

Roche Submission to the Productivity Commission Interim Report: Delivering quality care more efficiently

15 September 2025



About Roche

Founded in 1896 in Basel, Switzerland, as one of the first industrial manufacturers of branded medicines, Roche has grown into one of the world's largest biotechnology companies¹ as well as a leading provider of in-vitro diagnostics. The company pursues scientific excellence to discover and develop medicines and diagnostics for improving and saving the lives of people around the world. We are a pioneer in personalised healthcare and want to further transform how healthcare is delivered to have an even greater impact. We want to partner with government and health system stakeholders to support long term sustainability and productivity of the healthcare ecosystem, combining our strengths in Diagnostics and Pharmaceuticals with data insights from clinical practice.

In recognising our endeavour to pursue a long-term perspective in all we do, Roche has been named one of the most sustainable companies in the pharmaceuticals industry by the Dow Jones Sustainability Indices for the fifteenth consecutive year. This distinction also reflects our efforts to improve access to healthcare together with local partners in every country we work.

Genentech, in the United States, is a wholly owned member of the Roche Group. Roche is the majority shareholder in Chugai Pharmaceutical, Japan.

For more information, please visit www.roche-australia.com.

For any further information in relation to this submission please contact:

Mark Stewart, Policy and Value Manager
Roche Products Pty Limited
Level 8, 30-34 Hickson Road, Sydney, NSW, 2000, Australia

Email: [REDACTED]

M-AU-00004614

Introduction

Productivity growth is a key driver of higher living standards as it contributes to higher wages, lower prices, and stronger economic growth.² At the same time Australia faces significant economic headwinds from a slower GDP growth and a shrinking working-age population³, coupled with the growing demand for health services driven by the rising incidence of non-communicable diseases and an aging population.⁴

The Productivity Commission Interim Report calls for a shift in the Government perspective to see that investing in a healthy population is a strategic economic imperative for Australia. In a submission to the Treasury Economic Reform Roundtable, Roche also called for a shift in the Government perspective, from viewing healthcare predominantly as an expense, to recognising it as a driver of productivity, efficiency, and long-term growth.

Roche supports many of the initiatives raised in the Productivity Commission Interim Report which address the systemic barriers to treating prevention investment as an economic growth driver that enables a healthy, productive workforce. In particular, Roche is supportive of the Productivity Commission's recommendation to establish a National Prevention Framework with a mechanism to enable consideration of second-round and longer-term fiscal effects of prevention programs.

Roche will outline in this submission that not only should second-round and longer-term fiscal effects of preventative health programs be included in this consideration, but all health programs and interventions which have a demonstrable productivity benefit should be considered. Roche believes that implementing policy changes that will simultaneously enhance productivity and cater to the expanding needs of our society will be essential for Australia's future prosperity and well-being.

To show this benefit, Roche will provide case study examples which measure this productivity benefit. Roche and the WifOR Institute, a globally renowned economic research institute, have initiated new research to better demonstrate the link between improved health, the resultant productivity gains, and the subsequent impact on economic growth.⁵

Roche highlights how early and effective investment in healthcare can boost productivity across the entire economy, through illustrated case examples from multiple sclerosis, HER2-positive breast cancer, and retinal diseases. Innovative treatments for chronic and progressive conditions represent a crucial form of tertiary prevention, slowing disease progression, reducing the need for future acute services, and generating significant productivity returns. Therefore, the robust logic the Commission applies to prevention investment should be extended to these proven health technologies.

When health is seen as an investment rather than solely a cost, it opens new opportunities – for patients, the healthcare system and society. When we develop new treatments and healthcare solutions, our ambition is to strengthen both patients' lives and the sustainability of society by reducing pressure on the healthcare system and unlocking resources for the common good.

Improving productivity across the Australian economy through a healthier population

Government investment in healthcare is an economic growth driver and should be considered a crucial part of any economic reform agenda.

Healthy and productive populations are the foundation of strong and growing economies. There is a growing body of evidence showing that improved health is a significant contributor to economic growth, and innovative medicines are critical in keeping people healthy, working, and contributing to society.⁶

The Productivity Commission, through this inquiry, implicitly supports this view by identifying quality care as a pillar for productivity growth. The Interim Report notes that a healthier population has higher labour force participation and productivity, and that care services also provide support for vulnerable people in our community, reducing disadvantage.⁷

Roche believes that Governments should consider the wider socioeconomic impacts of Government expenditure when assessing and deciding on the allocation of resources. While Government expenditure in other areas of the economy are viewed through the lens of an investment in economic growth, productivity growth, or efficiency growth potential, healthcare expenditure is often viewed as an expense rather than a driver of economic growth.

