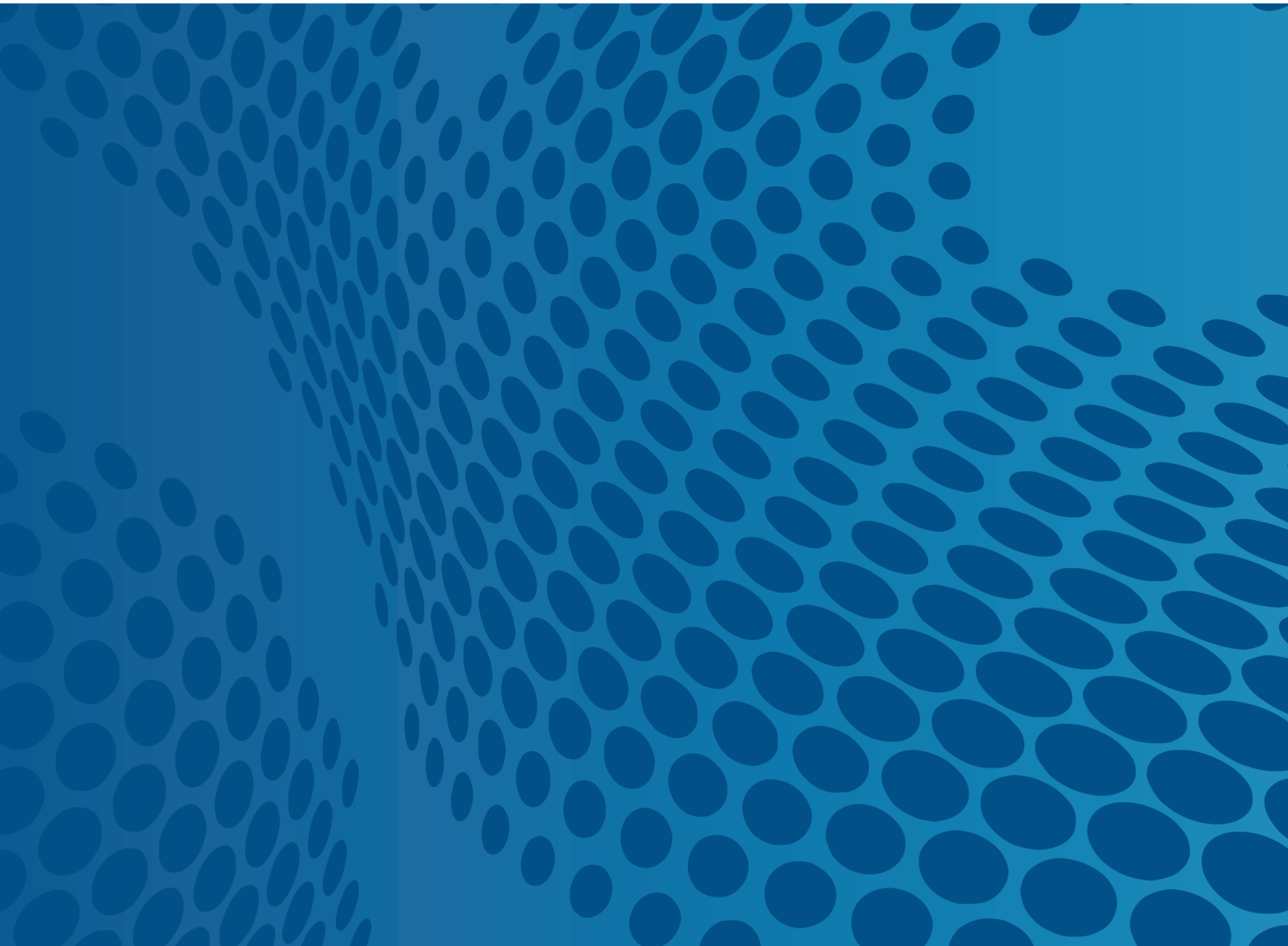
A collaboration between
AusBiotech and MTPConnect

AusBiotech
AUSTRALIA'S BIOTECHNOLOGY ORGANISATION

MTPConnect
Australia's Life Sciences
Innovation Accelerator

Pre-Budget Submission

2025-26 Federal Budget



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Introduction

Australia's life sciences industry is central to the country's productivity, health security and the health and wellbeing of all Australians. Healthcare is one of the top three most important issues for Australians[1] and Australia's life sciences industry has unparalleled potential to develop, commercialise and manufacture medical innovation to drive better health outcomes. At the moment, Australia is leaving economic and health benefits on the table.

