

## 2026-27 PRE-BUDGET SUBMISSION

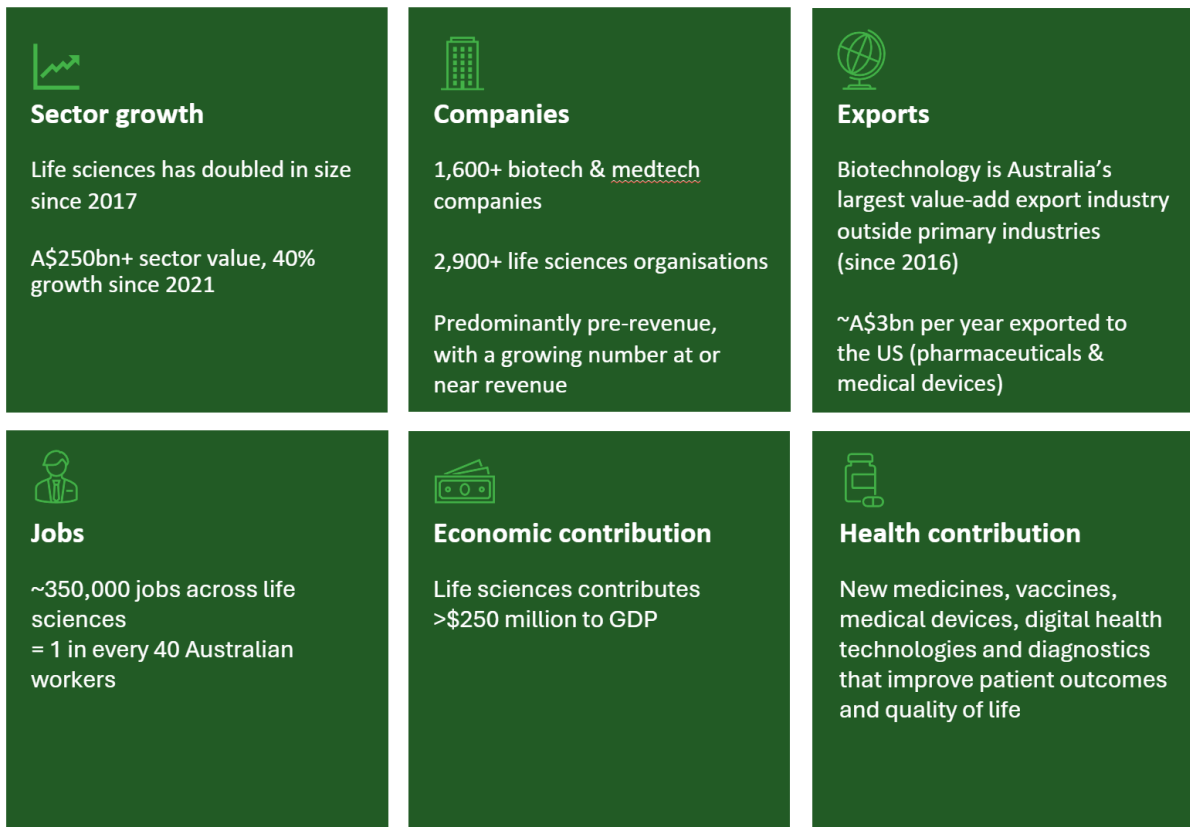
30 January 2026

### Introduction

AusBiotech welcomes the opportunity to make a Pre-Budget submission for the 2026-27 Federal Budget. This submission reiterates our call to the Federal Government to implement and fund policies that unlock the full value of Australia's life sciences industry.

This submission comes at a critical juncture. Australia's life sciences industry stands ready to scale, creating unprecedented economic and sovereign capability opportunities. At the same time, the industry faces growing national vulnerability driven by geopolitical challenges, intensifying global competition, and a strong global pull for Australian innovation to scale offshore.

Now, more than ever, Australia needs a whole-of-government approach to life sciences to capture the full value and strategic contribution of the industry to Australia's economic diversity and growth, health and security interests.



