



Prime Minister of Australia

14 August 2009

Address to St Vincent's Institute for Medical Research

Melbourne

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*CHECK AGAINST DELIVERY*

I acknowledge the first Australians on whose lands we meet and whose cultures we celebrate as the oldest continuing cultures in human history.

I'm delighted to be here tonight to support the work of the St Vincent's Institute of Medical Research.

The work of the talented medical researchers is part of the Australian Government's vision to create the best skilled, best trained and most highly educated workforce in the world.

A vision that we are delivering on with the major national investments we are making as we deliver an education revolution, and undertake reform to our health and hospitals system.

St Vincent's is a place that undertakes and delivers first class medical research.

A place where there have been major medical breakthroughs on diabetes, arthritis, foetal development and breast cancer – to name just a few.

It's sometimes said in the research world that you have to rely on your hunches.

So it seems fitting, in a city synonymous with horse racing, that this Institute was founded on the prize money that the great racehorse trainer Jack Holt won from his Melbourne Cup and Caulfield Cup winners.

Jack's £200,000 bequest – quite a fortune in 1951 when he died – is what got St Vincent's School of Medical Research underway.

Imagine what he'd think of the returns on the £200,000 if he could see what St Vincent's has achieved today.

There's an old punters' saying that "any price for a winner is a good price".

The same could be said of medical research.

It's a tough, painstaking and resource-intensive business.

But it's the business of saving lives, making breakthroughs, reducing suffering and making peoples' lives better.

And it's worth all the investment of time and resources that we make.

Because medical research has played a large role in giving us longer, healthier and happier lives than those of past generations.

That is why we're gathered here tonight as St Vincent's launches a new fundraising appeal.

Over its history this Institute has been home to a series of world-class, ground-breaking researchers:

- Pehr Edman, the pioneering inaugural research director of the Institute;
- Professor Bruce Kemp, whose work has led to a new era in metabolism research, and
- Michael Parker and the team working on the awful Alzheimer's disease, which robs us of our loved ones while they are still with us.

The excellence achieved as St Vincent's was underscored by last year's round of NHMRC grants.

The Institute's success rate for funding was 42 per cent - well above the national average of 27 per cent.

One of those successful projects is the work of Dr Louise Purton and Dr Carl Walkley.

In 2007 and 2008 they won over \$1.5 million in NHRMC funding for their stem cell research.

Together, they're making major contributions towards the prevention and treatment of diseases of the blood and bone.

We applaud their work, and the work of the whole team at St Vincent's.

Tonight I'd like to discuss the Government's plans for health reform and the role of medical research in our reform plans.

In the months before the November 2007, one of my clear commitments to the Australian people was to pursue reform of our health and hospitals system.

I said we had to stop the blame game.

I said that Australians need a health system that is easier to access and navigate.

A system with improved quality, greater fairness and better health outcomes.

A system that focuses on prevention rather than cure.

Early last year we established the National Health and Hospitals Reform Commission to give us advice on how to realise this vision.

And last month, we released its final report - the first comprehensive review of the nation's health system in nearly two decades.

To put the challenge into perspective, consider the following:

We achieve relatively good health outcomes with an expenditure that's below the OECD average, at 9.0 per cent of GDP in 2006-07.

Demographic changes will see 1.6 million Australians aged over 85 by 2047, four times as many as there are today.

With no policy change, our health and aged care costs are forecast to rise sharply from around 9 per cent of GDP now to 12.4 per cent of GDP a little over two decades from now - from \$96.5 billion in 2007-08 to \$246.1 billion in 2032-33.

We spend just 2 per cent of our health funding on prevention, and 70 per cent on providing acute care.

1 out of every 3 Australians who present to public hospital emergency departments and 1 out of every 6 Australians on a waiting list for elective surgery are not seen within a clinically recommended time – and this has not changed for some time.

650,000 adults are on our public dental waiting lists – amongst them, pensioners and lowest income earners – with an average wait of two years for essential dental treatment.

Some 65 per cent of people who need mental health care go untreated – particularly amongst younger Australians where we know early detection and support is most effective.

These statistics help paint the Commission's picture of a health system that is at a 'tipping point'.

And they make a strong case for long-term reform.

Not just to fix the system for today – but also to prepare it for the future.

Having received the Commission's report, the Government has identified seven guiding principles for reform:

- Building a health system with an emphasis on people.
- A focus on prevention rather than cure.
- Delivering comprehensive primary care.
- Minimising waiting times for acute care – particularly in our emergency departments and for elective services.
- Improving the care provided after hospital.
- Providing better access to care, improving the quality and safety of our health care system and achieving better health care outcomes for all Australians.
- Finally, doing all this more efficiently and cost effectively with a clear delineation of the roles and responsibilities of the Commonwealth and the States.

