technology in healthcare'. Australian Government. Pg 2.
[30] Digital Health CRC. (2025). 'Health Data is a National Asset: Observations into unlocking the value of Australia's Health and Medical Data for Research, Improvement and Innovation'. Digital Health Cooperative Research Centre.
[31] See Communique
[32] Department of Industry, Science and Resources. (2024). 'Submission to the Select Committee on Adopting Artificial Intelligence (AI)', No 160. Pg 69.
[33] Productivity Commission. (2025). 'Harnessing data and digital technology Interim report'. Australian Government. Pg 2.

of government to guide regulation, with detailed implementation provided by the regulator closest to the industry. For the health sector, the Therapeutic Goods Administration (TGA) is best positioned for this role, given its existing risk-based regulatory framework for medical devices that incorporate AI and recent review of legislation and regulation.

We also underscore the importance of public trust and social licence in the adoption of AI technologies in healthcare and research, advocating for community engagement through mechanisms like citizens' juries and participatory frameworks to build legitimacy, transparency, and consent. It is critical to incorporate the diverse voices of consumers, patients, clinicians, and other stakeholders into AI-related policies and practices. Furthermore, from a health perspective, upskilling the workforce is a pressing concern, requiring both technical training and support to navigate the ethical, legal, and cultural implications of AI. As noted by Jobs and Skills Australia, the skills system will play a central role in Australia's response to the Gen AI transition[34].

As AI technologies become increasingly embedded in healthcare and research, it is vital to prioritise diversity and equity in their design and implementation. We must remain vigilant about the potential for bias in data, algorithms, and decision-making, as these can inadvertently amplify existing health inequities. Building awareness and establishing governance frameworks that enable trust, equity and innovation are essential steps to ensure AI enhances, rather than undermines, equitable access and outcomes in healthcare. Research Australia is committed to cross-sector collaboration to embed AI technologies ethically and inclusively in healthcare. As an example, Research Australia recently held a workshop on Ethical AI in Health & Research, hosted in collaboration with the AI Co-Lab[35], to elevate a dialogue on fostering cross-sector collaboration to ensure AI enhances healthcare inclusively, responsibly, and ethically.

Recommendations:

- *Implement a domain-specific approach to AI regulation, adapting existing regulatory frameworks rather than implementing broad, new AI-specific mandates.*
- *Prioritise measuring the effects of AI and digital technology on the healthcare system and wider economy by health economists and health service researchers to direct investment and inform future policy direction.*
- *Adopt a two-tier governance approach where general principles are applied across the whole of government to guide regulation, with detailed implementation provided by the regulator closest to the industry.*
- *Prioritise public trust and social licence in the adoption of AI technologies.*
- *Build awareness and establish governance frameworks that enable trust, equity and innovation to ensure AI enhances, rather than undermines, equitable access and outcomes in healthcare.*
- *Invest in building a skills system which supports digital and AI capabilities across the workforce.*

[34] Jobs and Skills Australia. (2025). 'Our Gen AI Transition'. Australian Government. Pg 77.
[35] See Communique

Expanding Data Access and Data Linkage

Research Australia identifies a critical need for a unified national coordinated data capability to strengthen data-driven healthcare, accelerate research and innovation, and improve health outcomes. This includes making remote access to electronic medical records and patient data simpler, in line with the Government's new digital health strategy. A recent Research Australia and Digital Health CRC Workshop, that brought together key stakeholders from across the health and medical data, research and innovation ecosystem, highlighted how developing a unified nationally coordinated data capability should be seen as a critical national asset and its creation expedited as part of Government's productivity agenda. We note the lack of national leadership or long-term strategy to optimise Australia's health and medical data, limited discoverability due to fragmentation, and barriers to timely data access. There is a need for coordinated, system-wide solutions that are person-centred, community-driven, inclusive, and ensure the prevention of bias. Public trust, ethical frameworks, social licence, and managing complexity are foundational to these efforts.

While supporting the PC's call for lower-cost and more flexible regulatory pathways for data access, Research Australia stresses that these must be developed alongside efforts to improve existing health data initiatives like the My Health Record (MHR) system. We welcome the Modernising My Health Record (Sharing by Default) Act 2025 as a step towards compelling providers to upload test results by default and the allocation of funds to increase allied-health software compatibility with MHR and electronic prescribing.

While expanding data access and strengthening data linkage are critical to advancing both healthcare and research and innovation, equity must be at the centre of this effort. It is essential to ensure that diverse populations are represented in linked datasets, including groups historically under-represented in research. Equitable approaches to data governance, access, and use will help avoid reinforcing existing disparities and ensure that the benefits of data-driven healthcare and research and innovation are shared broadly across Australia. Furthermore the National Agreement to Closing the Gap, in particular Priority Reform 4 and the broader Indigenous data sovereignty movement should underpin this work.

We also highlight that inadequate support for data sharing and collaboration, coupled with inconsistent privacy and governance frameworks, inhibits effective R&D in health. In addition, current ABS data on R&D activity is insufficient in detail and frequency, making it difficult to assess the performance of specific sectors like human pharmaceuticals manufacturing, a strategic target for Australian Government investment. Australia should act on the Innovation Metrics Review and restore funding to the ABS to improve R&D data capture and analysis, as a first step towards a robust framework for measuring impact.

