Economic Reform Roundtable submission

25 July 2025

Recommendation: Establish a whole-of-government Australian Life Sciences Council, in partnership with industry, to unlock the full potential of Australia's life sciences industry, and maximise its contribution to national health, productivity and security goals. In addition, the Council will work with all levels of government to develop an inaugural National Life Sciences Strategy. The Strategy will aim to boost domestic development and commercialisation, enhance the attractiveness of Australia as a destination for inbound investment and partnerships, and promote the early adoption of new health technologies, thus delivering both health and economic gains for the nation.

AusBiotech, Australia's peak representative body for the life sciences sector, and Medicines Australia, the peak body for Australia's research-based medicines industry, are pleased to provide input into the Government's Economic Reform Roundtable process. We are confident the ideas outlined in this submission will help to address the Government's productivity agenda, namely by boosting economic dynamism and resilience, and expanding Australia's skilled workforce.

In a world where geopolitics is in constant flux, from escalating trade tensions and unexpected political shifts, businesses today are facing a more complex and uncertain operating environment than ever before. These geopolitical risks directly impact supply chains, market stability, and strategic planning. In addition, health security, medical sovereign capability, health data capability, and skilled employment are now recognised as matters of critical importance for prosperous nations. Biotech and medtech innovations, and their translation and commercialisation, are also increasingly playing a role in international security, diplomacy and defence.

In response to today's challenges and opportunities, governments around the world are investing in their own health innovation industries at unprecedented levels. The United Kingdom, Denmark, Belgium, Spain, Canada and France are some of the countries that have established Life Sciences Councils to set innovation priorities, provide strategic direction, and ensure value-for-money from government investments. For Australia to remain internationally competitive, the status quo must change.

Why create an Australian Life Sciences Council:

While Australia is globally renowned as a leader in life sciences research and the generation of IP, our capacity to translate and commercialise this into an equivalent share of industrial activity is below comparable countries. This is in part due to the lack of an overarching framework or central body to co-ordinate and guide holistic national strategy formation, policy development and implementation. Because of this lack of strategic focus, it is difficult for local innovators to take a new health technology from early-stage discovery through to clinical trials, commercialisaton and domestic manufacturing. Instead, many health innovations leave Australia's shores to be developed and commercialised elsewhere, and in some cases, may never return. Consequently, Australia is missing out on the health and economic benefits (e.g., building a skilled

workforce with commercialisation capabilities) that would arise if policy settings were in place that enabled more Australian ingenuity to be developed and commercialised locally. An Australian Life Sciences Council and Strategy would help to create a more favourable eco-system for Australian innovations to be developed here.

The Productivity Commission has outlined the need for policy environments that are conducive to innovation, and the importance of diffusing the uptake of innovations to being an innovative and productive economy. Further, there are strong economic arguments for focussing on healthcare productivity. In its 2024 report *Advances in measuring healthcare productivity*, the Productivity Commission found that healthcare productivity grew by about 3% per year between 2011-12 and 2017-18 in the parts of the sector that they studied. This included treatment of cancers, cardiovascular diseases, blood and metabolic disorders, endocrine disorders and kidney and urinary diseases. Significantly, nearly all the productivity growth was due to quality improvements, not cost reductions. Consequently, the Commission argued "more timely approval processes for pharmaceuticals and other medical technologies would help ensure that the diffusion of new treatments remains a positive contributor to productivity growth".[i]

In conclusion, a key goal of an Australian Life Sciences Council and Strategy will be to create a high-performing life sciences eco-system that incentivises the development and commercialisation of healthcare innovations domestically. This in turn will lead to greater uptake and diffusion of new healthcare technologies in Australia, and the realisation of both their health and productivity benefits. This assumes that Health Technology Assessment Reform is implemented and that registration and approval processes for new health technologies are timely and fit-for-purpose. It will also expand our pool of skilled experts in commercialisation, drive investor confidence, build supply chain resilience, provide policy and business certainty, address national health priorities, and demonstrate leadership at the regional and global levels.

Budget requirements:

To establish an Australian Life Sciences Council the total preliminary estimated cost over four years is $3.6 million*.

- Secretariat staff costs – 4 FTE (2 x EL1 equivalent, 2 x ASO6 equivalent) in one government agency or spread across several agencies/departments ($600,000 p.a.)
- Administrative costs – travel costs, meeting costs, annual report costs, administration, etc for secretariat staff ($300,000 p.a.).

In time, we would expect the cost of establishing the Australian Life Sciences Council to be offset by enhanced sector productivity through more strategic and better coordinated policy development and delivery.

*Based on estimates from Shawview Consulting

[i] Advances in measuring healthcare productivity Accessed July 2025