

NOVO NORDISK (OCEANIA) SUBMISSION TREASURER'S ECONOMIC REFORM ROUND TABLE

SUMMARY

Obesity is a critical barrier to Australia's productivity and economic resilience. Its widespread prevalence drives workforce absenteeism, reduces participation, and imposes significant economic costs. Chronic diseases linked to obesity limit the ability of Australians to remain active in the workforce, directly reducing national productivity.

The economic toll is staggering. Obesity costs the nation at least \$21.27 billion annually, while broader fiscal impacts, including foregone tax revenue and increased social support, continue to escalate. Without intervention, these costs will rise, undermining workforce potential and placing unsustainable pressure on government budgets.

Reforming the health system to focus on integrated prevention and chronic care provides a clear opportunity to improve workforce outcomes and economic sustainability. Strengthened primary care, investment in digital health for better coordination, and expanded access to innovative treatments like GLP-1 receptor agonists (GLP-1 RAs) are essential to tackling obesity at scale and preventing multimorbidity.

Obesity is not just a health issue; it is an economic and productivity challenge. By implementing cohesive strategies now, Australia can unlock substantial gains in workforce participation, reduce long-term healthcare costs, and secure a stronger, more resilient economy for future generations. Novo Nordisk is ready to collaborate with government and stakeholders to bring these solutions to scale for the benefit of all Australians.

Introduction

Novo Nordisk is a leading global healthcare company founded in 1923 and headquartered in Denmark. We are 70% controlled by our largest shareholder the Novo Nordisk Foundation, the world's largest non-profit foundation. This unique structure allows us to prioritise significant long-term investments in innovation and patient care.

Our mission is to drive change to defeat serious chronic diseases, particularly through advancing scientific breakthroughs, expanding access to effective medicines, and striving towards prevention and cures.

Novo Nordisk has been operating in Australia since 1976 and employs more than 300 people. To date, we have delivered our medicines to more than 1.4 million patients in

Australia for the treatment of diabetes, obesity, rare diseases and other serious chronic diseases.

Novo Nordisk (Oceania) recognises the significant value of working in partnership with patients, policymakers, healthcare professionals and non-governmental organisations to understand priority areas and provide help where it is needed most. Our message to government and policymaker stakeholders is clear: your success is our success, and we share a common ambition improving the lives of Australians living with chronic disease to improve national health and productivity.

We commend the Australian government for placing a focus on national productivity and economic reform.

Our submission relates specifically to reform round table objectives, '1. Creating a more dynamic and resilient economy; and 2. Strengthen budget sustainability – for example, options to improve the structural position of the budget and fund high-quality services and priorities.'

Obesity is the most critical public health issue in Australia

Australia faces a sobering reality: the current trajectory of overweight and obesity could result in our children living shorter and more unhealthy lives. Health and Wellbeing Queensland warns that without intervention, a child born today could lose up to five years of life expectancy.¹ This generational health crisis demands immediate and decisive action.

Overweight and obesity have now overtaken tobacco as the leading risk factor contributing to Australia's overall disease burden.² Currently, 32% of Australian adults live with obesity, with projections indicating this could rise to 47% by 2035 if there are no significant interventions.³

The healthcare implications of obesity are well recognised. Obesity serves as a gateway to a wide range of chronic conditions and complications. It is associated with over 200 metabolic, functional, and psychosocial complications and is a leading risk factor for diseases such as type 2 diabetes (55% of cases), cardiovascular disease (51% of cases), and chronic kidney disease (42% of cases).⁴

¹ Health and Wellbeing Queensland - [Obesity crisis to cut life expectancy for Queensland kids: new report – Health and Wellbeing Queensland](#)

² AIHW (2024) - [Living with overweight or obesity overtakes tobacco as new leading burden of disease risk factor - Australian Institute of Health and Welfare](#)

³ Australian Institute of Health and Welfare. Overweight and obesity.

AIHW. Accessed 05 December, 2024. <https://www.aihw.gov.au/reports/overweight-obesity/overweight-and-obesity/contents/about#>

⁴ Australian Institute of Health and Welfare. *Australian Burden of Disease Study 2018 – Key findings*. 2021.