Recommendations:

- *Expedite a bipartisan national health data framework to guide long-term investment and coordination in Australia's health and medical data infrastructure to enable world-leading data-driven research, improvement, and innovation.*
- *Embed system-wide solutions that are person-centred, community-driven, inclusive, and ensure the prevention of bias.*

- *Embed equitable approaches to data governance, access, and use to ensure that the benefits of data-driven healthcare and research and innovation are shared broadly across Australia.*
- *Ensure adherence and elevation of Priority Reform 4 of the National Agreement of Closing the Gap, and the Indigenous Data Sovereignty movement.*
- *Address inadequate support for data sharing and collaboration and inconsistent privacy and governance frameworks as key inhibitors to health R&D.*
- *Restore funding to the ABS to improve R&D data capture and analysis, as a first step towards a robust framework for measuring impact.*

Conclusion

The HMR&I sector is a nationally significant driver of productivity, economic diversification, and resilience. Our ability to harness data and digital technology is intrinsically linked to Australia's future prosperity. Research Australia believes that by adopting outcomes-focused regulatory approaches outlined above, particularly in relation to AI governance and data access, Australia can effectively mitigate risks while unlocking the immense potential of data and digital innovation in health and medical research. This will ensure a robust, productive, and healthy future for all Australians.

Pillar 4: Building a skilled and adaptable workforce

Summary of Recommendations:

Elevate the Research Workforce as a Key Pillar of Productivity	• *Elevate the essential role of the HMR&I sector in sustaining and increasing workforce participation in Australia through improved population health.* • *Systematically embed health economics across all government NPPs to ensure prevention / health-responsive budgeting.*
Improve Coordination Through a National HMR&I Workforce Plan	• *Work across Government portfolios to prioritise and expedite the development of a National HMR&I Workforce Plan to bolster Australia's skilled and globally competitive workforce.* • *Develop a monitoring and evaluation framework, including identification and addressing of data gaps.* • *Increase health economics and health services research in policy design and development to broaden understanding and evidence outcomes relating to investment in better health outcomes and healthcare models.*
Priority Workforce 1: Early Mid-Career Researchers and Academics (EMCR / EMCAs)	• *Invest in a National Early-Mid Career Research Longitudinal Survey to monitor trends, identify opportunities, and recommend positive systemic changes across HMR&I sectors for a sustainable future workforce.* • *Governments, funders, and research organisations should jointly commit to measures to increase EMCR job security by reducing reliance on casual and short-term employment, changing the mix of funding to support more permanent research positions.* • *Create centrally funded national programs for professional development available to all EMCRs. These could provide professional development opportunities at low or no cost, including subsidised travel costs and living expenses, and/or provide stipends for longer courses.* • *Increase the funding provided for researcher salaries in the Professional Support Packages (PSP) to levels that reflect competitive remuneration in the sector.* • *Commit to a policy framework that recognises the significance of supporting EMCRs for the sustainability of the research workforce, potentially using models like the UK's Research Development Concordat to ensure commitment to career development and progression.* • *Better recognise the contributions of EMCRs in grant applications, ensuring that grant money contributes to their salary if successful.*

Priority Workforce 2: Clinician Researchers	• *The Australian Government should prioritise the development of a National Clinician Researcher Workforce Strategy that integrates clinical practice and research training.* • *Integrated research and clinical training programs should be widely available across Australia.* • *Progress a new, streamlined funding scheme to support clinician researchers with two streams - existing clinician researchers with a PhD and clinicians commencing or undertaking a PhD.*
Priority Workforce 3: Lived Experience Researchers	• *Bolster the role of lived experience researchers in future service design and delivery across policy domains.*
Address Workforce Maldistribution in Priority Populations; Including First Nations; Women and Gender Diverse; People with Disability; and RRRvR Communities	• *Develop / identify / implement models to increase RRRvR EMCRs and clinician researcher workforce.* • *Develop / implement systematically planned, and resourced place based / region-wide research training models for health service workforce.* • *MRFF and NHMRC grants to establish long (>5 y), fixed-term Chair of Rural Research positions based in RRRvR locations, that are site rather than project specific.* • *Australian Department of Health, Disability and Aged Care to provide for additional Rural Health Medical Training (RHMT) funds specifically for RRRvR led research.*
Address Gender Inequities	• *Implement targeted mentoring, leadership programs, and inclusive policies to tackle the underrepresentation of women in senior leadership positions.* • *Regularly scan for key issues and trends, engage with policy frameworks and institutions to identify opportunities and systemic changes, and recommend positive systemic changes for a sustainable future workforce through longitudinal surveys and data collection.*

Introduction

The Productivity Commission's *Building a more skilled and adaptable workforce* interim report presents timely and valuable recommendations to enhance educational pathways, refine occupational entry regulations, and promote flexibility in workforce development that have clear merit for strengthening Australia's adaptability to emerging economic demands. However, it is vital that the final report explicitly recognises health and medical research and innovation not only as a pivotal contributor to workforce participation through improved population health, but also as a foundational sector in its own right – one that cultivates a highly skilled workforce. Research Australia therefore submit a range of measures and focus areas to elevate the sector and ensure it has the capacity and capability to generate a future-ready workforce equipped to address Australia's productivity challenges.

