

# Research Australia response to the consultation on Improving alignment and coordination between the Medical Research Future Fund and NHMRC's Medical Research Endowment Account

July 2023

## Background

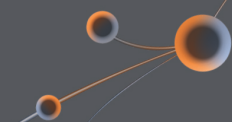
In May 2023 the Department of Health announced the commencement of a national consultation focused on optimising the government's funding arrangements for health and medical research by improving strategic alignment and coordination between the MRFF and the MREA.

Research Australia made a submission in response to the Discussion paper issued in support of this consultation. The submission addresses the four guiding questions contained in the discussion paper, and a final question seeking any further comments. Responses to the questions were provided via electronic survey and the response to each question was limited to a maximum of 400 words.

## Q1 What benefits should be achieved through improving the alignment and coordination of the MRFF and MREA?

### Research Australia's response:

Better coordination of the MRFF and MREA is undoubtedly needed as part of a broader move towards a nationally coordinated strategic approach to HMR investment, and can bring clarity to whether appropriate funding is available along each stage of the pipeline. A well-coordinated administrative function sitting atop the two funds delivers the best chance of



ensuring a funding spread to support research that can be translated for commercial and non-commercial outcomes.

Global visibility over *both* funds will expose gaps in research funding that undoubtedly exist across research stages and disease areas. Funding gaps be better addressed by one governing body with remit to identify duplicative and/or over investment and redirect funds accordingly. This must include the ability to decide *not* to fund particular activities.

A single administering body is better able to deliver the evidence base for what government should fund next and how the research investment is used to encourage and/or drive co-investment from other sources (state, industry, philanthropy etc).

Taking research from discovery to translation is a long, multi-stage process. No funding program supports the whole process; funding needs to be sought at different stages from many different programs, and from many different sources for an idea to progress along the pipeline from discovery to a new product or treatment approach that can be used with a patient.

The existing funding environment for this research and innovation is complicated and disjointed, with many gaps and duplication. This leads to lack of continuity of funding, with each grant progressing a research project only to a certain point before further funding must be sought, often leading to a 'pause' in the research, or to the research stalling altogether. Establishing one administrative funding body provides the opportunity for successful research projects to graduate more seamlessly from one funding program to the next including from an NHMRC program to an MRFF program. This would deliver a significant advantage to Australian researchers by alleviating the time wasted in securing the next round of grant funding. It would also deliver better job security, particularly for early- and mid-career researchers, whose employment tends to attach to the length of grant funding.

## Q2 Which feature/s of the models will deliver these benefits?

### Research Australia's response:

Model 2 is Research Australia's preferred model, at this stage. There is clear benefit to maintaining two separate funding streams with distinct funding responsibilities under unified governance and administrative arrangements. Asking the NHMRC to take on a critical new innovation funding role will require the NHMRC to evolve into a new organisation, requiring a period of both legislative and cultural change which will need to well planned. The innovation impetus has not been a natural home for the NHMRC (understandably so), and any new direction must take this into active consideration.

This new model must be delivered in such a way that preserves the MRFF's innovation expertise is not lost and that input from outside academia and medical research institutes is retained. Research Australia submits that stakeholders from, commercialisation, finance, and industry have a meaningful advisory role in both the priority setting and funding processes of the MRFF.

While the NHMRC Council and the Investment Committee are undoubtedly high-calibre and fit for current purpose, composition of the Council under a new model is crucial. As a transitional arrangement, an Innovation Committee or new skills should be added to the Investment Committee to meet the evolving role of the NHMRC. Any new governance

arrangements should preserve the unique value of the MRFF and MREA investment streams rather than creating one merged single grant program (which is the approach of model 3).

