

# PRE-BUDGET SUBMISSION TO THE AUSTRALIAN TREASURER

Health and Medical Research

December 2015

**RESEARCH  
AUSTRALIA**



AN ALLIANCE FOR DISCOVERIES IN HEALTH

## ABOUT RESEARCH AUSTRALIA

Research Australia is an alliance of 160 members and supporters advocating for health and medical research in Australia. Research Australia's activities are funded by its members, donors and supporters from leading research organisations, academic institutions, philanthropy, community special interest groups, peak industry bodies, biotechnology and pharmaceutical companies, small businesses and corporate Australia. It reflects the views of its diverse membership and represents the interests of the broader community.

Research Australia's mission is to make health and medical research a higher priority for the nation. We have four goals that support this mission:

- A society that is well informed and values the benefits of health and medical research.
- Greater investment in health and medical research from all sources.
- Ensure Australia captures the benefits of health and medical research.
- Promote Australia's global position in health and medical research.

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# PRE-BUDGET SUBMISSION TO THE AUSTRALIAN TREASURER

## HEALTH AND MEDICAL RESEARCH

### INTRODUCTION

Research Australia welcomes the focus by the Government on the pivotal role of science and innovation in Australia's future. In the area of health and medical research (H&MR), innovation offers the opportunity to create new industries and businesses. Australia's potential in this area is recognised by the recent launch of the Medical Technologies and Pharmaceuticals Industry Growth Centre and the announcement of the Biotechnology Translation Fund.

Research Australia is also cognisant of the current fiscal position and the need to ensure that every available dollar is well spent. Innovation based on H&MR also provides the opportunity to improve the efficiency and productivity of our health system and its workforce. With health expenditure in Australia of \$150 billion per year, even small improvements in efficiency and productivity can provide significant dividends for both the broader economy and the Australian Government's budget. A key priority for the Government in this area should be a health system that is more innovative; both in its capacity to generate new ideas and approaches, and to more rapidly adopt research findings into practice.

Preserving and increasing the wellbeing of its members is a goal of every human community and is a fundamental responsibility of government. Australians value the contribution the Australian Government makes to funding H&MR. In public opinion polling by Research Australia over the last decade the provision of health services and of increased funding for H&MR have consistently rated as high priorities for Australian Government funding. In the polling conducted in August 2015, 81% of respondents rated increased funding for H&MR by the Australian Government as 'Important' to 'Extremely Important'.<sup>1</sup> The Government's confidence in the role of science in driving innovation is also shared by the Australian community; 90% of respondents agreed that the Australian Government should assign a higher priority to education in Science, Engineering and Mathematics.<sup>2</sup> In relation to our health system, nearly 75% of respondents believed that research was part of the solution to reducing the cost of health care.<sup>3</sup> The Government is clearly on the right track in elevating the role of science and innovation on the national agenda.

### SUMMARY OF RECOMMENDATIONS

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<sup>1</sup> Research Australia, *Australia Speaks! Research Australia Opinion Polling 2015*, <http://www.researchaustralia.org/advocacy-publications/public-opinion-polls>