Australia has a rich history in life sciences and has a growing cohort of globally competitive scale-up and larger biotechnology and medical technology companies. Australian owned and headquartered, these companies are conducting R&D and manufacturing domestically, while successfully exporting to international markets. They include, by way of example: Telix – global radiopharmaceutical leader; Orthocell – manufacturing and exporting regenerative medicine products; BiomeBank – manufacturing world-leading microbiome-based therapies; AdvanCell – developing targeted alpha therapies for cancer; and Navbit – advancing surgical technology. There are many more. These companies demonstrate that Australian born, innovative life sciences companies have the capability to scale and compete globally.

## Overview

Around the world, governments have identified life sciences as one of the greatest drivers of economic growth, global competitiveness and national security. As international competition for life sciences capability intensifies, peer nations have developed and are now implementing coordinated, whole-of-government strategies to attract investment, talent and manufacturing capability. This includes the United Kingdom, Canada, France, Denmark, Belgium, Spain, India, the Netherlands and the Republic of Korea, as well as the European Union. Many of these countries also have dedicated Life Sciences Councils (or equivalents) putting government and industry around the same table to lead whole-of-government policy development and provide integrated decision-making that considers the breadth of innovation and development pipelines.

In addition, countries including the United Kingdom, Canada, Singapore, China, Ireland, Taiwan and the US, are offering direct, structured support for the biotech and medtech sector, including manufacturing. The UK's Life Sciences Sector Plan is a whole-of-government plan that includes policies and funding across the pipeline. It includes targeted co-investment for manufacturing and supply chain security, funding to build a world-leading advanced AI-ready health data platform, as well as policies to streamline regulation and market access. Singapore is supporting its life sciences ecosystem with biomanufacturing parks, streamlined approvals, tax incentives and direct co-investment.

With global competition intensifying, Australia's ability to continue to develop and commercialise, as well as grow, retain and attract investment into its homegrown life sciences industry is becoming more challenging. In contrast to peer nations, while the Australian Government has identified life sciences as a priority sector and 'critical technology', it lacks a national strategy or coordinated, whole-of-government approach. Support for the sector remains *ad hoc*, fragmented and split across multiple portfolios, particularly when compared with other priority industries. This gap persists despite Australia's clear competitive advantages in health and medical research, and the economic and sovereign capability opportunities stemming from the rapidly growing pipeline of start-ups and SMEs across life sciences. As a result, Australia is increasingly seeing innovators and

manufacturers drawn offshore, contributing to the erosion of sovereign capability and the loss of long-term economic and health benefits, while also undermining confidence among domestic industry and international investors.

In this context of intensifying global competition and coordinated international action, whole-of-government leadership and strategy is critical. Creating a competitive, supportive environment that promotes the successful commercialisation of life sciences innovation are essential to retaining investment, mitigating offshoring, and supporting productivity, economic growth, and improved health outcomes for Australians.

Considering the above, AusBiotech makes the following four recommendations, which work together synergistically, and notes our immediate intervention recommendations already discussed with the Strategic Examination of R&D and National Health and Research Strategy.

### Recommendations – overarching

1. Develop Australia's first whole-of-government **National Life Sciences Strategy** to set policy priorities, eliminate gaps and overlaps, and bring Australia in line with other countries competing for global investment and building their national capabilities.
2. Establish a whole-of-government **Life Sciences Council** in partnership with industry to drive the strategy, address broader sector challenges, ensure value for investment and achievement of the government's health, economic, security and employment priorities.
3. Recognise life sciences as a **priority under the *Future Made in Australia Act***, creating the focus and cross-portfolio coordination required to maximise the sector's contribution to Australia's economic resilience, national security and health.
4. **Invest in data to drive innovation** to better understand global interdependencies and improve policy and decision making.

## Recommendations – Strategic Examination of R&D and National Health and Medical Research Strategy

The recommendations of the Federal Government's *Strategic Examination of Research and Development* and the *National Health and Medical Research Strategy* are yet to be released. Both are critical to the sector, and AusBiotech has engaged deeply with both panels. AusBiotech urges the Government to allocate funding in the 2026-27 Budget to support a timely response to these processes. Through those processes, on behalf of our members, AusBiotech advocated for our four overarching measures, as well as several immediate interventions including:

- Create priority regulatory and procurement pathways for Australian innovation.
- Support manufacturing, including establishing a tailored fund and single front door process for unsolicited proposals from industry.
- Reform of the Research and Development Tax Incentive (RDTI), including removing the upper threshold and extending support of the RDTI further down the pipeline.
- Introduce an R&D commercialisation incentive (patent box).
- Reduce barriers and establish incentives for superannuation fund investment.