Through the mechanisms proposed in this submission, the industry is seeking a unified, cohesive and intentional prioritisation of the industry so it can reach its full potential. It proposes that:

1. The Australian Government, in partnership with industry, develop a national strategy specifically aimed at the life sciences sector, supported by the creation of an Australian Life Sciences Council;
2. The life sciences industry be recognised as a priority under the *Future Made in Australia Act;* and
3. Industry capability be further strengthened through investment in data collection.

These three elements – together with the work that AusBiotech, its 3000 members and MTPConnect are currently undertaking and investing in – will build Australia's economic resilience, competitive edge and heath security outcomes while also supporting better health and wellbeing for all Australians.

Overview

The life sciences industry includes companies working in biotechnology, medical technology, pharmaceuticals and digital health – from start-ups, SMEs, Australian anchor and multinational companies to service providers, investors, manufacturers, accelerators, universities and research institutes.

Beyond impacting the lives of all Australians, the life sciences industry makes an invaluable contribution to the Australian economy, from highly paid and skilled jobs to manufacturing and exports.

There are close to 350,000 biotech jobs across Australia[2] and 2,905 life science organisations, including 1,592 biotech and medtech companies.[3] (Figure 1) Since 2016, the biotechnology industry is cumulatively Australia's greatest value-add export industry outside of primary industries[4], making it key to Australia's future diversified, modern economy.

Figure 1: Number of Life Sciences Companies

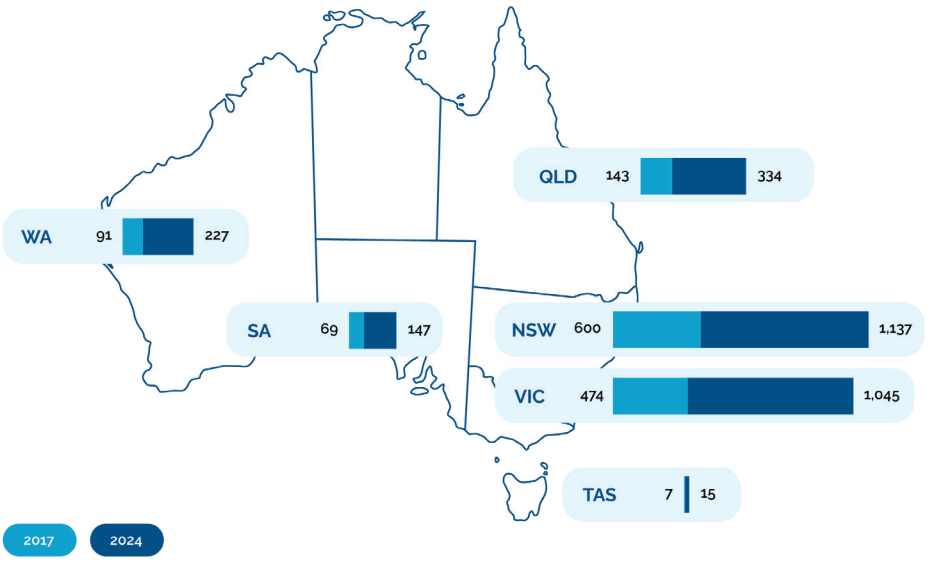
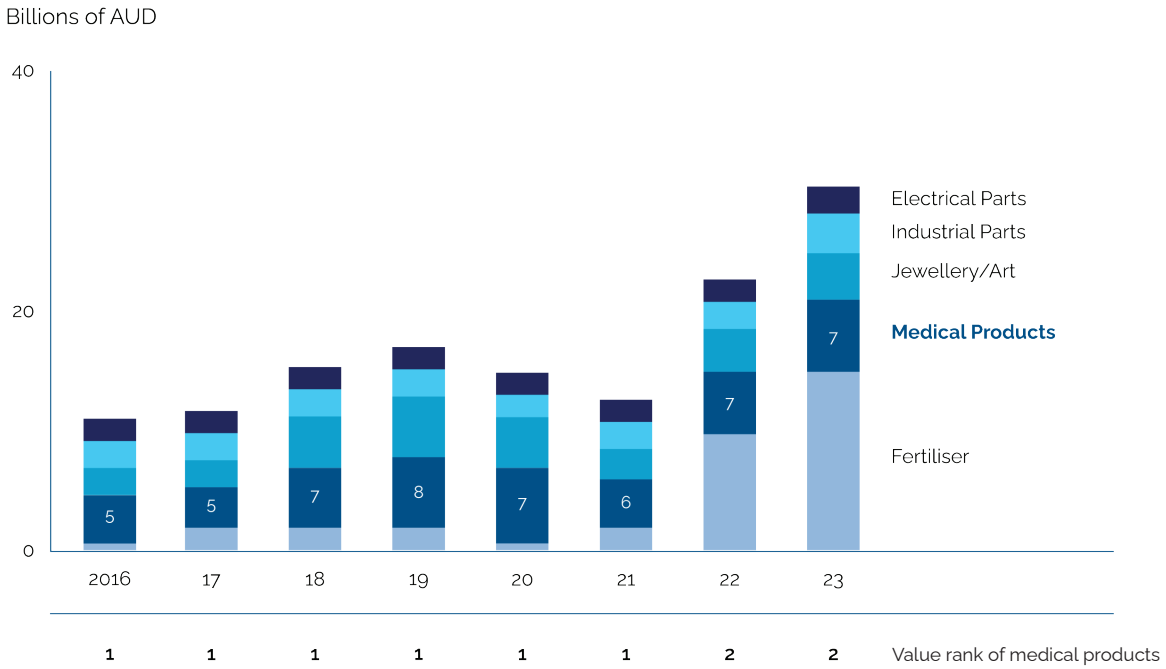