In a previous report, the Productivity Commission has noted robust productivity growth in treatments for conditions like cancers, cardiovascular disease, blood disorders, endocrine disorders, and kidney and urinary diseases. This productivity growth has been primarily driven by quality improvements, and lives saved through timely access to new treatments.⁸

The Commission found that the strong productivity growth in cancer treatment suggests that advancements in treatment, rather than broad healthcare reforms, are the main driver.⁹ The increased productivity value from investments in treatments for these disease areas will only become more important over the next 30 years, with an ageing population alongside an increasing incidence of cancer in younger Australians.¹⁰

Within healthcare, targeted investment in medicines is an efficiency driver for the Government with an enduring and significant benefit beyond the current budget timeframes. There is evidence that the listing of new medicines on the Pharmaceutical Benefits Scheme (PBS) directly correlates with a sizable reduction in hospital stays (savings of nearly \$6bn in 2019 alone based on previous PBS listings) and reduced mortality within the Australian population, keeping Australians in the workforce and reducing hospital expenditure.¹¹

The Productivity Commission Interim Report highlights how operational rules can limit cross-portfolio collaboration. It notes how Government programs are often sector-specific even though prevention activities produce benefits across different sectors and program areas,

and that only focusing on the gains from prevention in one portfolio risks underestimating the overall benefits of prevention.¹²

Roche would support the Productivity Commission recommending to Government the initiation of a cross-portfolio Government Taskforce (or an Interdepartmental Committee) which could be mandated to identify and dismantle systemic regulatory and funding silos which impede integrated care delivery and prevent the recognition of long-term health investments as productivity drivers. This acknowledges healthcare's proven role as an economic growth driver that enables a healthy, productive workforce and contributes to GDP.

Case Study: Productivity across the economy from targeted investment

In partnership with the WifOR Institute, Roche has initiated new research which quantifies the social impact of a subset of Roche medicines in many countries around the world, including Australia. Social impact is captured in Table 1 below in three key therapeutic areas; breast cancer, multiple sclerosis, and retinal diseases, representing the productivity and economic benefit of the health investment.

This analysis assesses the wider social and economic benefits brought due to this investment through avoided productivity losses in both paid and unpaid work, which is in addition to the direct health benefits attributed to treatment. This highlights the contribution effective treatment and care has on top of addressing the substantial socioeconomic burden associated with these therapeutic areas, as highlighted above.

To calculate the total social impact, Roche utilises data inputs from the number of patients who are treated with a Roche medicine in a particular indication in a given year, and on the health gain accrued to a patient, represented as the Quality Adjusted Life Years (QALYs), relative to the standard of care. These two inputs provide an estimate of the population health gains which can then be monetised into potential paid and unpaid productivity gains, by using disease and socio-economic parameters such as:

- Proportional prevalence by age group (<20, 20-60, >60)
- Average annual labour productivity (direct paid work)
- Labour force participation rate (up to age 60)
- Economic multipliers to calculate (indirect and induced paid work)
- An adjustment factor for unpaid workⁱ

ⁱ The social impact does not include direct health benefits, healthcare costs, paediatric indications, second-degree contacts to patients and system impact.

This analysis provides an example of how better health outcomes generated by innovative medicines can be translated into economic value, by converting improvements in health into measurable economic effects.

Table 1: Total social impact (\$US) of Roche medicines in Australia in three key therapeutic areas (2017-2023)

Therapeutic Area	Patients reached	Total social impact
Breast Cancer ⁱⁱ	40,791	\$214 million
Neurology ⁱⁱⁱ	27,710	\$211 million
Ophthalmology ^{iv}	15,640	\$6 million
Total	84,141	\$431 million

As demonstrated in Table 1, Roche medicines in three therapeutic areas have reached over 80,000 patients in these therapeutic areas since 2017, and over that time they contributed an estimated \$US 431 million (\$AUD 655 million^v) in total social impact. This impact is in addition to the direct clinical health benefits that these medicines provide.

Table 2: Estimated social impact (\$US) of Roche medicines in Australia in key therapeutic areas (2024 to 2027)

Therapeutic Area	Patients reached	Total social impact
Breast Cancer	29,304	\$206 million
Neurology	31,500	\$274 million
Ophthalmology	152,019	\$51 million
Total	212,823	\$530 million

ⁱⁱ Detailed methodology available upon request

ⁱⁱⁱ Detailed methodology available upon request

^{iv} For the year 2023 only. Detailed methodology available upon request.