<sup>2</sup> Ibid

<sup>3</sup> Ibid

1. **The Government’s response to the research training review must encourage the inclusion of research training in undergraduate health qualifications and provide new pathways and flexible course structures that better combine individuals’ healthcare practice with postgraduate study. It should also recognise the importance of engaging researchers with all elements of our health system and provide opportunities for research students to engage with the health system as part of their training.**
2. **Additional emphasis be placed on health services research to increase the capacity to analyse and identify best practice for the Australian health care system and to increase research into the most effective and efficient delivery mechanisms for implementing best practice.**
3. **Increase funding for research to support the effective and rapid translation of new discoveries into healthcare practice. This requires:**
  - a. **Building capacity and investing in implementation research, including comparative effectiveness research, to provide an evidence base and assist in influencing/encouraging practitioners to adopt better practice.**
  - b. **Investment by the health system in ‘change management’ expertise and practice to incentivise and support professionals to adopt new practices and create behavioural change.**
  - c. **Creating evidence- based decision support tools for practitioners, to support the adoption of best practice.**
4. **Implement the following initiatives to improve the adoption of innovations in health care:**
  - a. **Career structures that support moving between research and health delivery roles.**
  - b. **The creation of more roles in health services across medical, nursing and allied health professions that have a dedicated time and resource allocation to research as a means of supporting innovation.**
  - c. **Providing research ‘buy-outs’ to enable General Practitioners and other health professionals to engage in research, including clinical trials.**
5. **Expand the mandate of the Australian Commission on Safety and Quality in Health Care to include efficiency as well as safety and quality, and provide incentives for health care providers to nominate existing practices and initiatives to the Commission for adoption as part of the Healthcare Standards.**
6. **Actively promote innovation in healthcare delivery as part of the COAG agenda.**

- 7. Assess the capacity of Commonwealth government agencies to provide data, link databases and provide access to data in suitable formats to facilitate the provision of data to researchers and innovators- giving special consideration to the free or subsidised provision of data to publicly funded researchers.**
- 8. Work with the State and Territory governments to achieve the secure linkage of publicly held databases with public and private hospital databases and make suitably protected and de-identified data available to researchers.**
- 9. Cease to pursue a reduction in the rate of the R&D Tax Incentive as a savings measure.**
- 10. Adopt the Australian Innovation and Manufacturing Incentive.**
- 11. Maintain expenditure on the competitive grant programs of the NHMRC and ARC at least at current levels in real terms in the 2016/17 budget.**

## MEDICAL RESEARCH FUTURE FUND

Research Australia congratulates the Government on the passage of the legislation for the Medical Research Future Fund (MRFF) and the contribution of more than \$3 billion in the first few months of operation. We are reassured by the Government's restated commitment to fully funding the MRFF by 2019/20.

The emphasis on supporting research and innovation is an essential element of the MRFF and will be key to its success. While the projected expenditure in 2015/16 is relatively small it grows quickly in subsequent years. Ongoing funding of \$1 billion per year from 2019/20 has the potential to transform healthcare and prevention in Australia through new discoveries and better translation of research into practice.

There is significant scope to generate further savings in the health system through the application of funding from the MRFF to:

1. develop new interventions and treatments that lead to faster and more complete recoveries and reduced disability;
2. identify and implement better and more cost effective models of care, including reducing readmissions and unnecessary treatments
3. develop strategies and systems to implement evidence- based practice more quickly and comprehensively throughout the health system.

Research Australia looks forward to the development of the inaugural MRFF Australian Medical Research and Innovation Strategy and the Australian Medical Research and Innovation Priorities, and to the first funding allocations.

## BIOMEDICAL TRANSLATION FUND

Research Australia welcomes the announcement of the Biomedical Translation Fund, and looks forward to its commencement in 2016. Created to provide early stage commercialisation funding in partnership with private sector investment, Research Australia is keen to understand how it will work with and complement the financial assistance for medical research and medical innovation that is to be provided by the MRFF.

## DRIVING INNOVATION IN HEALTHCARE

As has been identified in the Government's Industry Innovation and Competitiveness Agenda and reinforced in the National Innovation and Science Agenda (NISA), Australia has research strengths in pharmaceuticals, biotechnology and medical technologies. These can provide the base for innovative new Australian products and services as well as the opportunity to improve the performance of Australia's healthcare system.

### Enhancing engagement between researchers and industry

The lack of engagement between industry and researchers has been identified as a key barrier to innovation. The recently announced changes to the provision of block grant funding to universities and a new focus on research impact have the capacity to enhance engagement between researchers and industry. The recently completed review of research training also has the potential to lead to reforms that improve the interaction between the academic research community and the health services, medical technology and pharmaceutical industries. While there has been a focus on driving engagement with the private sector, the health system has a mix of private sector, public sector and not for profit entities. Greater engagement with all of these different types of entities is essential if the potential for innovation to transform our health system is to be realised.