Figure 2. Australian Exports for Key Value-Add Industries* (CY2016–23)



*Key value add industries are the top 5 industries by exports which produce some form of manufactured good, excluding basic refining operation and primary industry Source: ABS; L.E.K. analysis

Australian capability is high but action is needed to leverage our strengths into real outcomes

Australian ingenuity is responsible for many groundbreaking world-firsts – with household names such as the Cochlear hearing implant and Gardasil human papillomavirus vaccine as well as lesser-known but still remarkable innovations like Remplir for nerve repair in quadriplegics, and Vaxxas' needle-free vaccination technology. We also manufacture influenza vaccines, human plasma products, Australian antivenoms and biotherapeutics, including cancer treatments and other high value therapeutics.

These contributions are built on the foundations of Australia's globally competitive health and medical research capabilities and demonstrate that Australia has many of the building blocks required to develop and commercialise its ingenuity.

Despite our strengths and potential, often Australian health innovations either never reach a patient or leave Australia's shores to be developed and commercialised elsewhere.[5]

Already, there are many examples of opportunities lost – such as the cost of not manufacturing our own innovations domestically. In 2023 for example, a potential US$8.9 billion of revenue was lost by not being able to manufacture the Gardasil vaccine domestically.[6]

We need to take action now to ensure we do not miss out on future economic, employment and health outcomes for our nation because of opportunities lost.

The challenge here is not to be underestimated. It is one that has persisted for years and across governments. To turn the tide, federal and state governments will need to work in unison with industry. both large and small, for the benefit of all.

