Queensland University of Technology

Submission in response to the Department of Health and Aged Care discussion paper:

Improving alignment and coordination between the Medical Research Future Fund and NHMRC's Medical Research Endowment Account

Queensland University of Technology (QUT) is grateful for the opportunity to participate in the Commonwealth's consultation focused on optimising the government's funding arrangements for health and medical research by improving strategic alignment and coordination between the Medical Research Future Fund (MRFF) and the Medical Research Endowment Account (MREA) administered by the National Health and Medical Research Council (NHMRC).

At the outset QUT would like to congratulate the government for listening to the sector's concerns, particularly about its previous experience of the MRFF, with concerns around transparency, political neutrality, the logic of calls and awards, and administrative efficiency. QUT has done well under the MRFF, since its focus on transdisciplinary teams and applied problems plays to our strengths, but we are aware of its shortcomings. The MRFF's sound vision is yet to be optimised to best serve the national interest; something must change. The present consultation (prior to the next essential stage of developing a national strategy for health and medical research) is not only an opportunity to reform and revitalise programs of support for critical health and medical research, but also an expression of goodwill in partnership with the sector.

Recommendations

For the maintenance of public confidence and to maximise program effectiveness, QUT considers that reforms to improve alignment and coordination between the two funds should be built on principles of trust, transparency, strategic need, excellence, relevance, freedom from political interference, administrative efficiency, expertise, rigour and holistic resourcing.

Accordingly, and after consideration of the Discussion Paper's three proposed models, QUT recommends the adoption of a version of Model 2, with legislative, governance and administrative arrangements modelled on the recommendations contained in *Trusting Australia's Ability*, the final report of the Commonwealth's recent Review of the *Australian*

Research Council Act 2001.[1] The present submission is deeply informed by the deliberations of the Review Panel about the future of the Australian Research Council (ARC), which was chaired by QUT Vice-Chancellor Professor Margaret Sheil AO, a former Chief Executive Officer of the ARC.

The ARC Review Panel recommended that the ARC Research Endowment Account be activated 'to provide a transparent allocation and approval mechanism for funds awarded within the NCGP [National Competitive Grants Program], while retaining the capacity for the ARC to evolve and include other functions….' providing for 'a legislative basis for the NCGP leaving the flexibility in design and approval mechanisms should the government request the ARC to administer programs outside the NCGP' (p.13). By these same means, the NMHRC's already active MREA could operate alongside the MRFF with both schemes governed and administered coherently and strategically under the umbrella of a merged operation.

Consistent with the proposed ARC model, QUT recommends that:

1. The relevant Acts be amended to ensure the NHMRC Board performs the following functions:
    - to appoint a Chief Executive Officer (CEO).
    - to provide advice to the CEO and the Minister on priorities, policies and strategies.
    - to approve the appointment of peer review and assessment panels.
    - to establish and appoint members to other such committees as it deems beneficial for the effective functioning of the NHMRC;
    - to approve recommendations for funding from the MRFF and the MREA; and
    - to undertake any other functions as requested by the Minister.
2. The Board be appointed by the Minister and comprise:
    - a Chair, who is a prominent Australian, held in high regard by health and medical research institutions and their partners in the health and medical research community.
    - up to six other members with a combination of skills, experience, and perspectives relevant to the functions of the NHMRC across the spectrum of health and medical disciplines, Aboriginal and Torres Strait Islander leadership, research administration and evaluation, consumers and industry partners.
3. The NHMRC CEO and Secretary of the Department (or delegate) would attend Board meetings to ensure coordination and communication with appropriate separation of advice to and from the Board and to the Minister.
4. The MREA be utilised to administer the NHMRC with the following provisions:
    a. a legislated purpose directs the Account to be used to make grants supporting basic, strategic basic and applied research across clinical health, medicine, and dentistry.

