## THE AUSTRALIAN GOVERNMENT'S RESPONSE TO THE COVID-19 PANDEMIC

SUBMISSION TO THE SENATE SELECT COMMITTEE INQUIRY

May 2020



health outcomes.

## ABOUT RESEARCH AUSTRALIA

We are the national peak body representing the whole of the health and medical research pipeline.

**Our vision:** Research Australia envisions a world where Australia unlocks the full potential of its world-leading health and medical research sector to deliver the best possible healthcare and global leadership in health innovation.

**Our mission:** To use our unique convening power to position health and medical research as a significant driver of a healthy population and contributor to a healthy economy.

#### Our goals:

Engage	Connect	Influence
Australia in a conversation	researchers, funders	government policies that
about the health benefits	and consumers to	support effective health
and economic value of its	increase investment	and medical research
investment in health and	in health and medical	and its routine translation
medical research.	research from all sources.	into evidence-based
		practices and better

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## THE AUSTRALIAN GOVERNMENT'S RESPONSE TO THE COVID-19 PANDEMIC

### SUBMISSION TO THE SENATE SELECT COMMITTEE INQUIRY

## Introduction

Research Australia welcomes the opportunity to make this submission to the Senate's Inquiry into the Government's response to the COVID-19 pandemic.

Set up by the Federal Government in 2002, Research Australia is the national alliance representing the entire health and medical research (HMR) pipeline, from the laboratory to patient and the marketplace. Research Australia works to position Australian HMR as a significant driver of a healthy population and a healthy economy. The focus of our submission is the Australian Government's response to COVID-19 as it relates to health and medical research and innovation, and Australian research and innovation more broadly.

Our members have played an integral part in Australia's response to the COVID-19 pandemic. Australian researchers were among the first outside China to grow the virus in the laboratory and to share samples worldwide. Our members have been providing the advice and modelling that has guided Australia's leaders in their response to the COVID-19 pandemic. They are developing vaccines and identifying new therapies to help those who are ill. They are working on new tests and diagnostics, and ways to support our health workforce and health systems. They are investigating the impact of COVID-19 on our most vulnerable communities and helping develop strategies to protect them.

Research Australia has compiled a report that showcases the breadth and scale of the research response to COVID-19. This report will be completed soon, but not in time for the 28 May deadline for submissions to the Inquiry. We will provide a copy to the Committee at a later date.

Research Australia has also undertaken a survey of researchers in the HMR sector about the impact of COVID-19 on their research and careers which closed last week. While we are still analysing the survey results, some of the findings are included in this submission. Again, we will

provide a copy of the full report when it is completed. We believe both are highly relevant to this Inquiry.

#### Recommendations

Research Australia's recommendations to the Inquiry are:

- The establishment of a national whole of governments review of Australian research and innovation to properly quantify the impact of the COVID-19 pandemic on the sector.
- Commitment to a comprehensive, fully funded strategy for how and where research and innovation will contribute to Australia's future prosperity and wellbeing.
- A short-term injection of additional Government funding into research in Australia's universities and MRIs to preserve existing research capacity while the economy recovers.
- Extending the JobKeeper scheme to universities would be a good place to start, as would redressing some of the rules that have prevented some MRIs from accessing JobKeeper because of their governance arrangements.

### **Australian Government's response to COVID-19**

Overall, Research Australia believes the Australian Government's response to COVID-19 in terms of limiting the spread of the disease and 'flattening the curve' has been extremely effective. In an environment in which there was significant uncertainty, the Australian Government acted quickly and has been guided by expert scientific advice.

In our own domain of health and medical research and innovation, it has provided additional funding to support promising vaccine candidates and the development of more effective therapies, and it has targeted research funding to other areas of particular concern such as mental health.

Research Australia's survey of more than 1200 health and medical researchers conducted from late April to mid May asked respondents to assess Australia's response to the COVID-19 pandemic. 95% agreed that Australia's overall response to the COVID-19 pandemic has been effective (56% strongly agree; 39% somewhat agree). 91% agree that Australia's overall response to the COVID-19 pandemic has been timely (43% strongly agree, 48% somewhat agree). On the question of whether 'Australia's politicians have relied on expert health and medical advice in deciding how to respond to COVID-19', 92% agree (47% strongly agree and 45% somewhat agree.)