We need to close the gaps between our investment and our outputs

The failure to translate our strengths and capabilities into real and meaningful outputs can be demonstrated via a variety of metrics that make the gaps clear:

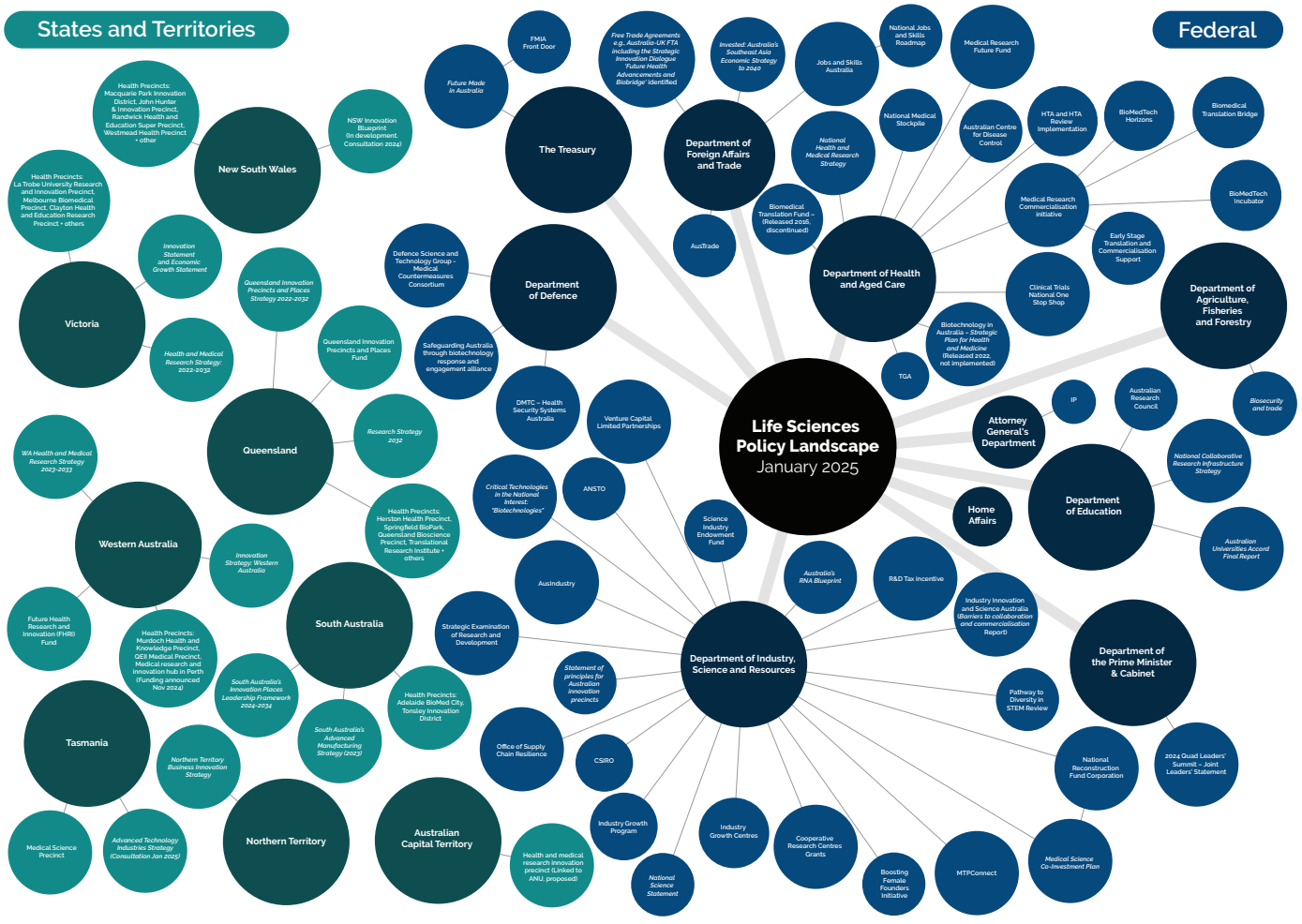
- The United Nations World Intellectual Property Organization (WIPO) scores Australia as 18th in terms of the 'input' factors that fuel innovation (human capital, infrastructure etc), but only 30th for innovation outputs. Our Return on Investment is under where it should be.[7]
- Despite being the OECD's 11th largest economy, Australia, ranks only 21st on the Global Innovation Index for innovative capabilities among those OECD countries.[8]
- More than 90% of pharmaceuticals and medical devices used in Australia are manufactured overseas.[9]

The industry's value is recognised by governments but this is not enough

The importance, value and potential of the life sciences sector, along with its challenges and opportunities, are recognised by the sector and by state and federal governments. The Australian Government designated biotechnology as one of seven 'critical technologies' in the national interest and medical science as a priority area for future prosperity through the National Reconstruction Fund.