Research should not be seen as a 'bolt-on' but as a vital and integral part of the health system, and one of the valued activities and products of health services. While some health professionals are exposed to research training as part of their undergraduate training, greater exposure by more health professional would assist them in working with researchers, critically appraising research, and the translation of research into practice.

**Research Australia recommends that the Government's response to the research training review encourage the inclusion of research training in the undergraduate health qualifications and provide new pathways and flexible course structures that better combine individuals' healthcare practice with postgraduate study. It should also recognise the importance of engaging researchers with all elements of our health system and provide opportunities for research students to engage with the health system as part of their training.**

### Research to reform Australia's health system

*'In Australia, the debate on improving outcomes has relied too much on arguments about increasing resources and not enough on improving productivity and effectiveness through micro economic reform and translation of innovations from research. The total resources available and people costs are largely determined by government budget allocations. Productivity and effectiveness, on the other hand, are driven by choices on interventions that have varying costs and impacts on health outcomes. Decisions on some of these interventions, such as vaccination, are made at a population level as public health policy, while others are choices made by health professionals within hospitals and other settings.'*<sup>4</sup>

In the above extract from the 2012 report of the Strategic Review of Health and Medical Research undertaken for the Australian Government, the expert panel chaired by Simon McKeon AO identified the range of different decision makers in Australia's health system, highlighting the need to intervene at a number of different levels to transform the delivery of healthcare in Australia.

<sup>4</sup> Australian Government, Report of the Strategic Review of Health and Medical Research, 2013, p.17



While the health needs of Australians are broadly the same across the nation and the National Health Reforms have established a broad national framework and a set of targets, the practices adopted by individual Australian hospitals and other healthcare providers vary significantly. Several reports of the National Health Performance Authority have highlighted the variation in performance by individual hospitals and health providers across Australia.<sup>5</sup> More recently, these findings have been reinforced by the *Australian Atlas of Healthcare Variation*, developed by the The Australian Commission on Safety and Quality in Health Care in collaboration with the Australian, state and territory governments, specialist medical colleges, clinicians and consumer representatives.<sup>6</sup>

Some of this variation is evidence of the adoption of innovative healthcare practices in particular locations; other variation is evidence of a failure to adopt best practice. The failure to adopt best practice is an elementary failure to innovate- a failure to change even when the pathway is clear and the benefits are demonstrable. It is evidence of a lack of capacity for innovation in our health care system which not only wastes money and resources but leads to poor quality care and needless loss of life.

To improve efficiency, productivity and effectiveness, the national health system needs to be more open to innovation and the adoption of new technologies and practices. The CareTrack study published in July 2012 reported relatively low levels of appropriate care (in accordance with current guidelines) provided by health care providers across a range of common medical conditions.<sup>7</sup> This study indicates that we have a long way to go in ensuring the provision of health care in accordance with current guidelines, and the task for translating new discoveries into mainstream healthcare practice is even greater.

Innovations in healthcare that improve quality and safety typically improve patient management, reduce adverse events and readmissions and lead to quicker recoveries, and these are the major drivers of efficiency gains. There are specific areas where new skill sets are required to facilitate innovation, from fields as diverse as bio-mathematics and health economics. We also need to invest in comparative effectiveness research to assist practitioners to adopt better practice. Health services research also has a critical role; it can support innovation and improve the delivery of health care through:

- using existing innovations to develop best practice models and structures for Australian health services;
- guiding the reform process; and
- supporting the evaluation of outcomes.

This need health services research and related disciplines is acknowledged in the Australian Government's *Science and Research Priority for Health* and the corresponding Practical Research Challenges, where the focus is predominantly on health services research and the need to build capacity. What the *Priority* does not do is provide the resources or a clear plan for how this is to be achieved.