[1] https://www.education.gov.au/higher-education-reviews-and-consultations/resources/trusting-australias-ability-review-australian-research-council-act-2001

b. that grants comply with Guidelines and total funding recommended by the CEO and approved by the Minister in compliance with the provisions and requirements of the Commonwealth Grant Rules and Guidelines 2017.

c. grants recommended by the CEO may be approved by the Board when:

- the requirements under (a) and (b) have been met;
- the recommendations have been informed by appropriate expert and peer review; and
- the recommendations demonstrate the potential outcomes of the proposed research to the Australian community which may include enhanced research capability and advancement an academic discipline to the benefit of the Australian community.

5. The inclusion of a mechanism to allow for the rebalancing of funds between the MRFF and the MREA, on the advice of the Program Coordination Committee and the NHMRC Council, to meet existing, emerging and temporary strategic needs.
6. Provisions be made to adequately support the real but currently unfunded indirect costs of research, at the rate of 50 cents to the dollar granted.

Under this model, governance arrangements are put in place which allow the government to provide strategic guidance, to make guidelines for the expenditure of public funds on health and medical research, and to make appointments to govern and oversee the operation of the combined health and medical research enterprise. The structure ensures that both academic and clinical expertise, on the one hand, and consumer and industry perspectives, on the other hand, are best utilised and afforded their appropriate standing. Above all, it provides the conditions for maximising trust in the system – on the part of the public, researchers, patients and government – by ensuring that inputs and decision-making at each stage is performed by those with the mandate, expertise and experience to optimise the performance of the system.

The MRFF would be managed by the NHMRC, with the MRFF and the MREA kept separately intact but with the inclusion of properly governed means of rebalancing funds to meet existing, emerging and temporary strategic needs. This transfer mechanism is required because the two funds with distinct scopes and purposes are funded by entirely different revenue sources, with no overarching governing principle to ensure their ratio is aligned to actual strategic requirements. As matters stand, the widely held view of the sector is that the MREA is under-funded relative to the MRFF, in terms of appropriate funding across the entire research pipeline. A mechanism is needed to correct that imbalance in the near term, and to enable ongoing transfers as emerging circumstances and strategic objectives demand.

Additionally, the new arrangements must also address the significant and growing shortfall in support for the indirect costs of research, which is now beginning to impinge upon research organisations' ability to deliver on their missions and fulfil the expectations of government and the community. Since its establishment as a university, QUT has grown its research performance and reputation on both investigator-driven and industry-engaged

research, without the historical advantages or the same level of international-fee income as other research-intensive universities. The gap between the direct costs and indirect costs of competitive research income at QUT is at least $40 million p.a. and growing rapidly as our research performance increases. This pattern is replicated across the university sector and many medical research institutes, indicating a clear need for a commitment to an appropriate level of direct and indirect research funding for the many areas where we have excellent people and capacity to contribute.

QUT commends the ARC Review Panel's proposed model to the MRFF/MREA review team and refers the team to the Panel's detailed final report. Professor Sheil and her staff would be pleased to discuss the ARC Review's deliberations and the proposed model's benefits in detail should that be of assistance to the team.

Contraindications

QUT does not support the adoption of the minimalist Model 1, the fully merged Model 3, nor the maintenance of the unsatisfactory *status quo*.

Responses to the consultation questions

1. *What benefits should be achieved through improving the alignment and coordination of the MRFF and MREA?*

    - Improved clarity and differentiation between the two schemes.
    - Enable the creation of an end-to-end health and medical research pipeline that provides the sector with genuine opportunities to develop fundamental research through to commercial realisation, based on actual research need.
    - Reduced government interference and other non-research influence on funding calls and outcomes.
    - Improved submission processes that aligns the current MRFF processes with the excellent submission processes through NHMRC.
    - Improved transparency of MRFF grant calls, with fewer rushed and bespoke MRFF grant calls.
    - Greater diversity in input to decision-making.
    - Facilitation of workforce planning.
    - Greater clarity on the real full cost of research.
    - Improved reporting of MRFF grants with details of peer review and scores available for all grant schemes.
    - Deliberate strategic rebalancing of relative funding to the two streams, to support a single cohesive investment plan across the whole research pipeline.
    - Improved focus on ethics and research integrity in MRFF processes.
    - Governance streamlining and harmonisation.
    - Reduce inadvertent duplication of research effort.