Elevate the Research Workforce as a Key Pillar of Productivity

Labour force participation and absenteeism are issues of primary interest when it comes to improving productivity in Australia. Labour force participation is intrinsically linked to the burden of chronic disease, which is a significant inhibitor to large swathes of the Australian population participating in the workforce. People with chronic disease are 60% more likely to not participate in the labour force, are less likely to be employed full-time, and more likely to be unemployed, than those without chronic disease[36].

If action were taken to address the wider determinants of health, then it is estimated that 170,000 extra Australians could enter the workforce, generating $8 billion in extra earnings, annual savings of $4 billion in welfare support payments, and 60,000 fewer people would need to be admitted to hospital annually resulting in savings of $2.3 billion in hospital expenditure[37]. Health and medical research and innovation plays a vital role in addressing the challenges of labour participation by advancing knowledge and products for disease prevention, diagnosis, and treatment. By reducing the burden of disease, innovative research lowers barriers to stable employment, decreases workplace absenteeism, alleviates reliance on unpaid carers, and ultimately reduces healthcare costs. A healthier population is a more engaged and productive workforce, and the Productivity Commission must recognise and elevate the HMR&I sector as a critical asset in enabling workforce activity in Australia.

Recommendations:

- *Elevate the essential role of the HMR&I sector in sustaining and increasing workforce participation in Australia through improved population health.*
- *Systematically embed health economics across all government NPPs to ensure prevention / health-responsive budgeting.*

Improve Coordination Through a National HMR Workforce Plan

Australia needs to attract, develop and retain a health and medical research and innovation workforce suitable for Australia's future productivity needs. Current data on the health and medical research workforce is fragmented and incomplete, limiting our ability to accurately assess capacity, skills gaps, and future needs. Much of the information is spread across institutions, disciplines, and funding bodies, with little consistency in definitions or reporting. The 2024 Health and Medical Research Workforce Audit provides an important snapshot, but it is constrained by gaps in coverage and an inability to capture the full diversity of research roles, career pathways, and emerging fields such as clinician researchers. As a result, policymakers and funders lack the comprehensive, longitudinal evidence needed to guide workforce planning and investment. As the audit states, "without consistent, regular, and comprehensive data collection by responsible government agencies or peak bodies, any analysis will be limited to available disparate sources"[38].

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[36] Australian Institute of Health and Welfare (AIHW). (2009). 'Chronic disease and participation in work' Australian Government.

[37] Brown L, Thurecht L, and Nepal B. (2012). 'The cost of inaction on the social determinants of health'. National Centre for Social and Economic Modelling, University of Canberra.

[38] Department of Health, Disability and Ageing. (2024). 'The Australian Health and Medical Research Workforce Audit'. Mandala. Pg 9.

To address this, the sector needs a comprehensive National Health and Medical Research Workforce Plan and data. Research Australia welcomes and acknowledges the enabling initiative included in the Draft National Health and Medical Research Strategy to develop an Australian HMR Workforce Plan. We implore the Productivity Commission to work across Government portfolios to prioritise and expedite the development of the Workforce Plan, recognising that Australia's HMR workforce is a critical asset to our global competitiveness, and an essential driver of a highly skilled domestic workforce.

Recommendations:

- *Work across Government portfolios to prioritise and expedite the development of a National HMR Workforce Plan to bolster Australia's skilled and globally competitive workforce. The plan should:*
    - *Address the whole pipeline of skills required from initial discovery through to innovation, including translation, entrepreneurship, product development, commercialisation and manufacturing.*
    - *Support a highly skilled and sustainable research workforce with circular mobility between academia, industry and other sectors across the pipeline.*
    - *Align with changes required in our K-12 education curriculum and national plans to increase the development of skills needed for our future needs.*
    - *Be aligned with key measures across other workforce strategies.*
    - *Ensure universities (and other institutions across the ecosystem) are equipped to train the next generation of researchers.*
    - *Retain Australian researchers and attract the world's best talent.*
    - *Prioritise marginalised workforces.*
- *Develop a monitoring and evaluation framework, including identification and addressing of data gaps.*
- *Increase health economics and health services research in policy design and development to broaden understanding and evidence outcomes relating to investment in better health outcomes and healthcare models.*

Supporting a Highly Skilled Domestic Workforce

As well as enabling workforce participation across the economy by reducing the disease burden, Australia's HMR&I sector is also essential for generating high-value career pathways, particularly in burgeoning fields like MedTech and digital health, and for cultivating a highly skilled domestic workforce. The sector is pivotal for job creation, supporting advanced industries, and developing transferable skills (such as analytical thinking, critical thinking, and problem-solving) that benefit the broader Australian economy. Specific supports for the health and medical research workforce to flourish is of critical importance, especially given the exponential growth in technology, precision medicine, and the demand for research driven by an ageing population and rising disease burden.