The industry's value is also recognised across a multitude of policies, programs and investments related to the life sciences industry scattered across various state and federal government departments, portfolios and agencies.

While the consistent recognition is positive, the scattered policy approach to supporting industry development and growth is not delivering the results that Australia could be achieving.



This infographic was developed following an audit of policies relating to the life sciences industry conducted in January 2025, primarily focusing on Federal programs. While all attempts have been made to ensure accuracy, given the multitude of touchpoints the life sciences industry has across different federal and state and territory policies, funds, and departments some omissions are possible.

What Australia needs is a cohesive national life sciences strategy

Despite life sciences permeating all areas and levels of government and there being consistent acknowledgement of its critical importance, there is no cohesive national strategy for the industry in this country.

Globally, the governments of peer nations are laser-focused and investing in their own health innovation industries at unprecedented levels. Health security, medical sovereign capability, health data capability, competition for investment, system agility 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.

Many OECD nations have already developed or are developing comprehensive whole-of-government strategies. This includes the United Kingdom, France, the Republic of Korea and many others. As a result, an increasing number of Australian innovators, manufacturers and global investors are taking their innovations and business offshore. And with global competition intensifying, Australia's ability to continue to develop and commercialise as well as grow, retain and attract investment into its home-grown life sciences industry is becoming more challenging.

This convergence of national vulnerabilities and unparallelled opportunities demands a unified national approach.

Recommendation One: Extend our Strategic Contribution to Australia: Developing a National Strategy

As highlighted above, the Australian Government, as well as States and Territories, recognise the necessity and opportunity that the life sciences industry offers. This recognition is not however translating into the holistic policy settings that will allow the industry to deliver the economic, health, security and social benefits that it is capable of.

Holistic focus is required. This would be best supported by a national strategy specifically aimed at the life sciences industry.

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

1. **Highlight Australia's life sciences strength 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, including through greater visibility of priorities. Priorities would focus on areas of greatest health and economic benefit, ensuring alignment with Australia's comparative advantages and multilateral priorities —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 need 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 contribute to global health security challenges.

Strengthening Partnership and Strategy: A Life Sciences Council

It is proposed that the Australian Government establish an Australian Life Sciences Council under the auspice of the Prime Minister and invest $3.6 million over four years for the establishment and operation of the Council.

As outlined above, the sector would greatly benefit from a whole-of-government strategic focus, deliberate co-ordination, and an enduring forum to foster partnership between industry, government and other key stakeholders across the value chain. A Life Sciences Council will do this.

Role 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. It will set clear priorities for translation, development, commercialisation and market access providing certainty for the industry, boosting global partnership capability and increasing investor confidence. A Council will give the industry the strategic focus and co-ordination from government it warrants.

The Council will inform a whole-of-government approach to health innovation across the lifecycle – from early stage research through to clinical trials, translation, development and commercialisation – in partnership with industry. Drawing on international best practice, it will help local innovators overcome existing challenges that make it difficult to bring new health innovations from early-stage discovery through to clinical trials, commercialisation and domestic manufacturing.

Through the partnership between government and industry, the Council will seek to streamline strategic government decision-making, optimise the regulatory and policy environment, and increase the attractiveness of Australia as a location for the life sciences sector to create new jobs and exports. It will also help to foster favourable conditions for new, innovative businesses to be established and sustained over the long-term, thus fulfilling the Australian Government's policy goal to build these businesses here.

The proposal for an Australian Life Sciences Council is proposed in a joint pre-budget submission between Medicines Australia and AusBiotech.

Budget requirements

National Strategy – given the breadth of the industry and stakeholders, it is estimates that $1.1million over two years would be required to develop the strategy, including the data required to inform the strategy (as outlined in recommendation 3).

Council - total preliminary estimated cost over four years is $3.6 million*.

Preliminary estimated annual government costs for the Council are based on:

- 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.).

Note that costs do not include sitting fees, travel expenses, etc for Chair and Vice Chair. These positions may require additional expenses depending on appointments.