Having reflected on the advice in the Commission's report, the Government has set out three strategic options for the future.

Our first strategic option is a partial takeover of the health system, with the Commonwealth taking responsibility for:

- all preventative and primary care;
- all hospital outpatients, dental care and aged care;
- all non-acute mental health services;

- 40 per cent of the funding for all acute hospital patients; and
- and all sub-acute care – such as post discharge, rehabilitation and palliative care - delivered outside our hospitals.

This would deliver the most comprehensive health and hospital reforms since the introduction of Medicare.

Each of these major changes to responsibilities are underpinned by a series of major reforms across the spectrum of prevention, primary, acute and post-acute care.

In prevention and primary care the Commission has recommended:

The establishment of an independent National Health Promotion Agency. And the Commonwealth Government undertake full funding responsibility for primary care services.

To build hospitals that deliver highly specialised, technical care with improved access to care for patients:

- National Access Targets to measure whether people are accessing the services they need;
- 'activity based funding' of hospitals;
- Public reporting on performance against national indicators which measure access, efficiency and quality of care;
- separating elective and emergency services; and
- strengthening sub-acute health infrastructure to provide more help for people to recover and restore their health following acute intervention.

The Commission also recommends targeting major gaps in our system through:

- a new National Aboriginal Health and Torres Strait Islander Health Authority.
- Early investment in mental health services aimed at early intervention.
- Flexible arrangements and top-up funding for our rural and regional areas.
- And in the area that today has become a marker of inequality in Australia - dental health – a proposal for universal access to dental care along with a nationwide expansion of pre-school and school dental programs.

Central to these reforms is to improve the efficiency and performance of our health system through the implementation of a patient-controlled electronic health record for all Australians.

The Commission estimates that this entire reform plan comes at an indicative cost – to both Commonwealth and State governments - of between \$2.8 billion and \$5.7 billion in recurrent costs per year.

In addition, the Commission's report recommends between \$4.3 billion and \$7.5 billion in one-off capital costs.

The Australian Institute of Health and Welfare has estimated that these reforms would reduce spending by \$4 billion per year two decades from now.

The second strategic option that arises from the report is to do all I have just mentioned as the first stage of reform.

Followed by a second stage of reform with the Commonwealth moving to increase its share of funding for acute hospital patients to 100 per cent.

The third strategic option is to undertake strategic options one and two simultaneously – which the Commission explicitly recommends against.

The Government has begun a detailed, direct consultation with the health sector and communities around the nation that will continue through to the end of the year.

At the end of the year, the Government will convene a special COAG meeting with the States and Territories, explicitly on health and hospitals reform.

This will be followed by a further COAG meeting in early 2010 where the Commonwealth will put to States and Territories a reform plan that they would either agree or disagree as a future direction for health and hospitals reform.

Consistent with the Government's pre-election commitments, if there is no agreement to a comprehensive national reform plan, the Commonwealth will proceed to seek a mandate from the Australian people for the proper reform of our health system.

Since coming to office, the Government has been confronted with the worst global economic downturn since the Depression of the 1930s.

Whatever option we adopt, we will be doing so in the context of serious fiscal constraints.

This will mean difficult tradeoffs.

And there will be no blank cheque to the States.

The implementation of any of these options will obviously have major implications for all Australians.

And that is why we have begun a comprehensive process of consultation through health forums in communities across the nation – as we did just this morning in the northeastern Melbourne suburb of Epping.

These forums have highlighted important points for future health reform. Some of these include:

The critical importance of linking up health services better – between hospitals, GP and community care; between the Commonwealth and the States; and between different health professionals.

Insights into specific areas of care - in the forum at the Flinders Medical Centre in South Australia two weeks ago, a child psychiatrist made the point that delivering more child and women's health services in primary health care centres rather than hospitals makes it easier to focus on preventative services.

A manager of cancer services in a regional South Australia highlighted the need for innovative approaches to cancer care in regional areas.

At Royal North Shore, a psychiatrist made the case for reduce hospital admissions by doing a better job of providing acute mental health services near community hubs.

These points demonstrate that the Government has much to gain from listening to the voices of health experts, health practitioners and health consumers through health forums.

The medical research community also has a vital role to play in future health reform.

Australia's medical research sector is well equipped to contribute to the challenges of future health reform, as it continues contributing to international medical and scientific research efforts.

Today, Australia has a total of around 18,000 health and medical researchers.

From 2004 through to 2009, the NHMRC provided more than \$3 billion for health and medical research – with 20,356 new and ongoing awards.

In the 2009-10 financial year, Commonwealth funding through the NHMRC increased to a record \$769 million.