Research Australia propose measures below to strengthen the existing workforce, including interventions to improve coordination, address current gender and geographical imbalances, and support priority workforces – specifically clinician-researchers, early-to-mid career researchers (EMCRs), and lived-experience researchers. By progressing these key reforms, Australia will benefit from a highly skilled, innovative and globally competitive workforce.

Priority Workforce 1: Early Mid-Career Researchers (EMCR)

Early and Mid-Career Researchers (EMCRs) are typically defined as those up to 6 years post-PhD (Early Career Researchers) and in the subsequent 10 years (Mid-Career Researchers). Australia's health and medical research sector faces significant challenges in supporting and retaining this critical workforce segment. Research Australia have highlighted work-life balance and stress, career development and support, and issues with workplace culture amongst some of the significant challenges facing the EMCR workforce. Previous Research Australia analysis found that EMCRs often accept more junior roles, are underpaid relative to their qualifications, work part-time hours but longer hours, and put in unpaid overtime. Furthermore, EMCRs report high levels of poor mental health and bullying in the workplace.

Research Australia, through its EMCR Working Group and various submissions, has consistently highlighted the need for systemic changes to support EMCRs and the broader HMR&I workforce. Research Australia implore the Productivity Commission to progress with the key actions listed below to bolster the EMCR workforce, so it is future-ready for Australia's productivity needs.

Recommendations:

- *Invest in a National Early-Mid Career Research Longitudinal Survey to monitor trends, identify opportunities, and recommend positive systemic changes across HMR&I sectors for a sustainable future workforce.*
- *Governments, funders, and research organisations should jointly commit to measures to increase EMCR job security by reducing reliance on casual and short-term employment, changing the mix of funding to support more permanent research positions.*
- *Create centrally funded national programs for professional development available to all EMCRs. These could provide professional development opportunities at low or no cost, including subsidised travel costs and living expenses, and/or provide stipends for longer courses.*
- *Increase the funding provided for researcher salaries in the Professional Support Packages (PSP) to levels that reflect competitive remuneration in the sector.*
- *Commit to a policy framework that recognises the significance of supporting EMCRs for the sustainability of the research workforce, potentially using models like the UK's Research Development Concordat to ensure commitment to career development and progression.*
- *Better recognise the contributions of EMCRs in grant applications, ensuring that grant money contributes to their salary if successful.*

Priority Workforce 2: Clinician Researchers

Clinician researchers are trained health practitioners across fields such as medicine, nursing, midwifery, or allied health, who also engage in research. They play a critical role in bridging the gap between scientific knowledge and healthcare delivery, ensuring research addresses real-world problems, and accelerating the adoption of new evidence into practice. This is important,

as when healthcare providers are research active, processes of care and patient outcomes become enriched and improved[39].

Research Australia have previously reported significant challenges within the clinician researcher workforce, and while there are no reliable statistics, the consensus is that the number of clinician researchers is declining. Working and training in both clinical and research roles has been reported to be extraordinarily challenging due to enormous time demands. Other issues include funding and renumeration, job insecurity and a lack of managed career pathways (which have been largely ad hoc with no national framework for training and support), as well as workplace culture. Through our previous advocacy work, Research Australia have recommended key actions to mitigate the current unacceptable managed decline of the clinician researcher workforce. The Productivity Commission must prioritise clinician researchers as a priority workforce and essential component to addressing real-world problems and accelerating evidence-based practice.

Recommendations:

- *The Australian Government should prioritise the development of a National Clinician Researcher Workforce Strategy that integrates clinical practice and research training.*
- *Integrated research and clinical training programs should be widely available across Australia.*
- *Progress a new, streamlined funding scheme to support clinician researchers with two streams - existing clinician researchers with a PhD and clinicians commencing or undertaking a PhD[40].*

Priority Workforce 3: Lived Experience Researchers

Lived experience researchers use their personal knowledge and expertise to inform the strategic direction, governance, design and delivery of research. They are most prominent in mental health research, in addressing research questions related to the delivery of care and service design. Almost half of all Australians will experience mental ill-health in their lifetime[41] , with too many people experience preventable physical and mental distress, disruptions in education and employment, relationship breakdown, stigma, and loss of life satisfaction and opportunities[42]. Untreated mental ill-health is also costing the Australian economy up to $220 billion each year, which represents a significant drain on the nation's productivity[43]. Embedding the unique skillset of lived experience researchers across the workforce and policy domains will help develop effective care and service design and address some of Australia's biggest productivity challenges, including mental health.

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[39] Boaz, A., Goodenough, B., Hanney, S. et al. (2024). 'If health organisations and staff engage in research, does healthcare improve? Strengthening the evidence base through systematic reviews'. Health Res Policy Sys 22, 113.
[40] Research Australia Clinician Researcher Fellowship Proposal: All applicants who meet the selection criteria go into a lottery from which a certain number of five-year fellowships are awarded. The fellowships would fund 2-3 days per week of research of the applicant's choice. It could be solo research, research as part of a team or as leader of a team. Beyond assessing eligibility, there would be no other need to further evaluate applications. No peer review would be required. For further information contact policy@researchaustralia.org.
[41] Productivity Commission. (2020). Mental Health. Productivity Commission Inquiry Report, No 95. Pg 9.
[42] Productivity Commission. (2020). Mental Health. Productivity Commission Inquiry Report, No 95. Pg 2.
[43] Ibid.