** Based on estimates from Shawview Consulting*

Case Study – France

This approach is underway in France where the Government worked with industry, other stakeholders and across all relevant portfolios – the equivalent of Australia's Departments of Health, Industry Science & Research, Foreign Affairs & Trade, Treasury and so forth – to develop a comprehensive vision for healthcare.

France's Healthcare Innovation Plan 2030 was launched in 2022 with an initial budget of €7.5 billion and the clearly stated goal that France would resume its position as leader in the field of innovation in healthcare in Europe. Particular focus has been given to biotherapies, digital health, emerging infectious diseases and medical technologies to encourage breakthrough innovations, facilitate start-ups, train the talent of tomorrow and simplify administrative processes involved in research.[10]

A permanent Committee, including experts in pharmaceuticals, biotechnology, academia, hospital and healthcare, had been deeply involved in the development of the Plan. President Macron clearly connected the development of the Plan to national sovereignty, setting the clear objective that, by 2030, France had to have at least 20 biotherapeutic drugs to treat cancer, emerging diseases and chronic diseases while, at the time, France imported 95% of all biotherapies used in the country.

The Health Innovation Agency is now in the process of steering and coordinating health innovation in France with the clear goal to deliver on this objective. It has an ambitious strategy to accelerate access to innovation, thereby improving France's health system and raising France's international profile.[11] Its Roadmap clearly outlines twelve objectives to achieve this and, with editorials from the Ministers for Higher Education and Research; Health and Prevention; and Industry, demonstrates the overarching and coordinated focus needed to deliver upon a national strategy.

AusBiotech and MTPConnect are not advocating that Australia adopt the same goals, objectives or actions as France. However, their coordinated national approach, driven from the top should be applauded. We ask that the Australian Government work with the life sciences industry and other stakeholders to develop our own fit-for-purpose cross portfolio national strategy for life sciences.

Recommendation Two: Making Life Sciences a Priority Sector under *Future Made In Australia Act*

To recognise the critical strategic importance of the life sciences industry, AusBiotech and MTPConnect request that the Government make life sciences a priority sector under the Act.

This would ensure that 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.

The industry is uniquely positioned to optimise its contribution to Australia and our national and global interests. Significantly, Australia has a complete and well-integrated market for all the elements needed to support a successful and maturing biotechnology sector, but the challenge is still great.

Coordination across government(s) 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.

Designating Life Sciences as a priority sector under the *FMIA Act*

The life sciences industry could be designated a priority sector under the Economic Resilience and Security Stream of The National Interest Framework which guides the identification of priority industries in the national interest under the *Future Made in Australia Act*.[12] This stream, separate from the Net Zero Transformation 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.

As highlighted above, 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.

The initial designation of net zero as a priority under the Future Made in Australia plan made it clear that Future Made In Australia is about attracting and enabling investment, making Australia a renewable energy superpower, value adding to our resources and strengthening economic security, backing Australian ideas and investing in the people, communities and services that will drive our national success.[13] Exactly the same can be said about life sciences

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.

Funding required:

Noting the Budget commitment to net zero was $22.7 billion over a decade, commensurate funding to be determined during the priority sector designation process, in consultation with AusBiotech and MTPConnect and stakeholders. Note: investment can be partially offset by efficiencies gained in removing duplication, red tape and coordinating programs across portfolios.

Case Study – United Kingdom

Launched for consultation in October 2023, Invest 2035: The UK's Modern Industrial Strategy identified eight growth-driving sectors that the strategy would focus upon: advanced manufacturing; clean energy industries; creative industries; defence; digital and technologies; financial services; life sciences; and professional and business services.

The United Kingdom (UK) ranks fourth globally in terms of capital raised by locally headquartered life sciences companies – behind the US, Ireland and Switzerland.[14] Despite the fact that that the UK had over 6,800 businesses in 2021 to 2022 that generated over £100 billion in turnover and is home to four of the top ten global universities for life sciences and medicine, [15] the Government clearly views the industry as a growth opportunity and is doubling down on investment already made in this area, such as the introduction of the patent box in 2013 which offers a 10% corporate tax rate on the utilisation of locally developed and commercialised patents.