**Research Australia proposes additional emphasis be placed on health services research to increase the capacity to analyse and identify best practice for the Australian health care system and to increase research into the most effective and efficient delivery mechanisms for implementing best practice.**

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<sup>5</sup> National Health Performance Authority, *Hospital Performance: Time patients spent in emergency departments in 2011–12; Healthy Communities: Avoidable deaths and life expectancies in Australian Communities, 2009-2011; Hospital Performance: Length of stay in public hospitals in 2001-12* <http://www.myhospitals.gov.au>

<sup>6</sup> Australian Commission on Safety and Quality in Healthcare 2015, *Australian Atlas of Healthcare Variation*, 2015

<sup>7</sup> W. B. Runciman et al, *CareTrack: assessing the appropriateness of health care delivery in Australia*, Medical Journal of Australia 197 (2), 16 July 2012

## Better adoption of evidence based practice

As noted in the extract from the McKeon Review report above, some interventions, such as vaccination programs, can be implemented directly by governments. The MBS Review and the work being undertaken by the Primary Health Care Advisory Group are both examples of effective initiatives of this sort. Others are more difficult for governments to implement directly. While ‘top down’ measures like healthcare standards and MBS items for reimbursement are important in changing healthcare practice, it is also important to influence key decision makers in the healthcare system, including senior clinicians and health executives. To do this we need to improve the communication of new evidence based practices and the benefits, facilitate the adoption of change and foster a culture of continuous improvement.

**Research Australia recommends increased funding for research to support the effective and rapid translation of new discoveries into healthcare practice. This requires:**

- **Building capacity and investing in implementation research, including comparative effectiveness research, to provide an evidence base and assist in influencing/encouraging practitioners to adopt better practice.**
- **Investment by the health system in ‘change management’ expertise and practice to incentivise and support professionals to adopt new practices and create behavioural change.**
- **Creating evidence- based decision support tools for practitioners, to support the adoption of best practice.**

Participation in research by health providers in all disciplines and in all settings:

- enables clinicians to more critically appraise new research outcomes
- lifts the overall standard and quality of care; and
- promotes the more effective and timely translation of research outcomes into practice.

In turn, the engagement of researchers in healthcare delivery helps direct research to the issues that need to be addressed to improve the quality of healthcare. It also provides opportunities for patients to provide input into the direction of research and to participate in research through clinical trials.

**Research Australia recommends the following initiatives to improve the adoption of innovations in health care:**

- **Career structures that support moving between research and health delivery roles.**
- **The creation of more roles in health services across medical, nursing and allied health professions that have a dedicated time and resource allocation to research as a means of supporting innovation.**
- **Providing research ‘buy-outs’ to enable General Practitioners and other health professionals to engage in research, including clinical trials.**

## Overcoming barriers to the implementation of new practice

Many individuals in our health system are striving to deliver better health care and to do so more efficiently. These efforts account for some of the variation in performance between individual hospitals and health providers noted above. At the same time there are many practices and technologies which have been in place in particular parts of the health system for many years without having been properly reviewed or evaluated for their relative effectiveness or cost effectiveness against (often more recent) alternatives.

We are not suffering from a lack of ideas on how to make our health system more effective and efficient but we don't have the infrastructure in place to efficiently evaluate and document these ideas and apply them more broadly.

The Australian Commission on Safety and Quality in Health Care already plays a role in setting national standards for healthcare and is undertaking important work to address variations in practice. Australia needs a national body with the capacity to formally evaluate individual practices for their safety, quality, efficacy, efficiency and transferability; and which is able to drive the introduction of evidence based best practice in the health system nationally. Research Australia proposes adapting the Australian Commission on Safety and Quality in Health Care for this purpose.

**Research Australia recommends expanding the mandate of the Australian Commission on Safety and Quality in Health Care to include efficiency as well as safety and quality, and provide incentives for health care providers to nominate existing practices and initiatives to the Commission for adoption as part of the Healthcare Standards.**

Efficiency should not be prioritised over safety and quality but it should be included with safety and quality in the Commission's mandate. As noted earlier, innovations that improve quality and safety typically improve patient management, reduce adverse events and readmissions and lead to quicker recoveries, all of which are major drivers of efficiency gains.