Recommendation:

- *Bolster the role of lived experience researchers in future service design and delivery across policy domains.*

Address Workforce Maldistribution in Priority Populations: Including in RRRvR Communities; Women and gender diverse people; people with disability; and First Nations people

Specific workforce approaches need to be activated across the different priority populations to ensure diversity and equity is addressed. The following offer some examples of targeted approaches.

Regional, Rural, Remote and Very Remote

Health workforce recruitment and retention disparities between Regional, Rural, Remote and Very Remote (RRRvR) and metropolitan areas are well established. While 27% of Australians live in RRRvR areas (with 26% of all workers based there), only 13% of the health and medical research (HMR) workforce resides outside cities[44]. Furthermore, the 2024 Australian HMR Workforce Audit found regional researchers frequently face limited access to training and funding compared to metropolitan peers[45].

To address this, holistic, whole-of-pipeline RRRvR workforce models are needed. These should prioritise Early to Mid-Career Researchers (EMCRs), clinician researchers, and leadership roles that build sustainable rural research hubs. Such positions should be treated as core research infrastructure, not tied solely to individual projects. Beyond traditional pathways, strengthening the research capacity of the existing health workforce is critical for translating evidence into practice and advancing health equity. This requires systematically planned, region-wide research training models that are well resourced and place-based[46]. Without such an approach, RRRvR areas risk losing clinician engagement in research and inhibitors to attracting and retaining EMCRs and other researchers.

Recommendations:

- *Develop / identify / implement models to increase RRRvR EMCRs and clinician researcher workforce.*
- *Develop / implement systematically planned, and resourced place based / region-wide research training models for health service workforce.*
- *MRFF and NHMRC grants to establish long (>5 y), fixed-term Chair of Rural Research positions based in RRRvR locations, that are site rather than project specific.*

[44] Department of Health, Disability and Ageing. (2024). The Australian Health and Medical Research Workforce Audit. Australian Government. https://www.health.gov.au/sites/default/files/2024-11/the-australian-health-and-medical-research-workforce-audit.pdf Accessed 25 June 2025.
[45] Ibid.
[46] Quilliam et al. (2023). 'Design and implementation characteristics of research training for rural health professionals: a qualitative descriptive study'. BMC Medical Education 23:200.

- *Australian Department of Health, Disability and Aged Care to provide for additional Rural Health Medical Training (RHMT) funds specifically for RRRvR led research.*

Address Gender Inequities

Despite making up 52% of the health and medical research (HMR) workforce, women remain underrepresented in senior positions, holding only 25% of top roles and facing pay disparities at higher remuneration levels[47]. Furthermore, career interruptions disproportionately affect women (55% vs 27% of men), with parental leave accounting for 76% of these breaks which can hinder early career progression[48]. Caring responsibilities and out-of-hours commitments further disadvantage women, particularly Early and Mid-Career Researchers (EMCRs)[49].

Men are also significantly more likely to hold senior roles on research grants, serving as Lead or Chief Investigators in 79% of cases[50]. According to previous Research Australia analysis, added challenges such as job insecurity from fixed-term contracts and higher attrition due to unstable funding further exacerbate inequities, especially in health services research where women are overrepresented. Organisations that embrace gender diversity and inclusion see tangible benefits, from increased innovation and productivity to improved employee satisfaction and financial success[51]. Research Australia propose the following recommendations to ensure these benefits can be realised to further support the development of a highly skilled health and medical research and innovation workforce in Australia.

Recommendations:

- *Implement targeted mentoring, leadership programs, and inclusive policies to tackle the underrepresentation of women in senior leadership positions.*
- *Regularly scan for key issues and trends, engage with policy frameworks and institutions to identify opportunities and systemic changes, and recommend positive systemic changes for a sustainable future workforce through longitudinal surveys and data collection.*

Conclusion

The Productivity Commission must recognise the indispensable role of the health and medical research and innovation sector in both underpinning and developing a highly skilled and adaptable workforce. Research Australia calls on the PC to elevate the sector in their final report as a critical asset in enabling workforce activity across Australia and progress the raft of measures proposed to strengthen the existing and emerging HMR&I workforce. By progressing these key reforms, Australia will benefit from a highly skilled, innovative and globally

[47] Department of Health, Disability and Ageing. (2024). 'The Australian Health and Medical Research Workforce Audit'. Mandala.
[48] Ibid.
[49] Research Australia. (2024). 'Clinician Researchers: Research Activating the Australian Health System'. Research Australia.
[50] Department of Health, Disability and Ageing. (2024). 'The Australian Health and Medical Research Workforce Audit'. Mandala.
[51] See https://unglobalcompact.org/compactjournal/promoting-equity-workplace-building-stronger-workforce-all