Obesity contributes to substantially higher healthcare costs, with expenditures for individuals living with obesity 20–40% higher than for those without the condition.⁵

The Australian Institute of Health and Welfare (AIHW) indicates that overweight and obesity are responsible for about 10% of all deaths in Australia and account for approximately 8.4% of the total burden of disease.⁴ These alarming figures highlight the broad and pervasive impact of obesity, not just on individual health but also on the healthcare system and the community at large.

Addressing obesity will not only improve health outcomes but also alleviate growing pressures on the healthcare system. Reducing the prevalence and progression of obesity-related conditions is essential for creating a healthier, more productive, and economically sustainable future for all Australians.

The prevalence and severity of obesity are undermining Australia's health, productivity, and economic prosperity

While the healthcare burden of obesity and its associated comorbidities is widely acknowledged, what is less understood is its significant and far-reaching economic impact on governments, businesses, and the broader community.

In 2022, the total economic burden of obesity in Australia was estimated at \$21.27 billion, equating to \$1,336 per taxpayer and 0.82% of GDP.⁶ Without effective intervention, this figure is projected to rise to \$32.62 billion by 2032 and could reach an alarming \$234.54 billion or equivalent to 3.5% of GDP by 2060.⁷

Obesity in developed countries such as Australia ranks among the top three human activities that negatively impact the economy.⁸ In particular it causes a burden on the labour market through reducing economic activity and causing productivity losses such as absenteeism.^{9 10}

Obesity leads to significant indirect economic burdens, with productivity losses estimated to be between \$840 million and \$14.9 billion, and foregone tax revenue ranging from \$866 million to \$3.8 billion annually.¹¹

⁵ Lee C, Brandon G, Nørtoft E, Shaw J, Magliano D, Colagiuri S. The cost of diabetes and obesity in Australia. *Journal of Medical Economics*. 2018;21(10):1001–1005. doi:10.1080/13696998.2018.1497641

⁶ Global Market Access Solutions - Exploring the Fiscal Burden of Obesity in Australia' April 2025

⁷ World Obesity Federation. *World Obesity Atlas 2022*. 2022. https://www.worldobesityday.org/assets/downloads/World_Obesity_Atlas_2022_WEB.pdf

⁸ McKinsey. The obesity crisis. *The Cairo Review of Global Affairs*. 2015

⁹ Kesaite, V. and J. Greve, The impact of excess body weight on employment outcomes: A systematic review of the evidence. *Economics & Human Biology*, 2024. 54: p. 101398.

¹⁰ The European Association for the Study of Obesity 2024 [Study reveals links between absenteeism from work and obesity - EASO](#)

¹¹ Crosland P, Ananthapavan J, Davison J, Lambert M, Carter R. The economic cost of preventable disease in Australia: a systematic review of estimates and methods. *Aust N Z J Public Health*. Oct 2019;43(5):484–495.

In addition to the loss to the Australian government in tax revenue occurring when individuals leave employment or have lower income, there is also increased government spending required to fund obesity-associated disability and other support programs.¹²

Creating healthier environments and better supporting people to manage their weight and health before chronic conditions arise or escalate could help avoid many of these costs.¹³

The structural position of the Budget and its sustainability can be improved by implementing existing means to prevent and treat obesity

Australia has developed strategic frameworks for obesity prevention and management, yet significant gaps remain in implementation due to limited funding and coordination. The *National Obesity Strategy (2022–2032)* is the government's most ambitious and holistic commitment to tackling obesity as a gateway chronic disease.¹⁴ Its goals are clear: halt and reverse adult obesity trends by 2030 while reducing childhood overweight and obesity by at least 5% within the same timeframe.

Aligned with a network of interconnected frameworks, such as the *National Preventive Health Strategy* and the *National Strategic Framework for Chronic Conditions*, the strategy signals growing recognition of the need for a national response to chronic disease prevention and management.¹⁵ However, the potential of these frameworks remains unrealised due to critical issues with execution. While plans for detailed implementation are often promised, they have yet to materialise.¹⁶

The level of government investment further highlights the disparity between strategic ambition and practical action. Prevention and public health spending represent just 1.7% of total health expenditure which is significantly lower than New Zealand at 7% and Canada at 5.9%.¹⁷ Moreover, funding for obesity prevention between 2013 and 2022 totalled only \$778 million, an average of just 0.6% of health funding sources.¹⁶ This underinvestment limits Australia's ability to effectively combat obesity and its associated chronic conditions.