^v Conversion on 1 July 2025

As demonstrated in Table 2, it is estimated that Roche medicines in these therapeutic areas will reach an additional 212,000 patients by 2027, and this will bring \$US 530 million in total social impact. When included with the estimated social impact from 2017 to 2023 in Table 1, it is estimated that Roche will have reached an estimated 300,000 patients in Australia in these three therapy areas, with nearly \$US 1 billion (\$AUD 1.52 billion)^{vi} in total social impact to the economy between 2017 to 2027.

It should also be noted that this is the impact for only this period of time, and the productivity gains will be realised over a working lifetime and would be even higher when all second-degree impacts are included. This builds on our broader direct and indirect impact to the economy from investments of \$AUD 70 million in clinical trials and R&D activities over the past year, and over 300 local jobs within Australia.

^{vi} Conversion as of 1 July 2025

Early and targeted health investment is fiscally responsible

As targeted healthcare investment reduces the long-term burden on public finances, second-order effects from healthcare expenditure should be recognised through Budget process operational rules.

Roche strongly believes that healthcare investment that is early and targeted should be viewed as a fiscally responsible act by governments, primarily because it represents a strategic investment in a nation's human capital with a return on that investment in future years. A healthier population is the cornerstone of a thriving economy as it is inherently more productive, as individuals have higher participation in the workforce, more capacity for education, ability to upskill, reduced absenteeism, and increased overall economic output.¹³ This directly fuels higher GDP and increased tax revenues, fostering a more dynamic and resilient economy.¹⁴

The Productivity Commission Interim Report outlines a chapter to establish "A national framework to support government investment in prevention", arguing that investing in effective prevention can improve outcomes, slow the escalating growth in government care expenditure, and reduce demand for future acute services.¹⁵ The Report notes that preventing a problem can be a more efficient use of resources than addressing it later, delivering positive net benefits and being cost-effective or even cost-saving ensuring efficient use of government resources and long-term Budget sustainability.¹⁶

Investing in primary care, health screenings, vaccinations, medicines, and other preventative health initiatives can avert the onset or progression of costly chronic diseases such as diabetes, heart disease, and certain cancers.¹⁷ Central to this health prevention approach is investment in innovative medicines, which are required to submit robust evidence as part of health technology assessment to demonstrate cost effectiveness for slowing or preventing disease progression.

The initial government investment in health prevention can be effectively or partially offset by the subsequent economic growth and prosperity and should be included in the evaluation to support this investment as it leads to budget sustainability. However, the main barrier to this investment is that the gain is seen at a time years later than the initial investment and outside of the time horizon of Government Budgetary estimates.

On top of this, Budget operational rules limit what economic and social benefits can be considered when deciding on making Budget allocations. The Charter of Budget Honesty Policy Costings Guidelines limit what second-round impacts can be included, often because the benefits fall outside of the forward estimates period.¹⁸

The Productivity Commission Interim Report challenges budgetary processes for not encouraging agencies to collaborate on prevention initiatives or sufficiently considering "second-round" fiscal effects due to uncertainty and short-term focus.¹⁹ Its proposed

National Prevention Investment Framework is designed to explicitly address this through a mechanism to support co-contributions from State and Territory Governments, and enable the consideration of second-round effects and longer-term fiscal effects of prevention programs.²⁰

Roche supports this assessment by the Productivity Commission and believes that limiting the benefits seen from prevention strategies to only inside the forward estimate period, or only within one portfolio area, creates an uneven playing field compared to other expenditures. Health is one of the only areas within Government expenditure that covers a wide range of products and services which are required to submit and undergo rigorous assessment before expenditure can be allocated, which means it is already one of the most cost-effective means of supporting long term economic growth.

Roche believes that productivity gains should be included into the assessment of health interventions, including interventions that are preventative in nature. As an example, when a preventative health intervention, such as an innovative medicine, results in increased labour supply, reduced reliance on public benefits, or higher tax revenues, this should be included in the assessment of value.

These gains can be substantial and should be a critical factor for the investment decisions of all health interventions along with how we prioritise and allocate health budgets.²¹ While the upfront costs of these preventative and treatment programs might seem substantial, they are demonstrably lower than the expense of managing advanced illnesses, emergency room visits, and prolonged hospital stays, and as demonstrated in the case study below, earlier intervention has greater social impacts than later interventions.

Roche would support the inclusion of standardised 'second-round' fiscal effects and broader socioeconomic impacts (such as increased labour force participation, reduced reliance on public benefits, and higher tax revenues) in not only Prevention programs but all health-related budgetary assessments and costings as a recommendation by the Productivity Commission to Government. These also should extend beyond the standard forward estimates period, and these should be agreed by the Department of Finance and the Treasury in Budgetary operational rules.