Ultimately, there is an opportunity to strengthen the function of the MRFF as the 'research arm' of the health system, as originally envisaged, through greater health system participation, particularly in the priority setting process. The UK Office for Strategic Coordination of Health Research operates as a coordinating body enabling the NIHR to provide a model of investigator led and applied research in clinical, public health and health services research. The Canadian IHR is a different model that blends elements of NHMRC and NIHR. Other models should be examined for applicability within the Australian context and as an evidence-based benchmarking exercise.

**Other considerations in implementing Model 2 include:**

- Clear recognition of MRFF's role in funding medical innovation.
- Distinct roles for MRFF and MREA.
- Maintains the MRFF as a priority driven fund, identifies who sets the priorities and ensures the MRFF meets health system need while maximising innovation and commercialisation potential.
- Clarifying the role of state and territory governments given the health systems they run.

**Q3 What elements of the existing arrangements for the MRFF and the MREA work well and should be retained? Which feature/s of the models will help ensure these elements are preserved? (Maximum 400 words)**

**Research Australia's response:**

In addition to its role in supporting health innovation and commercialisation, there are clear benefits of the MRFF, as it currently exists, which should be maintained. Consideration should be given, for example, to preserving the key role the MRFF has played in funding rare diseases, in recent years.

The MRFF and the HMRO has developed significant innovation expertise in recent years, enabling it to run successful innovation programs like the \$700m Frontiers Fund, drawing on expertise from other Departments including the Department of Industry or the Medical Research Commercialisation Fund administered by venture capital firm, Brandon Capital Partners. Stakeholders from health systems, commercialisation, finance and industry have a meaningful advisory role in both the priority setting and funding processes of the MRFF.

The ability to have funds administered by those more industry-facing bodies than the NHMRC (in its current incarnation) is important in encouraging industry applicants and building Australia's health innovation capacity.

Under the MRFF Act, the MRFF is to fund medical innovation, including commercial and non-commercial translation of research. The MRFF's focus on research translation is

emphasised in the Discussion paper. The NHMRC also sees research translation as essential and has published The NHMRC Research Translation Strategy 2022-2025.

Basic research can be funded by the NHMRC in a way that will ultimately support MRFF Priority areas, if the two funds are better aligned. This is particularly important when we consider that from 2010, discovery research has declined from 25% of total university research expenditure to 22.7% in 2018.<sup>1,2,3</sup> What is significant about the decline between 2018 and 2020 is not just the size of the further decline, to 19.4%, but that the dollar value of discovery research declined for the first time, from \$2.8 billion to \$2.5 billion.<sup>4</sup>

#### **Q4 Which aspects of the current arrangements could be changed to deliver the most appropriate and effective change, and why? Which feature/s of the models will help deliver this change? (Maximum 400 words)**

As they currently operate, the MRFF and MREA do not have distinct identities, evident in the overlap of the programs that they have funded. Impact:

- confusion in the research community about the respective purpose of the MRFF and MREA leading to a ‘scattergun’ approach to funding applications and the associated wasted researcher time. This is exacerbated by poorly defined criteria leading to low success rates<sup>5</sup> and a lack of coordination in grant timelines across the MRFF and NHMRC (though we recognise efforts to improve this);
- duplication of funding for some parts of research; and
- a masking of the true extent of underfunding for some key areas of research, and this has been the key reason for the current review.

The activities of the MREA and the MRFF can only be better aligned/coordinated with genuine distinction between the two. Providing the MRFF and MREA with distinct identities that are evident in the funding they provide is essential to the task of this Discussion Paper, but the Paper assumes that these distinct identities already exist when in fact they do not.

A centralised administering body for both funds, as envisioned by Model 2, is best placed to identify and resolve duplication and overlap and to support complementarity of the two funds.