Pillar 5: Delivering quality care more efficiently

Summary of Recommendations:

1. Reform of quality and safety regulation to support a more cohesive care economy	• *Address siloed governance and regulation and employ a "whole of systems approach" to improving the care economy.* • *Ensure approaches embed diversity and equity through adhering to the National Agreement of Closing the Gap and other relevant frameworks.* • *Implement a domain-specific approach to AI regulation, adapting existing regulatory frameworks rather than implementing broad, new AI-specific mandates.* • *Adopt a two-tier governance approach where general principles are applied across the whole of government to guide regulation, with detailed implementation provided by the regulator closest to the industry.* • *Prioritise public trust and social licence in the adoption of AI technologies.* • *Build awareness and establish governance frameworks that enable trust, equity and innovation to ensure AI enhances, rather than undermines, equitable access and outcomes in healthcare.* • *Invest in building a skills system which supports digital and AI capabilities across the workforce.* • *Expedite a bipartisan national health data framework to guide long-term investment and coordination in Australia's health and medical data infrastructure to enable world-leading data-driven research, improvement, and innovation.* • *Embed system-wide solutions that are person-centred, community-driven, inclusive, and ensure the prevention of bias.* • *Embed equitable approaches to data governance, access, and use to ensure that the benefits of data-driven healthcare and research and innovation are shared broadly across Australia.*
2. Embed collaborative commissioning to increase the integration of care services	• *Embed health economics and health services research in collaborative commissioning to gather a holistic understanding of costs and identification of efficient care models.* • *Consider developing regional health observatories to identify specific needs, detect trends and direct preventative health measures to specific populations.*

	• *Develop and implement effective guidelines to support local collaborative commissioning bodies; and ensure appropriate monitoring and evaluation frameworks are developed to support implementation.* • *Ensure adherence and elevation of Priority Reform 4 of the National Agreement of Closing the Gap, and the Indigenous Data Sovereignty movement.*
3. A national framework to support government investment in prevention	• *Establish a measurable path to allocating 5% of health expenditure to preventive health measures by 2030.* • *Work across portfolios to ensure a shared understanding and prioritisation of the net benefits of effective prevention.* • *Consider implementation of 'Prevention Responsive Budgeting' to ensure government budgets systematically account for, prioritise, and evaluate investments in disease prevention and health promotion.* • *Elevate and invest in health economists and health services researchers to increase the evidence-base for prevention investment.* • *Prioritise research into the social, cultural, environmental, and commercial determinants of health and well-being as part of broader prevention reforms.*

Introduction

The Productivity Commission's interim report rightly emphasises the central role that high quality care services play in enabling Australians to live independent lives and participate in the community and economy. The health and medical research and innovation sector have an indispensable role in driving improvements in healthcare delivery. Our sector embeds innovation into clinical practice, informs evidence-based policy, and supports real-world and consumer-led research – in turn improving outcomes and containing costs to the health system. Through this submission, Research Australia outlines key insights and recommendations from our membership and previous policy and advocacy work, which we have aligned to the PC's priority reforms.

1. Reform of quality and safety regulation to support a more cohesive care economy

Research Australia supports the pursuit of greater alignment in quality and safety regulation across the care economy to enhance efficiency and improve outcomes for care users. At the Health, Disability and Ageing Economic Reform Roundtable in August 2025, Research Australia advocated for addressing siloed governance and regulation, stressing that improving the health, disability and ageing sectors cannot be done in isolation. Improving Australia's care economy must be part of a "whole of systems approach", which brings together all relevant sectors, departments and layers of government to address Australia's greatest economic challenges – with research, evidence and innovation at its core.

Approaches to improving the care economy should also be responsive to different models of care across different priority populations, including models that relate to First Nations people. As such, Closing the Gap National Agreement and other relevant diversity and equity government frameworks should inform this work.

Recommendations:

- *Address siloed governance and regulation and employ a "whole of systems approach" to improving the care economy.*
- *Ensure approaches embed diversity and equity through adhering to the National Agreement of Closing the Gap and other relevant frameworks.*

Research Australia particularly endorse the following aspects and provide further recommendations to bolster the impact of reforms.

Consistent Regulatory Approach to Artificial Intelligence (AI)

Research Australia supports establishing a consistent approach to AI regulation across aged care, NDIS, and veterans' care sectors within three years. Generative AI could add up to $115 billion in productivity gains to the Australian economy by 2030, equivalent to a 5% GDP uplift[52], making it crucial for Australia to adopt AI safely, responsibly, and ethically.

Research Australia supports sensible, proportionate, and risk-based regulation that builds community trust and business confidence while avoiding unnecessary, broad AI-specific mandates. We advocate for a domain-specific approach that adapts existing regulatory frameworks, with general principles applied across government and detailed implementation led by sector regulators such as the Therapeutic Goods Administration (TGA).