2. *Which feature/s of the models will deliver these benefits?*

    - Bringing all schemes under the one portal will reduce complexity for researchers.

- Aligning all schemes under one organisational umbrella will help reveal strategic weaknesses, such as gaps, duplication and poorly balanced schemes.
- One organisation (NHMRC) reporting for all schemes will increase transparency if NHMRC's current process are used.
- Model 2 should be modified to provide for a properly governed transfer bridge between the accounts allows the transfer of funding between schemes for finer strategic targeting.
- The migration of MRFF application processes from Business Grants Hub to Sapphire will resolve a lot of administrative problems for organisations.
- A Board approval model, as envisaged in our design proposal for Model 2, will significantly increase trust in the rigour, strategic fitness, probity and effectiveness of the consolidated medical research complex.

3. *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?*

- The distinct objectives of the two schemes should be retained and clarified further, with the addition of a strategic balancing mechanism.
- MRFF funding of priority research areas should be retained.
- NHMRC funding of fundamental investigator-led research needs to be retained and refocused.
- The MRFF's consumer input and consultation component needs to be maintained in the translation stream.
- The expert- and peer-driven selection mechanisms for the discovery/basic research stream should be reinforced.
- Australian must continue to increase skill, capacity and impact of applied translational medical research, which MRFF is doing, but it must ensure this does not come at the expense of the foundation of excellence in biomedical research discovery.

4. *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?*

- There is an urgent need for full transparency of all MRFF processes from grant calls to decision making to outcome reporting.
- The closure of the HMRO and transfer of its role and function to the NHMRC will improve accountability, efficiency, and the utilisation of expertise and experience.
- Funding of the MREA needs to increase, through a starting transfer from the MRFF to rebalance fundamental science and clinical translation; and then monitored and adjusted continually as strategic objectives develop and new challenges arise. The MREA has declined in value in real terms over the past decade while research costs have increased substantially.
- There is an urgent need for MREA-funded research to be refocused on fundamental science, to offset the mission creep into translation of recent years.
- Provision could be made for a mechanism for the CDC to provide input to national strategic priorities, both over the long term and during acute crises.

- Improved coordination with the ARC, NCRIS, the PFRAs, the National Reconstruction Fund, other government agencies and programs and the Learned Academies would improve strategic alignment, reduce duplication and minimise timetabling conflicts.

5. *Is there anything you would like to raise that is not otherwise captured by these questions?*

- There is an urgent need to address the issue of indirect costs of research to reduce the current reliance on a combination of inadequate support for research infrastructure in Universities (currently met largely from international education revenue) and in research institutes and hospitals from budgets stretched in other ways.
- Salary support for researchers funded through NHMRC or MRFF should at least match current university salary bands/levels. The gap to the level of fellowship funding is an additional strain that exacerbates the lack of funding for indirect costs.
- MRFF needs to have larger thematic rounds annually, at consistent times of year to enable applicants to strategically plan and prepare proposals, with appropriate (minimum 8-week) lead-in times.
- The NHMRC and MRFF would benefit from improved retention of corporate memory of applications and review of applications previously evaluated and scored by assessors.
- Means should be considered through which to further support collaborative medical research that expands Indigenous knowledge systems and provides health, economic, commercial, environmental, social and/or cultural benefits for Australia and especially Australian First Nations people.
- The NHMRC and MRFF have a strong role to play in supporting universities, medical research institutes and other research organisations to attract and retain academic and clinical researchers in response to changing needs and priorities.
- Research integrity is no less critical in the MRFF context than in the NHMRC environment, so all research funded must be subject to the same high standards of research integrity, under the scrutiny of the same full assurance processes, regardless of the source of funding or scheme objective.
- There is a need to address the persistent geographical disparity in funding of health and medical research in different parts of Australia, including the over-reliance on past success to select experts for the assessment of future funding (thereby embedding a structural bias that risks entrenching that geographical disparity).

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