Of course, the Australian Government's response to COVID-19 has involved many decisions across many aspects of our society and economy. While additional funding has been provided to specific COVID-19 related research projects, the combined effect of the response to COVID-19 on the broader health and medical research community has been detrimental.

# Adverse effects on Australian health and medical research and innovation

Some key decisions have had an adverse effect on Australian health and medical research and innovation. The combined effect of these decisions has been to disrupt, and delay health and medical research being conducted in Australia. Research takes time to deliver outcomes. Even small delays to the research, and disruptions to funding, could mean that research is lost for good or the investment to date has been wasted because the research has to start again, which is not easily done and requires new investment. The impact should not be underestimated.

#### **Closing the borders**

The first of these was the decision to close Australia's borders. Whilst necessary, this decision has had both direct and indirect consequences for Australian researchers. Research is usually highly interdisciplinary, and travel is essential for building collaborations and access to laboratories, practices and study cohorts elsewhere. The direct consequences include preventing researchers from traveling to Australia from overseas to collaborate on research, and disruptions to supply chains for research materials being imported from overseas. It also prevented Australian researchers from travelling overseas to commence or continue research fieldwork in other countries or from collaborating with overseas research partners.

Only two months in, 39% of researchers responding to our survey indicated their research had already been disrupted by international travel restrictions. With travel restrictions not expected to be eased for many months, this impact will only grow.

There are also normally large numbers of overseas university students studying in Australia and the revenue generated from the fees these students pay and the other money they spend in Australia make international education Australia's fourth largest export. The start of the university year in Australia is March, which meant that when our borders closed many international students were unable to reach Australia to commence study and universities lost hundreds of millions of dollars in revenue which they were using to fund research. The consequences of this are addressed later in this submission.

#### Preparing our health system for a pandemic

Australia's health system was focused on preparing for a pandemic; ensuring that it would be able to cope with a massive rise in COVID-19 patients, which threatened to overwhelm our emergency departments and intensive care units. At the same time, we were facing a severe shortage of Personal Protective Equipment (PPE), which led to the suspension of elective surgery and other activities not deemed essential.

Ordinarily, there is clinical research being conducted in Australia's health system. This involves patients participating in clinical trials and other studies to develop new treatments and drugs and better patient management. Unless directly related to COVID-19 these activities were deemed non-essential and many clinical trials were suspended. 21% of researchers responding to our survey reported their research was disrupted by the inability to access hospital research settings. 6% were unable to access research setting in aged care. In other cases, the clinical researchers who divide their time between research and patients found their clinical duties overwhelmed their research as we prepared for the pandemic. 11% of survey respondents indicated the increased demands of clinical work necessarily disrupted their research, delaying the improvement in patient outcomes this research would have delivered.

#### Physical distancing and working from home

Like so many other parts of the workforce, researchers generally had to comply with work from home requirements. Over half of respondents to our survey (51.44%) reported their research was unable to be undertaken remotely. Of course, much health and medical research involves human participants and the restrictions on physical contact imposed as part of the COVID-19 response meant that interviews, assessment and reviews with study participants had to cease. 50% of respondents to our survey reported these measures had affected the recruitment of respondents and 42% reported that it had prevented interaction with existing research participants.

Many researchers also have teaching duties in our universities. The time needed to prepare for remote teaching as campuses closed affected 25% of all the respondents to our survey.

70% of survey respondents expect that their research outcomes will be affected by COVID-19 beyond 2020. A further 22% of survey respondents were unsure, with only 8% of respondents expecting no effects beyond the end of this year.

## A broken research funding system exposed

Research Australia accepts that the delays and disruption to research were an unavoidable consequence of managing COVID-19. What they have exposed however, is the gaps and cracks in our system for the funding of health and medical research. In fact, calling it a system is probably an overstatement; it is a number of different and uncoordinated funding sources and schemes, of which only a few are actually connected by design. The funding schemes have grown up and around each other, accommodating each other while pursuing their own objectives. The fragmentation results in duplication of effort and wasted time and money.

#### No additional Government funding

Australian Government funding for research through the National Health and Medical Research Council, the Australian Research Council and the Medical Research Future Fund is provided to an individual or group of researchers for a fixed period and for the delivery of specific outcomes.

It rapidly became clear in March and April that COVID-19 was going to significantly disrupt and delay research projects. In our survey we asked respondents to estimate the financial impact of these delays and disruptions to their research. The total financial impact reported just by survey respondents is conservatively estimated at \$75 million; the impact across the whole sector is estimated to be hundreds of millions of dollars.