To put this into perspective, when the NHMRC began in 1937, the Australian Government provided an appropriation of only 30,000 Pounds – the equivalent of around \$2 million in today's terms.

And in this year's Budget, we allocated more than \$430 million for translational medical research facilities and clinical training infrastructure.

Cancer research forms an integral part of our \$1.2 billion investment in cancer care infrastructure, the largest investment of its kind in our history.

Overall, the Commonwealth's investment in medical research, through the NHRMC, directly supports around 8,000 researchers and directly or indirectly supports 88 institutes.

This includes around \$14 million in funding for the St Vincent's Research Institute for 2008 and 2009 from the NHMRC.

The fruits of these investments can be seen in the output from our medical researchers.

By global standards, medical research in Australia punches above its weight.

Amongst the most commonly cited 1 per cent of research papers in the world, one in forty papers comes from Australia.

That makes our contribution more than twice our population share.

And it also underlines the extent to which our research sector can play a role in health reform.

The National Health and Hospitals Reform Commission report spoke of the need for an 'agile and self improving health system'.



If we're to build such a system, medical research will play a critical role.

We will be turning to research to play a key role in informing and driving best practice across the entire spectrum of preventative, primary and acute sectors.

Firstly, we will be turning to medical research provide the evidence base for preventative care interventions.

For example, medical research played a critical role in establishing the critical link between smoking and lung cancer in the 1950s.

That led to extensive policy interventions by governments to lift consumer awareness of the health impacts of smoking, to create disincentives to smoking and to help smokers quit.

In the decades since, the decline in tobacco use in Australia has been profound, with current adult male cigarette smoking rates down to just one-third of what they were in the late 1950s.

Similarly, research conducted over the past decade has identified that a healthy lifestyle and physical and mental activity may help delay the onset of dementia.

Secondly, we will be turning to medical research to translate insights into clinical practice.

A recent success story is the development of the world's first cervical cancer vaccine by Professor Ian Frazer in 2006.

This vaccine is now being used across the world.

It will protect generations of women now and into the future from developing cervical cancer.

And now we have a new frontier that is the subject of today's capital appeal – stem cell transplantation to replace damaged pancreatic cells, which holds the promise of preventing or curing Type 1 diabetes.

Lastly, we will be turning to medical research to help Government make its health dollar go further – and reduce growth in health costs into the future.

Patients need treatments, technologies, and procedures for which there is evidence from research that these are safe and effective.

This is what patients expect.

And it is what taxpayers also expect.

Australia has mechanisms in place to make sure that this applies to the introduction and funding of new pharmaceuticals.

But no similar mechanism applies to procedures and treatments already in place.

As a result, procedures and treatments that lack evidence of their effectiveness, or have been shown by research to be ineffective, continue to be used.

For example, the New England Journal of Medicine recently published research of an Australian team led by Rachelle Buchbinder, a NHMRC Clinical Research Fellow from Monash University.

This research, funded by the NHMRC, found that a commonly available treatment for fractures of the bones of the spinal cord was in fact no better than doing nothing at all.

Meanwhile, the government, insurers and the patient will have spent considerable sums on such treatments.

The NHMRC has suggested that research could be undertaken where there is a lack of evidence around currently used procedures and technologies.

Primary research could be commissioned to assess treatments, therapies and devices that are currently paid for by Government, insurance companies and individuals.

The NHMRC, by drawing on our world class medical research expertise and undertaking independent quality clinical trials, could demonstrate whether the procedure or technology continues to be effective.

This is a concept that the Government is keen to explore in conjunction with private health insurers and our research community.

The Government has already demonstrated our commitment to evidence based analysis of health expenditure through the Health Technology Assessment and the Medicare Benefits Schedule Review.

We are committed to ensuring that research plays a critical role in informing the Government's health policy reforms.

In launching St Vincent's fundraising appeal tonight, I especially want to thank the St Vincent's team for their excellent work.

As one of the researchers here at St Vincent's, Louise Purton, remarked in the Institute's most recent annual report, medical research is a "never-ending challenge."

But it is also, as others noted in the report, also "the chance to make a difference" with work that "will aid mankind".

I notice there are some other less-recognised benefits to a life in medical research.

Matthew Chung, the Structural Biology researcher at St Vincents, cites part of his motivation for working at the Institute as "getting to play with large expensive equipment".

I hope that only happens when he's under supervision.

Medical research isn't always seen as the most prestigious side of medicine.

But the progress achieved at St Vincent's and other institutes of medical research makes a difference in the lives of thousands of Australians every day.

And that's why the contributions that are made tonight can help make such a positive difference to the work of the St Vincent's Institute for Medical Research and to health outcomes for all Australians.