## INNOVATION IN GOVERNMENT

Innovation in government is critical to innovation in the health system because Commonwealth, State and Territory governments are enmeshed in the delivery, funding, monitoring and regulation of health care.

The NISA commits the Commonwealth Government to greater availability of data but innovation in Government needs to go beyond this, to the ways governments encourage and facilitate innovation in the health system and become more innovative in their own operations.

The recommendation made above for changes to the Australian Commission for Safety and Quality in Health Care is one example of how a Government agency can both be more innovative in its own operations and how it can sponsor innovation in the health system.

### **A whole of governments approach to innovation in health**

At the Council of Australian Governments meeting on 11 December, *'Leaders agreed to progress the following reforms for consideration and action at the first COAG meeting in 2016:*

- *a long term vision for health reform to support the health of all Australians and achieve long term sustainability of the Australian health system – based on the Medicare principles. The next stage of work will develop:*
  - *design principles and key features of a fair, adequate and efficient hospital funding scheme;*
  - *timeframes for potential implementation, and terms of any transition funding if the new scheme cannot be in place by 1 July 2017;*
  - *a new approach to integrated community and primary care, with particular focus on a chronic care model for patients at risk of, or with complex and chronic disease, and timeframes for potential implementation;...'*

This statement highlights the shared responsibility of Commonwealth, State and Territory governments for the planning and provision of healthcare. It also emphasises the need for a 'whole of governments' approach

to innovation if we are to transform the delivery of healthcare.

Many state governments are already taking action to make the health system more innovative. For example, the Victorian Government has established The Redesigning Hospital Care Program to build ‘*Victorian health service capability to create, spread and sustain significant health system improvements in both operational processes and in delivering patient care. It provides a systematic and targeted approach to redesign, assisting health services to tackle local access, efficiency and service quality challenges, as well as system-wide priorities.*’<sup>8</sup>

The NSW Agency for Clinical Innovation (ACI) provides the Innovations Exchange- ‘*a single, collaborative place to share and promote local innovation and improvement projects and resources, from all healthcare organisations across NSW.*’ an online forum for health professionals to share innovations in healthcare.<sup>9</sup>

State and Territory governments also provide significant support for H&MR, particularly in medical research institutes and hospitals. To provide just a few examples, the South Australian Government has invested heavily in recent years in the South Australian Health and Medical Research Institute; NSW provides the Medical Devices Fund which supports the development and commercialisation of medical devices and related technologies in NSW; and Victoria offers the VESKI Innovation fellowships that attract highly successful expatriate Australian scientists back to Victoria.<sup>10</sup>

**Research Australia urges the Commonwealth Government to actively promote innovation in healthcare delivery as part of the COAG agenda.**

## Making better use of health data

Research Australia congratulates the Government on the commitment made in the NISA to ‘release more non-sensitive public data for private sector innovation and will use public data to improve service delivery and inform policy development’ and looks forward to the imminent release of the Australian Government Public Data Policy Statement.

There is enormous scope for the greater availability of health data to drive innovation in health. Earlier this year the Productivity Commission highlighted some of the benefits of doing so.

*More generally, administrative data — including performance data, patient health records and government-held datasets on patients’ use of medications or procedures — can support development of a more rigorous evidence base on the clinical and cost effectiveness of health interventions. Among other things, these data (subject to appropriate privacy safeguards) enable researchers to investigate the burden of disease, access to health care across the community, and the effectiveness of specific health interventions. This can help health care providers to choose the best treatments for individual patients. It also helps governments and insurers to make better overall funding decisions by directing funding to where the greatest health benefits can be achieved (including to preventive health measures), and away from interventions with low or no clinical value.*<sup>11</sup>