## Overarching recommendations: detailed overview

### Recommendation one: Develop Australia's first whole-of-government National Life Sciences Strategy

Currently, responsibility for the life sciences sector sits across nine different Federal Government portfolios, with no formal coordination. As previously proposed by AusBiotech and other stakeholders (and in line with many of Australia's international counterparts), we recommend the Federal Government work with industry to develop a National Life Sciences Strategy to provide a whole-of-government approach to the sector.

A whole-of-government national strategy and approach will:

1. **Highlight Australia's strengths in life sciences and send a strong signal** about the significance and value of life sciences innovation to the Australian economy – enhancing Australia's reputation as a global leader and sophisticated partner in the sector, drive investor confidence and solidify its position within the region and globally.

2. **Establish clear priorities for translation, development and commercialisation** within the sector to provide certainty for the industry, boost global partnership capability and increase investor confidence. Priorities would focus on areas of greatest health and economic benefit, ensuring alignment with Australia's comparative advantages and multilateral areas of focus - whether in technology, expertise or within the geopolitical context.
3. **Identify the gaps to strengthen supply chain resilience**, allowing Australia to better address health product supply chain resilience by identifying risks and providing greater clarity on what our country should or needs to be able to produce onshore to protect the health of wellbeing of our communities. This focus would also allow for more deliberate discussions regarding the future shape of global supply chains and how Australia's capabilities and contributions can best be integrated as an indispensable part of international collaborations.
4. **Promote policy certainty and industry confidence** by committing to deliberate, long-term policies aligned to the strategy, including cross-portfolio and cross-jurisdictional approach that is aligned, supportive, predictable, and internationally competitive.
5. **Maximise policy efficiency and impact** by aligning efforts across State Governments, the Federal Government and industry. Given Australia's relative size, it is not feasible to independently develop full sovereign capabilities in all areas and in all states. A national strategy is essential to ensure state investments complement strategic national priorities. This will help to avoid over-capacity in some areas and real or perceived duplicated investment.
6. **Demonstrate leadership and develop a robust investment environment** by enhancing Australia's capacity to strategically partner, accelerating our global competitiveness and increasing our ability to coordinate our contribution to global health security challenges.

## **Recommendation two: Establish a whole-of-government Life Sciences Council**

AusBiotech recommends the Federal Government establish an Australian Life Sciences Council under the auspices of the Prime Minister and invest \$3.6 million over four years for the establishment and operation of the Council. Establishing an Australian Life Sciences Council to inform the development and implementation of a National Strategy will provide the necessary platform to facilitate streamlined decision-making and improved dialogue between government and industry. 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.

Together with a Life Sciences Strategy, and drawing on international best practice, the Council could set clear priorities for translation, development, commercialisation and market access providing certainty for the industry, boosting global partnership capability and increasing investor confidence.

The proposal for an Australian Life Sciences Council is supported by other peak bodies and organisations, including Medicines Australia and MTPConnect, and draws on the work of AusBiotech members, UCB and Bristol Myers Squibb and costings of Shawview Consulting.

### **Recommendation three: Recognise life sciences as a priority under the *Future Made in Australia Act***

To recognise the critical strategic importance of the life sciences industry, AusBiotech recommends the Federal Government make life sciences a ‘priority industry in the national interest’ under the Act. This would ensure the necessary level of focus, coordination, partnership and investment is provided to the industry to ensure that it can attain a sustained comparative advantage in the global economy and fully recognise the level of domestic capability needed to deliver economic resilience and improved health security.

Coordination across and between governments and industry is needed, as is additional investment. Further government support could unlock additional diversified private investment, enabling the industry to scale in the national interest. This would both strengthen Australia’s economic resilience, while at the same time support our national security priorities.

The life sciences industry should be designated a priority sector under the Economic Resilience and Security Stream under the *Future Made in Australia Act*. This stream is designed to identify priority sectors where a level of domestic capacity is necessary or efficient to protect Australia’s economic resilience and security and where, in the absence of government support, the private sector will not deliver the necessary investment. New medicine and device development is structured in well-defined stage gates, and the process, if successful, often takes 10 or more years and requires significant capital. Due to the intrinsic market vulnerability and market failure of health, governments will always be necessary to deliver on national health outcomes.