It is clear that many research projects will not be able to be delivered on time or on budget and some may not be restarted at all. However, while the NHMRC, ARC and MRFF are in a position to extend the time available for research projects, they have not been able to increase the funding available.

This places research projects at risk of not being able to be completed. It also presents the real risk of these projects' researchers being left without salaries.

#### **Other funding**

COVID-19 has dramatically increased the number of researchers whose projects have been delayed and disrupted; and for a range of reasons, universities and MRIs are not in a position to 'pick up the tab' at this point in time.

Beyond research that is partially funded by government grants, there are ramifications for other health and medical research and innovation which is crucial to kickstart economic growth.

In universities, income from international students is used to fund research. This includes funding salaries and infrastructure, maintenance and running costs. For government funded research, it also includes meeting the difference between the total cost of the research and the funding provided by the government funding agency.

The start of the university year in Australia is March, which meant that when our borders closed many international students were unable to reach Australia to commence study. Ordinarily

international students account for nearly 40% of universities' student revenue.<sup>1</sup> Analysis by Curtin University Deputy Vice Chancellor for Research, Professor Chris Moran estimates universities have lost as much as \$2.5 billion in revenue for the 2020 academic year, putting 38% of research salaries at risk.<sup>2</sup> The Mitchell Institute's modelling suggests Australia's universities face a cumulative loss of between \$10 billion to \$19 billion from 2020 to 2023.<sup>3</sup> This financial loss over multiple years will occur even if the numbers of international students rebound in 2021 because higher education qualifications are undertaken over several years. A student who did not commence study in 2020 is unable to progress to second year in 2021, to third year in 2022 and so on. Universities are already announcing plans for mass redundancies and cost savings across their whole operations, including research.

The loss of billions of dollars in international student revenue because of restrictions on international travel is hampering the ability of the universities to make up the shortfall on government funded projects, let alone cover the entire additional cost caused by the COVID-19 related delays and disruptions.

In addition to universities, the major recipients of government funded grants for health and medical research are the medical research institutes (MRIs). Like universities, MRIs are required to supplement research grants with additional funds to cover the full costs. MRIs largely rely on philanthropy and their own fundraising efforts (they are registered as charities) to fund this gap. Universities are also dependent on philanthropy and donations. Like the universities, MRI do not have the surplus funds required to cover the whole cost associated with the delays and disruptions to research caused by COVID-19.

COVID-19 has adversely affected the capacity of MRIs and universities to rely on philanthropy. The fundraising efforts of charities large and small have been severely disrupted by the physical distancing and travel restrictions. (Events such as the Mothers' Day Classic, a fun run which raises funds for breast cancer research could not be held this year.) The economic downturn, with increased unemployment and sharp falls in investment markets is also affecting donations, including the ability to raise funds from corporate Australia.

The loss of funding sources from philanthropy and international students severely limits the capacity of universities and MRIs to fund other research. This 'other' research is significant; for example, in 2018 expenditure by universities on health and medical research and innovation totalled \$4.1 billion, significantly more than the contributions to HMR made by the Commonwealth Government.<sup>4</sup>

To compound this, it is fairly long-standing government policy to encourage universities and MRIs to engage with industry and this has had the desired effect in recent years. For example, in 2018 businesses were the source of \$521 million of university research spending across all disciplines.<sup>5</sup>

<sup>5</sup> Ibid

<sup>&</sup>lt;sup>1</sup> Hurley, P., Van Dyke, N., (2020). *Australian investment in education: higher education*. Mitchell Institute, Melbourne.

<sup>&</sup>lt;sup>2</sup> https://www.universitiesaustralia.edu.au/media-item/investment-in-university-research-an-investment-in-covid-19-recovery/

<sup>&</sup>lt;sup>3</sup>Hurley, P., Van Dyke, N., (2020). Australian investment in education: higher education. Mitchell Institute, Melbourne.

<sup>&</sup>lt;sup>4</sup>Australian Bureau of Statistics, Cat. No.8111.0, Research and Experimental Development, Higher Education Organisations, Australia, 2018

The financial downturn caused by the COVID-19 epidemic threatens business investment in these research activities and is not going to be a source for universities and MRIs to make up the shortfall. It also threatens private sector investment in its own R&D.

This perfect storm of increased costs due to COVID-19 induced disruptions and delays, a loss of international student income, private sector losses and the loss of philanthropic support has highlighted how fragile a system we have for funding research. The irony is that we are relying on this research to both respond and lead us out of the pandemic and back to activity/productivity.