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<sup>1</sup> Australian Government, Australian Bureau of Statistics, 81110DO001\_2014 Research and Experimental Development, Higher Education Organisations, Australia, 2014, Table 1 Higher education resources devoted to R&D, summary statistics - 1992 to 2014

<sup>2</sup> Australian Government, Australian Bureau of Statistics, 81110DO001\_2016 Research and Experimental Development, Higher Education Organisations, Australia, 2016

<sup>3</sup> Australian Government, Australian Bureau of Statistics, 81110DO001\_2018 Research and Experimental Development, Higher Education Organisations, Australia, 2018

<sup>4</sup> Australian Government, Australian Bureau of Statistics, 81110DO001\_2020 Research and Experimental Development, Higher Education Organisations, Australia, 2020, Table 1 Higher education expenditure on R&D, by location, by type of activity, 2020

<sup>5</sup> For example, it is speculated that success rates for the 2022 early- and mid-career MRFF fellowships are less than 5%. <https://campusmorningmail.com.au/news/what-to-do-when-applying-for-research-grants-is-a-waste-of-time-for-almost-everybody/#:~:text=Applicants%20to%20last%20year's%20early,at%20under%205%20per%20cent.>

Unified governance, presents a real opportunity to ensure the MRFF Priorities are developed with greater regard for what the MREA is funding, thereby ensuring better differentiation and complimentary of the two funds. There is also an opportunity to address equity and health disparities through more coordinated and streamlined funding.

One clear distinction between the MREA and the MRFF is that the programs of the MREA are largely investigator led, while the MRFF's programs are Priority driven. This key distinction must be preserved, with strong and widely consultative priority-setting process.

Again, in asking the NHMRC to take on a new innovation function, we are in fact asking the Council to evolve into a new and different body. Research Australia submits that a transition and culture change plan must form part of this process.

### **Q5 Is there anything you would like to raise that is not otherwise captured by these questions? (Maximum 400 words)**

Research Australia welcomes the commitment that this reform will be undertaken within the broader context of a new National Health and Medical Research Strategy, a long-term campaign by Research Australia (and others).

This Strategy must be informed by a **National Stocktake of Australian Health and Medical Research funding**. Neither government, nor the research sector, has a clear picture of what funding is available for health and medical research and where the gaps and duplications lie. Impact:

1. Missed opportunities to translate promising research into commercial and health outcomes.
2. Wasted research investment, with each grant progressing a research project only to a certain point before further funding must be sought, often leading to a 'pause' in the research, or to the research stalling altogether.
3. Potential over investment in some areas and under investment in others where different funding schemes are duplicating effort by funding the same or similar research.

There is no **National Health and Medical Research Workforce Plan** to ensure Australia has the pipeline of research talent needed to support a rapidly changing health system and emerging new health innovation industries.

A Workforce Plan must form part of the National HMR Strategy. This Workforce Plan should seek to address the challenges faced by early and mid-career health and medical researchers and identify careers/jobs critical to a future economy underpinned by a thriving innovation and modern manufacturing sector.

The NHMRC cannot be the sole determinant of the National HMR Strategy. It must have input from the various federal portfolios who fund health and medical research (Industry, Education, Defence, Finance), the state/territory health systems who implement research, private capital including philanthropy.

Industry, including small and medium enterprises, must have a voice in the process; specifically, their role in an environment that is both strongly invested and funded from both public and private enterprise.

Any reform around these two funds must take into consideration the need to ensure sustainable funding and investment for discovery research and commercial and clinical innovation at the other end of the pipeline. This is crucial to ensure Australia can reach economic complexity and develop deep sovereign innovation capability through its support and investment in health and medical research.

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## ABOUT RESEARCH AUSTRALIA

Established with the assistance of the Federal Government in 2002, Research Australia is the national alliance representing the entire health and medical research (HMR) pipeline, from the laboratory to the patient and the marketplace. Research Australia works to position Australian HMR as a significant driver of a healthy population and a healthy economy.

**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 role:

#### Engage

Australia in a conversation about the health benefits and economic value of its investment in health and medical research.

#### Connect

researchers, funders and consumers to increase investment in health and medical research from all sources.

#### Influence

government policies that support effective health and medical research and its routine translation into evidence-based practices and better health outcomes

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