Equally important is public trust and social licence, which requires engaging communities through participatory frameworks like citizens' juries to ensure legitimacy, transparency, and consent. In healthcare, incorporating diverse voices such as patients, clinicians, consumers, and other stakeholders is vital, as is upskilling the workforce to handle the ethical, legal, and cultural implications of AI. As noted by Jobs and Skills Australia, the skills system will play a central role in Australia's response to the Gen AI transition[53]. To ensure equitable outcomes, Australia must remain alert to the risks of bias in AI systems and embed diversity, equity, and fairness in their design and use. Research Australia is committed to building on our previous workshop on Ethical AI in Health & Research, hosted in June 2025 in collaboration with the AI Co-Lab[54], and continuing to foster cross-sector collaboration to ensure AI enhances healthcare inclusively, responsibly, and ethically.

[52] Department of Industry, Science and Resources. (2024). 'Submission to the Select Committee on Adopting Artificial Intelligence (AI)', No 160. Pg 69.
[53] Jobs and Skills Australia. (2025). 'Our Gen AI Transition'. Australian Government. Pg 77.
[54] See Communique

Recommendations:

- *Implement a domain-specific approach to AI regulation, adapting existing regulatory frameworks rather than implementing broad, new AI-specific mandates.*
- *Adopt a two-tier governance approach where general principles are applied across the whole of government to guide regulation, with detailed implementation provided by the regulator closest to the industry.*
- *Prioritise public trust and social licence in the adoption of AI technologies.*
- *Build awareness and establish governance frameworks that enable trust, equity and innovation to ensure AI enhances, rather than undermines, equitable access and outcomes in healthcare.*
- *Invest in building a skills system which supports digital and AI capabilities across the workforce.*

Standardised Quality and Safety Reporting Framework and Data Repository

Research Australia endorse the establishment of a standardised quality and safety reporting framework and a central data repository within three years to reduce duplicative reporting and enable more consistent performance measurement and transparency for care users to make informed choices. This recommendation is consistent with Research Australia's long-standing advocacy for better collection and use of data to evaluate program effectiveness and inform policy.

Research Australia submit that the standardised reporting framework and data repository should align with a wider long-term investment in Australia's national health data infrastructure to create a unified, nationally coordinated data capability to strengthen data-driven healthcare, accelerate research and innovation, and improve health outcomes. A recent Research Australia and Digital Health CRC Workshop[55] underscored that such a capability should be treated as a critical national asset and fast-tracked as part of the productivity agenda. However, the current landscape is hindered by fragmented systems, limited discoverability, and barriers to timely access, all exacerbated by the absence of national leadership or a long-term strategy. Coordinated, system-wide solutions that are person-centred, inclusive, and community-driven while also underpinned by public trust, ethical frameworks, and social licence are essential.

Recommendations:

- *Expedite a bipartisan national health data framework to guide long-term investment and coordination in Australia's health and medical data infrastructure to enable world-leading data-driven research, improvement, and innovation.*
- *Embed system-wide solutions that are person-centred, community-driven, inclusive, and ensure the prevention of bias.*
- *Embed equitable approaches to data governance, access, and use to ensure that the benefits of data-driven healthcare and research and innovation are shared broadly across Australia.*

[55] See Communique

2. Embed collaborative commissioning to increase the integration of care services

Research Australia supports the Productivity Commission's focus on collaborative commissioning to increase the integration of care services, ensuring patients receive more coordinated, effective, and person-centred care. To do this in the most efficient way, we need to embed health economics and health services research in the development of local collaborative models. The need for evidence and research has been highlighted by Research Australia's Health Economics Working Group as well as a group of senior Australian health economists in their submission to the 'Delivering care more efficiently' inquiry. Titled 'Robust evidence is needed to improve care economy productivity', the submission acknowledges that health economists have an established research base and the methodological expertise required to help design and evaluate care economy initiatives aimed at improving productivity.

In addition, there should be particular emphasis on the importance of adopting a holistic understanding of costs that goes beyond direct health expenditures to include the costs of informal care in the community and multiple care types across health, disability, and ageing. Furthermore, health economists and health service researchers can identify best models of care to reduce unnecessary or inefficient care, leading to further enhancements to the productivity of the care economy.

Research Australia agrees that data sharing between commissioning organisations is essential to support the development of joint needs assessments, to assess the effectiveness of commissioned programs, and to undertake many collaboratively commissioned services[56]. Noting that the next addendum to the National Health Reform Agreement will progress data sharing initiatives, Research Australia have previously recommended consideration be given to establishing regional health observatories. Drawing on models from the UK and Europe, as well as the Australian Geospatial Health Lab, these observatories can identify specific needs, detect trends and direct preventative health measures to specific populations.

Research Australia concur that to support broader collaborative commissioning between LHNs and PHNs, stronger national guidelines and tailored state and territory-based partnerships may be needed. The Hunter, New England and Central Coast Place-based Commissioning Guide, developed in 2025, provides several key areas of consideration to ensure that services and strategies align with the unique needs of the community[57]. Guidance and approaches like those listed in the HNECC guide should be developed, tailored and scaled to reflect different arrangements.

Further to this the National Agreement to Closing the Gap, in particular Priority Reform 4 and the broader Indigenous data sovereignty movement should underpin all place-based approaches.