Coordinated governance is equally critical. Current implementation efforts are hampered by fragmented collaboration between federal, state, and local governments, undermining the Strategy's impact. The federal government plays a pivotal role due to

¹² Igarashi, A., et al., Assessing the Fiscal Burden of Overweight and Obesity in Japan through Application of a Public Economic Framework. *J Health Econ Outcomes Res*, 2024. 11(2): p. 125-132.

¹³ The Obesity Collective. *Obesity in Australia: A time for Action*. 2024

¹⁴ Australian Government Department of Health. *National Obesity Strategy 2022–2032*. Australian Government; 2022.

¹⁵ These include the *National Strategic Framework for Chronic Conditions (2017–2025)*, the *National Preventive Health Strategy (2021–2030)* and the *National Diabetes Strategy 2021–2030* – see p10 in Novo Nordisk' pre-budget submission 2025–2026

¹⁶ Tran HNQ, Al Subhi M, Ward N, et al. How much is invested in obesity prevention in Australia? An analysis of major research and Federal Government funding, 2013–2022. *Public Health Res Pract*. Apr 4 2024;34(1)

¹⁷ Ananthapavan J, Sacks G, Brown V, et al. *Assessing Cost-effectiveness of Obesity Prevention Policies in Australia (ACE Obesity Policy)*. 2018.

its control of key policy levers, including Medicare, the Pharmaceutical Benefits Scheme (PBS), and primary healthcare funding. Given the scale of the challenge, better alignment and coordinated action across all levels of government are essential.

To fully realise the benefits of existing frameworks, governments need to prioritise prevention by developing actionable, detailed implementation plans supported by sustained investment. Such efforts should be complemented by partnerships with the private sector and civil society to address the root causes of preventable conditions. Critically, governments must take a long-term view, understanding that early action will deliver not just cost savings but also improved health outcomes, a productive workforce, and a sustainable healthcare system.

The benefits of decisive action today far outweigh the cost of inaction, offering a path to better health and economic outcomes for future generations of Australians.

A realigned health system, focused on integrated prevention and chronic care, is essential not only for better health outcomes but also for sustainable health expenditure management

The rising burden of chronic disease demands a strategic transformation of Australia's healthcare funding and delivery.¹⁸ Current disease-specific, siloed models are no longer fit for purpose in addressing growing multimorbidity and an ageing population. These outdated approaches generate inefficiencies and fail to reflect the interconnected nature of chronic conditions, contributing to unsustainable costs and suboptimal patient outcomes.

Global and domestic evidence strongly supports a transition to integrated care models that improve continuity and coordination across the continuum of care from prevention to treatment to long-term management.¹⁹ Fragmented delivery systems must be replaced with coordinated reforms capable of achieving measurable and sustainable improvements. No single intervention can adequately address the complex economic and health impacts of chronic disease; only a comprehensive, system-wide approach will suffice.

Strengthening primary care must be a cornerstone of this realignment. Current healthcare structures, heavily weighted towards episodic acute and specialist care, are ill-equipped to manage chronic conditions that require continuity and coordination. Research demonstrates the economic and health benefits of investing in primary care:

¹⁸ Australian Health Ministers' Advisory Council. National Strategic Framework for Chronic Conditions. Australian Government; 2017.

¹⁹ World Health Organization (WHO). Continuity and coordination of care: a practice brief to support implementation of the WHO Framework on integrated people-centred health services. World Health Organization; 2018

for every \$1 invested, savings of \$3.95 to \$11.75 in downstream hospital costs can be achieved, alongside improved patient health outcomes.²⁰ To address workforce shortages and system inefficiencies, greater involvement of pharmacies, practice nurses, and allied health practitioners could be prioritised. Expanding their roles within multidisciplinary care teams can alleviate bottlenecks in service delivery while providing more accessible, cost-effective care for patients. Multidisciplinary teams, when adequately resourced, deliver the most effective care by addressing patients' needs holistically and reducing inefficiencies across the system.