### The nature of employment

The COVID-19 pandemic has revealed differences in the security of employment of different workers and occupations across our economy. Most people would be surprised to learn that for many, a career in health and medical research and innovation is insecure.

Research Australia's survey included questions about employment status. 54% of researchers at universities and 74% of researchers at MRIs were employed on a contract basis. By far the most common contract term was 12 months. A further 5.27% are employed on a casual basis. The number of respondents on fixed term contracts at universities and MRIs is far higher than the national average across the economy.<sup>6</sup>

This type of fixed term contract employment is very insecure. These researchers' incomes and careers are dependent on their ability to attract research income such as NHMRC and ARC grants. If the funding they are able to attract is insufficient to fund the research or is exhausted before the research can be completed because of delays and disruptions, they must try to find other funding. If they are unable to do this, the research can't be completed, and they are out of a job. Apart from the loss of income this directly affects their careers, which are driven by being able to publish research findings.

<sup>&</sup>lt;sup>6</sup> G, Gilfillan, Trends in use of non-standard forms of employment, December 2018, Australian Parliamentary Library

## The way forward

The COVID-19 pandemic, by putting our society and economy under stress, has highlighted several flaws and areas in need of attention, particularly if our economy and the nation's public finances are to recover.

In a speech to the National Press Club on 26 May, the Prime Minister outlined some of what is required. While his focus in the speech was on industrial relations reform and vocational training, he outlined a broader agenda.

'And that means focussing on the things that can make their businesses go faster.

The skilled labour businesses need to draw on, the affordable and reliable energy they need, the research and technology they can draw on and utilise, the investment capital and finance that they can access, the markets they can connect to, the economic infrastructure that supports and connects them, the amount of government regulation they must comply with, and the amount and the efficiency of the taxes they must pay, in particular whether such taxes encourage them to invest and to employ.

Now that is the change agenda of our JobMaking plan, to enable Australia to emerge from this crisis and set up Australia for economic success over the next three to five years.

Skills, industrial relations, energy and resources, higher education, research and science, open banking, the digital economy, trade, manufacturing, infrastructure and regional development, deregulation and federation reform, a tax system to support jobs and investment.<sup>77</sup>

Research Australia welcomes the recognition of the importance of research and development and science as areas that are critical to our national economic recovery. Even more than that, these are areas that are also critical to our preparedness for the next pandemic, and for the general wellbeing of our community.

The Australian Government's response must include a national whole of governments review of Australian research and innovation to properly quantify the impact of the COVID-19 pandemic on the sector, and commitment to a comprehensive, fully funded strategy for how and where research and innovation will contribute to Australia's future prosperity and wellbeing.

The review needs to include how research and innovation is funded, and recognise that we will not succeed while Australian private and public sector investment in research and innovation continues to be at levels below the OECD average. It also needs to address the lack of job security in the research sector as part of the broader review of industrial relations.

In the short term the Government needs to inject additional funding into research in Australia's universities and MRIs to preserve existing research capacity while the economy recovers. Extending the JobKeeper scheme to universities would be a good place to start, as would redressing some of the rules that have prevented some MRIs from accessing JobKeeper because of their governance arrangements.

<sup>&</sup>lt;sup>7</sup> Prime Minister's Address to the National Press Club, 26 May 2020

## Conclusion

The COVID-19 pandemic has highlighted the world leading health and medical research being undertaken in Australia and the critical role has played in helping us navigate this health crisis.

At the same time, it has highlighted the Australian Government's underinvestment in health and medical research, leading to an over reliance on the capacity of universities to generate intentional student revenue and direct it to funding research, and on philanthropy to fill the gaps. It has also highlighted the precarious nature of the whole health and medical research enterprise, with well over half of researchers reliant on short fixed term contracts for their livelihoods.

This Inquiry provides an opportunity to highlight not only how the Government has responded to date but to draw attention to what now remains to be done.

Health and medical outcomes are only as a result of years of research to provide evidence required for efficacious and safe decisions that impact us both when needing medical interventions or for wellbeing. This requires stable and sustained investment, today and tomorrow.

We look forward to the opportunity to provide you with copies of our publications on the research response to COVID-19 and the impact of COVID-19 on researchers, and welcome the opportunity to respond to respond to any questions you may have or to provide further relevant information.

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