While supportive of the Government’s announcement, Research Australia questions the assumption that this greater availability can be achieved at no cost. (No allowance for expenditure has been made in the Appendix of measures provided with the NISA Report or in the Mid Year Economic and Fiscal Outlook. It is not clear if there is an assumption that there is no cost associated with doing this, or that the agencies will be able to absorb the cost or that the costs will be able to be recovered from the parties obtaining the

<sup>8</sup> <https://www2.health.vic.gov.au/hospitals-and-health-services/quality-safety-service/redesigning-hospital-care>

<sup>9</sup> <http://www.aci.health.nsw.gov.au/ie/about-the-innovation-exchange>

<sup>10</sup> <http://www.health.nsw.gov.au/ohmr/mdf/pages/default.aspx>; <http://www.veski.com.au/vif>

<sup>11</sup> Productivity Commission 2015, Efficiency in Health, Commission Research Paper, Canberra. p.75

information.)

Expanding the use of data for research purposes is likely to lead to increased costs for agencies that hold data. Better and more effective use of data will require the de-identification of data and the linking of data sets across systems and agencies, ideally including state and territory agencies. Preparing deidentified data sets and linking data are specialist tasks currently undertaken by agencies like the Population Health Research Network (PHRN). While the PHRN's future has recently been secured by the announcement of continued funding for critical research infrastructure, Research Australia questions whether the PHRN and other agencies are sufficiently resourced to cater for an increased demand for its services.

**Research Australia submits that an assessment of the capacity of Commonwealth government agencies to provide data, link databases and provide access to data in suitable formats should be undertaken to ensure that a lack of agency resources will not restrict the provision of data to researchers and innovators. If there is a proposal for a user pays approach to the provision of data, Research Australia urges the Government to give special consideration to the free or subsidised provision of data to publicly funded researchers.**

Australian governments at all levels are custodians of large volumes of information with the potential to drive innovation in the delivery of a range of services and the development of new products. Making appropriately de-identified public data available to researchers and innovators in the public and private sectors should be a priority for all levels of government, and the development of common protocols for the use of and access to data would be a useful topic for the COAG.

Smarter use of existing and potential data sources has enormous potential to stimulate and support innovation. A key initiative in this regard would be linkage of the Pharmaceutical Benefits Scheme (PBS) and Medicare Benefits Schedule (MBS) with public and private hospital data and various state registries.

**Research Australia recommends that the Commonwealth Government work with the State and Territory governments to achieve the secure linkage of publicly held databases with public and private hospital databases and make suitably protected and de-identified data available to researchers.**

## TAXATION MEASURES TO BOOST INNOVATION

As the NISA identifies, it is critical that we provide the appropriate incentives for individuals to pursue and invest in the commercialisation of research outcomes, and the taxation measures outlined in the NISA are welcomed.

### **R&D Tax Incentive**

In the last two budgets the Government has sought to reduce the rate of the R&D Tax Incentive as a savings measure. Research Australia has opposed this initiative, which has failed to secure sufficient support in the Senate.

Research Australia notes the decision announced in the NISA that Innovation and Science Australia will undertake a review of the R&D Tax Incentive. Research cautiously welcomes the review, in the expectation that the emphasis will be on how to enhance the effectiveness of the measure as a stimulus for research and development rather than simply reducing expenditure on the R&D Tax Incentive.

**Research Australia recommends the Government cease to pursue a reduction in the rate of the R&D Tax Incentive as a savings measure.**

## **Australian Innovation and Manufacturing Incentive**

Multiple steps are required to be taken for the benefits of an investment in research to be realised in the generation of new medical devices, pharmaceuticals and therapeutics. The first is the development of new knowledge; the second is the application of this knowledge to the development of new products; and the third step is the manufacture of these new products and their sale to consumers.

Australia aspires to be a manufacturer and exporter of high value added goods but there are several barriers to manufacture in Australia including geographic isolation, a small domestic market, relatively high labour costs and a corporate tax rate that is higher than many of our competitors. The taxation measures outlined in NISA help support the development of new products but do not actively encourage or support their manufacture in Australia.