To realise these benefits, Australia must update its healthcare funding models. Activity-based incentives, which reward the volume of services delivered, should give way to financing mechanisms that prioritise value, measured by patient outcomes and long-term system sustainability. Targeted investments in digital health infrastructure are essential to support integrated care. Digital tools play a key role in enabling data-sharing, improving care coordination, and enhancing the efficiency of service delivery.

Many of the key policy frameworks needed to drive these changes are already in place. The Albanese Government has taken initial steps to improve primary care through the *Strengthening Medicare* agenda. However, more can be done to enhance care and boost productivity by acting on the recommendations in the *10-Year Primary Healthcare Plan*, the *Australian Health Practitioner (AHP) full scope of practice review*, and the *Review of General Practice Incentives*. The *National Health Reform Agreement (NHRA) Mid-Term Review* provides a clear pathway for integrating care, connecting GPs and hospital services to create a local healthcare system that addresses the needs of people with serious chronic diseases and focuses on preventing these diseases and their costly complications.

Similarly, initiatives such as Health and Wellbeing Queensland's *Strengthening Prevention in Integrated Care Systems* outline a vision for integrating public health and prevention into healthcare delivery. This provides the building blocks and a clear call to action for stakeholders to work together to prioritise prevention. There is an opportunity to align and consolidate these policies into an implementation framework that leverages their strengths. Without political will, adequate funding, and effective execution, these siloed and underfunded initiatives risk failing to achieve their goals. Bold action is needed to unlock their potential and deliver the benefits of improved productivity, better care, and enhanced health and wellbeing for all Australians.

By focusing on integrated, patient-centred care models that emphasise prevention and chronic disease management, Australia has an opportunity to create a more sustainable, effective, and equitable healthcare system. This shift would deliver significant economic benefits while ensuring better health outcomes for the community.

²⁰ Ananthapavan J, Sacks G, Brown V, et al. Priority-setting for obesity prevention-The Assessing Cost-Effectiveness of obesity prevention policies in Australia (ACE-Obesity Policy) study. PLoS One. 2020;15(6): e0234804. doi: 10.1371/journal.pone.0234804

Novo Nordisk (Oceania) is committed to improving health and productivity by supporting the better management of obesity and its related chronic conditions

Obesity is a complex chronic disease with profound health, social, and economic consequences. While prevention remains critical, for individuals with chronic obesity and associated comorbidities, lifestyle modifications alone are often insufficient to achieve meaningful health improvement.²¹ Pharmacotherapy plays an essential role in supporting these individuals, enabling them to lead healthier lives, remain in the workforce, and contribute productively to the economy.

Innovative medicines, such as GLP-1 receptor agonists (GLP-1 RAs), have been recognised as transformative in obesity management. A recent report from the House of Representatives Standing Committee on Health and Aged Care and Sport describe GLP-1 RAs as "game-changing" for addressing severe obesity and its complications, particularly in patients resistant to other treatments. These medicines improve glycaemic control, support sustained weight management, and deliver additional benefits, such as reducing cardiovascular, renal risks and even mortality.²² For individuals living with obesity, particularly where multimorbidities are common, these interventions offer a critical path to breaking the cycle of chronic disease progression and reducing dependency on multiple treatments.

Expanding access to GLP-1 RAs for high-risk patients is a necessary step toward cost-effective obesity management. As this submission has outlined effective treatment for obesity not only alleviates pressure on overstretched health systems but also delivers measurable fiscal and workforce benefits by reducing absenteeism, improving workforce participation, and lowering long-term healthcare costs.

Novo Nordisk (Oceania) recognises that tackling obesity requires a unified, long-term approach supported by sustainable solutions. Solving the obesity crisis demands collaboration across all levels of government, healthcare professionals, businesses, and civil society. Developing co-designed, scalable solutions that reflect the unique challenges of obesity management is essential. Pharmaceutical companies like Novo Nordisk are not just suppliers but partners in these efforts, providing innovative treatments and leveraging expertise to advance impactful strategies.

Without timely action, the growing prevalence of obesity and its associated chronic diseases will continue to strain the Australian healthcare system, limit workforce potential, and impede national productivity. The opportunity cost of inaction is simply too great to ignore.

²¹ Australian Institute of Health and Welfare. The ongoing challenge of chronic conditions in Australia. 2024.

²² Lincoff AM et al. N Engl J Med 2023;389:2221–2232.