The life sciences industry is critical to Australia’s ongoing economic resilience and security. Consistent with the framework, global and domestic supply chains also play a critical role in life sciences. Supply chains in this industry are particularly vulnerable to disruption with sometimes dire consequences given the critical nature of the products involved. The life sciences industry also meets the community benefit principles laid out in the Framework, including the promotion of diverse workforces and secure jobs; and building capability through investment in local communities, supply chains and skills.

Making life sciences a priority under *Future Made in Australia* would coordinate and unlock public investment; create a whole-of-government opportunity to address the barriers to private investment in life sciences commercialisation, such as taxation opportunities and incentives for manufacturing, infrastructure requirements and regulatory streamlining; and provide the required flexibility in public investment ('FMIA Support' includes: a grant, loan, indemnity, guarantee etc.). This would help attract and enable investment, help make Australia a life sciences superpower (in the Asia-Pacific region), value add to our exports and strengthen economic security, back Australian ideas and invest in the people, communities and services that will drive our national success.

### **Recommendation four: Invest in data collection and accessibility**

Data is a cornerstone of the life sciences industry – driving innovation, improving policy and decision-making and enhancing efficiency across research, development and clinical applications. Like many industries, data quality, integration and accessibility are fast becoming the markers of global competitive advantage in life sciences. As the industry increasingly embraces technologies like AI and machine learning, the value of mature data will only grow, providing new ways to accelerate drug discovery and commercialisation and predict global health security risks. Together with developing a National Life Sciences Strategy and designating life sciences as a priority sector through the Future Made in Australia, data collection and accessibility will be essential to the development, and subsequent monitoring and evaluating of the effectiveness of these mechanisms.

Current data gaps, immaturity or inaccessibility identified by the industry include:

- Health products utilised by Australia (particularly medical technologies).
- Health products procured by governments.
- Gaps in current production.
- Gaps in the supply chain.
- Workforce, skills and education requirements.
- Where Australian innovations are being commercialised overseas.
- Potential market demand for Australian sovereign manufactured products to support manufacturing facility expansion.

For the continued maturity and growth of the sector, it is recommended the Federal Government invest in a strategic and intentional approach to data and insights related to the industry of health innovation, including quality and accessibility. Building on the data gaps identified above, the Australian Life Sciences Council (recommendation two) could provide further advice to the Government regarding the data needs of industry.

## Collaborative Industry Recommendations

### **Clinical Trial Reform: Ongoing funding for National One Stop Shop**

As a member of the Research & Development Taskforce (RDTF), together with Medicines Australia and the Medical Technology Association of Australia (MTAA), AusBiotech recommends the Federal Government allocate ongoing and sustainable funding for the National One Stop Shop (NOSS) for health and medical research in the 2026–27 Federal Budget. Ongoing investment will ensure this important initiative achieves its full potential, ensuring Australia remains globally competitive in clinical research and development (R&D).

### **Reforming Australia’s Health Technology Assessment (HTA) System**

Support for implementing the full package of recommended reforms of Australia’s Health Technology Assessment (HTA) system to give Australians faster access to new Pharmaceutical Benefits Scheme (PBS) medicines once they are approved for use by the Therapeutic Goods Administration (TGA), as advocated for by Medicines Australia. Timely reimbursement of new therapies is critical for Australia’s innovative health companies. It provides the impetus for them to continue their operations in Australia and gives them the platform to scale and be part of a vibrant, homegrown industry. Most importantly, it helps to ensure homegrown health innovations reach Australian patients as quickly as possible.

## About AusBiotech

AusBiotech is Australia’s leading national and global advocate for life sciences. For 40 years, we have advocated for growth across the breadth of Australia’s life sciences sector. With a more than 3,000 strong industry led member network, our membership spans the entire pipeline: universities and research institutes, startups and scale-ups, large Australian and global companies, CROs, CDMOs, and the broader service provider community. Our national network of biotech and medtech experts means we can support our members at all stages of their lifecycle through advocacy, connection and knowledge sharing.

We partner broadly to enable our members’ success and promote Australian life science innovation in national and international marketplaces. As a not-for-profit organisation dedicated to the growth and prosperity of a thriving Australian life sciences sector, our strategic focus brings an expert lens to translation, development and commercialisation – the precursors to productivity and factors crucial to enabling life sciences as a future part of Australia’s modernised economy.