One way to improve Australian competitiveness in manufacturing and to make the most of our investments in research and development is through the adoption of the *Australian Innovation and Manufacturing (AIM) Incentive*.

The AIM incentive is designed to provide an offset against the tax payable on profits derived from the innovation and manufacture in Australia of qualifying patented/licensed products. The patents/licences would need to have a connection to Australia to qualify for the Incentive. Further detail is available at <http://www.aimincentive.com.au/>

The introduction of the AIM incentive would help to complete the transition to a more innovative economy that supports the scientific research needed to develop new knowledge, promotes the innovation needed to apply that new knowledge, and encourages domestic manufacture of the products that creates jobs and generates export revenue.

**Research Australia recommends the adoption of the Australian Innovation and Manufacturing Incentive.**

## **MAINTAIN RESEARCH FUNDING**

The capacity of Australia's H&MR sector has been constrained in recent years by increasing costs, a trend to longer term grants and the targeting of research to some specific initiatives, while both the number of researchers and research proposals has continued to grow. These factors have led to a decline in the success rate of applications for grant programs that is jeopardising many promising research careers and stifling innovation. In the medium to longer term, funding from the MRFF can be expected to help alleviate some of these effects, but it will not address the immediate issue.

Neither H&MR or the NHMRC exist in a vacuum. Increasingly research is a multidisciplinary endeavour, drawing on expertise in a diverse range of areas such as materials science and engineering. While it does not fund 'Medical and Dental Research', a significant proportion of ARC funding is provided to research that fits

within a broader definition of H&MR. The Hon. Christopher Pyne, when Minister for Education, highlighted the role of the ARC in funding H&MR:

*'The ARC's value here is in its flexibility—for the ARC works in all disciplines. Take for example the Future Fellow Professor Martina Stenzel. Although her background is in chemistry, she has taken her breakthrough work in nanoparticles into the hospital, to help cancer patients. Her unique platinum project, to develop nano-sized drug delivery containers for the targeted delivery of platinum containing anti-cancer agents, bridges a gap between chemistry and medicine in a way that perhaps only an ARC fellowship can effectively support.'*<sup>12</sup>

An analysis of completed ARC National Competitive Grant Projects from 2001 to 2012 suggests that on a conservative estimate, 10% of ARC project grants were related to H&MR. This includes a range of projects from medical device engineering to health economics. The Government has more recently redirected \$103 million of ARC funding over four years to H&MR in diabetes, dementia and tropical diseases.

If the MRFF is to achieve its promise, it is essential that the financial assistance it provides 'complements and enhances' existing government funding sources, as specified in the legislation. For this to be achieved other sources of government funding must be at least maintained in real terms.

**Research Australia submits that expenditure on the competitive grant programs of the NHMRC and ARC must be maintained at least at current levels in real terms in the 2016/17 budget.**

## CONCLUSION

H&MR is dependent on Commonwealth Government investment and support. While there is private sector investment, many of the outcomes of H&MR are public goods, not amenable to commercialisation. In making this submission, Research Australia is conscious of the current difficult fiscal environment and the Government's objective to reduce expenditure. We are also appreciative of the Government's continued support for, and commitment to, H&MR, and the recent elevation of Science and Innovation on the national agenda.

The MRFF provides a unique opportunity to advance Australian H&MR and to better capture the social and economic dividends that it can deliver. The NISA provides a suite of measures that will help secure a brighter future for Australia, and in this submission Research Australia has proposed several measures to build on and complement those initiatives to capture the greatest possible benefits.

Research Australia appreciates the opportunity to make this submission and would be pleased to provide further information or answer any questions that this submission may have raised.

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<sup>12</sup> The Honorable Christopher Pyne, Minister for Education, Second Reading Speech, Australian Research Council Amendment Bill 2013, 14 November 2013

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