The Government's stated aim for the industry is to restore the sector's growth rates to those experienced under previous Labour governments and create 100,000 new jobs by 2030. They also intend to deliver a range of measures including introducing ten year budgets to replace the typical current 3-year cycles for major funding bodies such as the National Institute for Health Research (NIHR) and UK Research and Innovation (UKRI); strengthening the Office for Life Sciences to work more closely with industry; and reforming their existing Life Sciences Council.[16]

Critically, the Industrial Strategy recognises the importance of the global economy to the industry, highlighting trade as an important co-existing strategy. Critically also, in their Foreword to the Green Paper, the Chancellor of the Exchequer and Secretary of State for Business and Trade state that:

> An industrial strategy developed in a vacuum, detached from practical realities, is no strategy at all. It is essential that this strategy is informed by the experiences of the individuals, businesses, and local communities it will support.
>
> We need the input of mayors and multinationals, councils and CEOs, trade unions, devolved governments, and experts to deliver prosperity through partnership.[17]

The designation of the life sciences industry as a priority sector under the *Future Made in Australia Act* would facilitate this type of partnership between all stakeholders as well as aligning with development of a national life sciences strategy. Further, it could be supported by the creation of a Life Sciences Council, as proposed above.

Recommendation Three: Strengthening Industry Capability: Investing in data

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. For the UK, it has been estimated that data has the potential to contribute to UK productivity growth by between 0.23% to 1.26% per year.[18]

Together with developing a National Life Sciences Strategy and designating life sciences as a priority sector through the Future Made in Australia, data 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; and
- Potential market demand for Australian sovereign manufactured products to support manufacturing facility expansion.

For the continued maturity and growth of the sector, it is proposed that the Government invest in a strategic and intentional approach to data and insights related to the industry of health innovation iincluding quality and accessibility.

Budget requirements

Funding requirements could be met from the National Strategy budget allocation proposal, as well as from existing data-related activity.

About this Pre-Budget Submission

This Pre-Budget Submission, co-developed by AusBiotech and MTPConnect – Australia's two leading national organisations focused on the growth of Australian biotechnology and medical technology companies and the life sciences industry more broadly – is informed by our combined industry expertise and knowledge.

It is also informed by the engagement of MTPConnect's extensive stakeholder network of start-ups and SMEs and AusBiotech's members – individuals and experts working in Australia's life sciences industry, experiencing both the opportunities and challenges in their every day.

In November 2024, more than 100 senior leaders from across Australia's biotechnology, medical technology, pharmaceutical and digital health industry convened to explore options to address the key challenge facing our industry – how can Australia supercharge the 'D' in our health and medical 'R&D' to drive translation, development and commercialisation of our world-leading innovations and ensure the life sciences industry plays a greater role in our country's future modernised economy?

This Pre-Budget Submission reflects the outcomes and recommendations from that Summit.

Related Submissions

AusBiotech has also partnered with other stakeholders to develop the following 2025-26 Pre-Budget Submissions:

1. Medicines Australia and AusBiotech: Cell and Gene Catalyst
2. Medicines Australia and AusBiotech: Australian Life Sciences Council
3. Medicines Australia, Medical Technology Association of Australia and AusBiotech Research and Development Task Force: Clinical Trial Reform

About AusBiotech

AusBiotech is Australia's leading national and global advocate for life sciences. With a more than 3,000 strong industry led member network, we leverage our unique national convening power to support our members' growth – by building an Australian lifesciences ecosystem that leads in development and commercialisation, to create high-quality, innovative life sciences companies.

Our national network of biotech and medtech experts means we are able to 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.

About MTPConnect

MTPConnect is Australia's Life Sciences Innovation Accelerator – an independent, not-for-profit organisation established by the Australian Government to champion the continuing growth of Australia's vibrant medical products sector.

MTPConnect forges stronger connections between research and industry to help maximise opportunities for Australians to not only make scientific and technological breakthroughs, but to see them developed through the proof-of-concept stage and successfully translated and commercialised.

We achieve these outcomes with a focus on improving collaboration and commercialisation, funding cutting-edge innovations, improving management and workforce skills, optimising the regulatory and policy environment and improving access to global supply chains and strategic international markets.

Endnotes

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