[56] Productivity Commission. (2025). 'Delivering quality care more efficiently – Interim Report'. Australian Government. Pg 41.
[57] HNECC PHN. (2025). 'Place-based Commissioning Guide'. Primary Health Network.

Recommendations:

- *Embed health economics and health services research in collaborative commissioning to gather a holistic understanding of costs and identification of efficient care models.*
- *Consider developing regional health observatories to identify specific needs, detect trends and direct preventative health measures to specific populations.*
- *Develop and implement effective guidelines to support local collaborative commissioning bodies; and ensure appropriate monitoring and evaluation frameworks are developed to support implementation.*
- *Ensure adherence and elevation of Priority Reform 4 of the National Agreement of Closing the Gap, and the Indigenous Data Sovereignty movement.*

3. A national framework to support government investment in prevention

Research Australia unreservedly supports the establishment of a National Prevention Investment Framework to improve health outcomes and reduce the escalating growth in government care expenditure[58]. Advancing research into prevention is a key priority for Research Australia, and we strongly advocate for more systems-wide investment in this area.

The Productivity Commission rightly highlights the chronic underinvestment by Governments in prevention compared to OECD countries and the significant potential returns stemming from investment in prevention programs[59]. Research Australia was previously engaged in the development of the National Preventive Health Strategy (2021-2030), highlighting the importance of the proposal to increase funding for preventive health measures to 5% of health expenditure by 2030. Considering the insufficient funding and lack of a detailed implementation plan following the National Preventive Health Strategy, Research Australia re-affirms that we must establish a measurable path to allocating 5% of health expenditure to preventive health measures by 2030. We also note that the Draft National Health and Medical Research Strategy has little emphasis on prevention and implore the PC to work across portfolios to ensure a shared understanding and prioritisation of the net benefits of effective prevention.

Research Australia note the national prevention framework will enable prevention to be jointly progressed by Australian, state and territory governments, thereby bypassing the issue of underfunding associated with different levels of government assessing the value of programs only in terms of their own fiscal costs and benefits[60]. To improve the embedding of prevention funding and accountability, Research Australia recommends the PC consider implementation of 'Prevention Responsive Budgeting' to ensure government budgets systematically account for, prioritise, and evaluate investments in disease prevention and health promotion. Much like gender-responsive budgeting, it embeds prevention as a lens through which budget decisions are made – recognising that prevention often requires upfront investment but delivers long-term

[58] Treasury. (2023). '2023 Intergenerational Report'. Australian Government. Pg 170-180.
[59] Productivity Commission. (2025). 'Delivering quality care more efficiently – Interim Report'. Australian Government. Pg 57.
[60] Ibid.

returns in improved health, reduced demand on acute services, and broader social and economic benefits.

Furthermore, health economists and health service researchers are essential to strengthening the case for prevention funding by providing the evidence and analytical tools needed to understand its true value and return on investment (ROI). Their expertise enables rigorous evaluation of prevention initiatives, quantifying not only immediate health benefits but also long-term cost savings and social gains across sectors and portfolios. NHMRC funding towards health services research decreased from 8.7% of successful investigator grants to 2.6% from 2024 to 2025[61], therefore further investment is needed to increase the evidence-base for prevention investment.

Research Australia notes a failure to engage with the social determinants of health in the Productivity Commission's interim report. Comprehensive prevention requires an approach that considers the social, cultural, environmental, and commercial determinants of health and well-being. Health and medical research plays a critical role in understanding these complex factors and informing policy platforms related to climate change, housing, poverty, and geopolitics. Current government siloing is undermining researchers' ability to undertake this work, therefore expediating knowledge of the determinants of health and well-being should be prioritised within nation-wide approaches to prevention, with health and medical research at the centre.

Recommendations:

- *Establish a measurable path to allocating 5% of health expenditure to preventive health measures by 2030.*
- *Work across portfolios to ensure a shared understanding and prioritisation of the net benefits of effective prevention.*
- *Consider implementation of 'Prevention Responsive Budgeting' to ensure government budgets systematically account for, prioritise, and evaluate investments in disease prevention and health promotion.*
- *Elevate and invest in health economists and health services researchers to increase the evidence-base for prevention investment.*
- *Prioritise research into the social, cultural, environmental, and commercial determinants of health and well-being as part of broader prevention reforms.*

Conclusion

Research Australia acknowledge the vital role high-quality care services play in supporting Australians to live independently and participate fully in the economy and society. It's clear that the health and medical research and innovation sector underpins this. By progressing the key recommendations and insights outlined in this submission, we can ensure that evidence-based research and policy is at the heart of the mission to deliver quality care more efficiently, thereby enabling us to create a healthier and more prosperous Australia.

[61] See: https://www.hsraanz.org/hsraanz-calls-for-urgent-action-on-nhmrc-grant-funding/

Research Australia stands ready to provide further information and engage collaboratively to advance these critical national priorities.

For further information regarding this submission please contact Dr Talia Avrahamzon, Head of Policy, Projects and Advocacy at talia.avrahamzon@researchaustralia.org, or policy@researchaustralia.org.

Warm regards,

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