Case study: Early investment creates greater impact across the economy

While breast cancer survival rates in Australia are high, the high incidence rates impose a substantial socioeconomic burden in Australia beyond just the individual health burden. This socioeconomic burden impacts individuals, the healthcare system, and the broader economy through expenditure of screening, diagnosis, treatment, and ongoing supportive care.²² In Australia, the socioeconomic burden of HER2+ Breast cancer was estimated to be \$US 14 billion from 2017 to 2023.²³

Early intervention in Breast Cancer not only benefits the patient through improved health outcomes, but it also benefits the economy. Early detection is linked to improved survival²⁴, and as demonstrated in Table 3 below linked to a greater social impact per patient reached.

Table 3. The total social impact (\$US) of Roche medicines in Australia in Breast Cancer by treatment stage (2017-2023)

Target population	Patients reached	Total social impact	Social impact per patient reached
Treatment of HER2+ Early Breast Cancer ^{vii}	3,937	\$40 million	\$10,271
Treatment of HER2+ Advanced Breast Cancer ^{viii}	10,192	\$69 million	\$6,747

As seen in Table 3, earlier treatment in breast cancer resulted in a greater impact per patient reached by over \$US 3000. While this may seem like a small number (in the context of total Government expenditure), the social impact of early breast cancer treatments may be underestimated given the fixed treatment duration and that benefits will accrue and may multiply significantly over a patient's lifetime.²⁵ Additionally, if additional second-degree impacts (such as carers and family members) were to be included in the analysis this impact would be even greater.

^{vii} This represents patients treated with the current SoC for HER2+ early breast cancer. More detailed methodology available upon request.

^{viii} 1st line HER2+ and 2nd line HER2+. More detailed methodology available upon request.

Recommendations:

1. To ensure the implementation of an efficient National Prevention Investment Framework (Draft Recommendation 3.1) and ensure its cross-portfolio benefits are realised, Roche recommends the establishment of a cross-portfolio Government taskforce (or an Interdepartmental Committee) mandated to identify and dismantle systemic regulatory and funding silos and ensure the recognition of long-term health investments as productivity drivers.
2. The Productivity Commission recommends that the Australian Government formally enable the consideration of second-round and longer-term fiscal effects of all healthcare interventions, including prevention programs, through the formal acceptance of agreed second-round effects for all healthcare interventions in the Charter of Budget Policy Costings. This would ensure that the long-term economic value of preventative programs and innovative new health technologies and the productivity impact they bring are recognised and prioritised.

Conclusion

Australia is at a critical juncture, facing significant economic headwinds from a slowing GDP and a shrinking working-age population, while the demand for health services continues to grow. The Productivity Commission's Interim Report correctly identifies that a healthier population is a key pillar for productivity growth, and Roche's submission strongly supports this view. However, we must move beyond simply acknowledging this link and take decisive action to embed it into our national policy frameworks. As our submission has demonstrated, an investment in a healthy population is a strategic economic imperative that generates long-term benefits for the entire economy.

In this submission, Roche has shown that targeted investments in new, innovative health technologies have a profound socioeconomic impact that extends far beyond the direct clinical benefits to the patient. These significant gains are unfortunately often overlooked or undervalued due to a narrow focus on direct costs and a short-term budgetary horizon through Budgetary rules, and Roche believes that making adjustments to these rules will help to unlock health interventions as a productivity driver.

References:

- ¹ Grassano, N. The 2022 EU Industrial R&D Investment Scoreboard, Publications Office of the European Union, Luxembourg, 2022, doi:10.2760/485748, JRC132035.
- ² Reserve Bank of Australia 2025. Productivity. Accessed 22 July: <https://www.rba.gov.au/education/resources/explainers/productivity.html>
- ³ Australian Treasury 2023. Intergenerational Report, p.vii. Accessed 22 July: <https://treasury.gov.au/sites/default/files/2023-08/p2023-435150.pdf>
- ⁴ Australian Institute of Health and Welfare 2024. The ongoing challenge of chronic conditions in Australia. Accessed 22 July: <https://www.aihw.gov.au/reports/australias-health/chronic-conditions-challenge>
- ⁵ WifOR Institute 2024. Socioeconomic Burden and Annual Social Impact of Roche Treatments for HER2+ Breast Cancer, Multiple Sclerosis and Retinal Disease. Accessed 22 July: <https://www.wifor.com/en/download/the-value-of-investing-in-innovative-medicines-socioeconomic-burden-and-annual-social-impact-of-roche-treatments-for-her2-breast-cancer-multiple-sclerosis-and-retinal-disease/>
- ⁶ Remes et al. 2020. Prioritizing health: A prescription for prosperity, McKinsey & Company. Accessed 22 July: <https://www.mckinsey.com/industries/healthcare/our-insights/prioritizing-health-a-prescription-for-prosperity>; Deloitte Center for Health 2024: The US\$2.8 trillion opportunity: How better health for all can drive US economic Growth. Accessed 22 July: <https://www.deloitte.com/us/en/insights/industry/health-care/health-equity-economic-impact.html>
- ⁷ Productivity Commission 2025. Delivering quality care more efficiently Interim report. p.5. Accessed 1 September: <https://www.pc.gov.au/inquiries/current/quality-care/interim>
- ⁸ Productivity Commission, 2024. Advances in measuring healthcare productivity Research Paper. Accessed 22 July: <https://www.pc.gov.au/research/completed/measuring-healthcare-productivity/measuring-healthcare-productivity.pdf>
- ⁹ Productivity Commission, 2024. Advances in measuring healthcare productivity Research Paper. Accessed 22 July: <https://www.pc.gov.au/research/completed/measuring-healthcare-productivity/measuring-healthcare-productivity.pdf>
- ¹⁰ Australian Institute of Health and Welfare 2024. Cancer data in Australia, Overview. Accessed 22 July: <https://www.aihw.gov.au/reports/cancer/cancer-data-in-australia/contents/overview>
- ¹¹ Lichtenberg, F 2023. Number of drugs provided by the Pharmaceutical Benefits Scheme and mortality and hospital utilization in Australia, 2002-2019. SSM Population Health Vol 24.
- ¹² Productivity Commission 2025. Delivering quality care more efficiently Interim report. p.58. Accessed 1 September: <https://www.pc.gov.au/inquiries/current/quality-care/interim>
- ¹³ Lichtenberg, F 2022. The Impact of Biopharmaceutical Innovation on Disability, Social Security Reciprocity, and Use of Medical Care of U.S. Community Residents, 1998-2015. Forum for Health Economics and Policy. Vol 24:1. Accessed 22 July: <https://www.degruyterbrill.com/document/doi/10.1515/fhep-2021-0050/html>
- ¹⁴ Wilkie, J and Young, A 2019. Why health matters for economic performance. Australian Treasury 2019. Accessed 22 July: https://treasury.gov.au/sites/default/files/2019-03/05_Why_health_matters.rtf
- ¹⁵ Productivity Commission 2025. Delivering quality care more efficiently Interim report. p.1. Accessed 1 September: <https://www.pc.gov.au/inquiries/current/quality-care/interim>
- ¹⁶ Productivity Commission 2025. Delivering quality care more efficiently Interim report. p.54. Accessed 1 September: <https://www.pc.gov.au/inquiries/current/quality-care/interim>
- ¹⁷ The Australian Prevention Partnership Centre. Economic benefits of prevention. Accessed 22 July: <https://preventioncentre.org.au/about-prevention/what-are-the-economic-benefits-of-prevention/>

-
- ¹⁸ Commonwealth of Australia 2024. Charter of Budget Honesty Policy Costings Guidelines. Accessed 22 July: <https://www.finance.gov.au/sites/default/files/2024-09/Charter-of-Budget-Honesty-Policy-Costing-Guidelines>
- ¹⁹ Productivity Commission 2025. Delivering quality care more efficiently Interim report. p.59. Accessed 1 September: <https://www.pc.gov.au/inquiries/current/quality-care/interim>
- ²⁰ Productivity Commission 2025. Delivering quality care more efficiently Interim report. p.4. Accessed 1 September: <https://www.pc.gov.au/inquiries/current/quality-care/interim>
- ²¹ Østby, J & Kristiansen, I 2023. How to account for production gains when prioritising healthcare interventions. Tidsskriftet. Accessed 22 July: <https://pubmed.ncbi.nlm.nih.gov/37987075/>
- ²² Australian Institute of Health and Welfare (AIHW) 2024. Breast cancer in Australia statistics. Cancer Australia. Accessed 22 July: <https://www.canceraustralia.gov.au/cancer-types/breast-cancer/breast-cancer-australia-statistics>
- ²³ Roche data on file. More detailed methodology available upon request.
- ²⁴ Australian Institute of Health and Welfare (AIHW) 2025. Cancer Screening. Accessed 22 July: <https://www.aihw.gov.au/reports/australias-health/cancer-screening-and-treatment>
- ²⁵ Tang et al. 2019. Treatment patterns and survival in HER2-positive early breast cancer: a whole-of-population cohort study (2007-2016). British Journal of Cancer Nov 1:121 (11): 904-911: <https://pmc.ncbi.nlm.nih.gov/articles/PMC6889396/>