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Hon Mark Butler MP

Minister for Health and Aged Care

Department of Health and Aged Care

By email: [HMRconsultations@health.gov.au](mailto:HMRconsultations@health.gov.au)

Dear Minister,

Thank you for the opportunity to participate in the Department of Health and Aged Care and National Health and Medical Research Council (NHMRC) consultation to improve alignment and coordination between the Medical Research Future Fund (MRFF) and Medical Research Endowment Account (MREA).

The University welcomes the Albanese Government's prioritisation of these consultations and the development of governance arrangements which will support the formulation and execution of a national health and medical research strategy.

In preparing this submission, we have consulted with health and medical researchers and recipients of MRFF and MREA funding across our faculties of Medicine and Health, Science and Engineering and our response is informed by their feedback. The feedback we have received indicates that while the MRFF's processes have improved significantly over the last two years, there are still opportunities to increase the transparency and structural rigour of the MRFF's administration. However, there are also many aspects of the current MRFF approach which have delivered benefits for Australian communities.

The University shares the Government's commitment to ensuring our national investment in health and medical research (HMR) delivers the health outcomes the Australian community needs. Together, the MRFF and MREA form a solid foundation upon which we can continue to build a world-class, evidence-informed and efficient HMR and innovation system in Australia.<sup>1</sup> To maximise outcomes from available resources, our HMR sector needs to operate under a national strategy that is coordinated and comprehensive. This is the future state the current governance reform process must enable.

To arrive at this end point, the governance arrangements for our national HMR funding bodies and their administering agencies must support:

- the development and implementation of such a national strategy;
- the full range of research, including fundamental research, translational research and the implementation of research findings into better health care and improved population health; and
- the distinctive characteristics of a priority driven funding scheme (MRFF) and an investigator driven scheme (MREA).

The new arrangements should provide flexibility that enables Australia's world-leading HMR community to pursue research questions to create new knowledge that will address key health priorities under a national HMR strategy. Our HMR strategy and governance arrangements must also work in a coordinated way across government to ensure alignment with the National Science and Research Priorities as well as research funded by other departments in non-HMR disciplines that is relevant to HMR and the successful implementation of outcomes in the community.

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<sup>1</sup> Australian Academy of Health and Medical Sciences report *Research and innovation as core functions in transforming the health system: A vision for the future of health in Australia*, October 2022, p 43

The University consequently recommends that the Government adopts a staged implementation of Model 2 from the discussion paper – the management of both the MREA and MRFF by one agency (the NHMRC). This model can provide coordinated oversight of Commonwealth Government HMR funding and, critically, can structurally support and protect the full spectrum of fundamental research to translational research in separate funds, while maintaining the flexibility to support a national HMR strategy. It will also align all our national HMR investments with the transparent and robust principles that represent internationally recognised best practice in the assessment of research excellence. These principles have been widely supported across the political spectrum for many decades and are a hallmark of well-functioning liberal western democracies with advanced innovation ecosystems.

Our reservations in relation to the other models proposed in the discussion paper are the following:

- Model 1 (better alignment through coordination) retains the current MRFF structure and misses the opportunity to create a more stable and resilient HMR funding system founded in due process. It also seems unlikely that any new coordination mechanism established will be robust enough to achieve the substantive and strategic reform that is needed to truly amplify HMR investment and outcomes.
- Model 3 (merging of the two funds with new governance arrangements) carries a high risk of eroding the purpose and impact that MRFF schemes have achieved through funding a diversity of research. These unique aspects of the MRFF are key strengths that must be protected.

We also concur with the Group of Eight's assessment that governance arrangements based on a UK style model would not be effective in the Australian federated model of health service delivery.

In recommending the adoption of Model 2, the University and our medical and health research community are acutely conscious of the important differences in research focus and assessment capability that exist between the MRFF and NHMRC. It is critical for the success of this reform that the new governance arrangements ensure the unique aspects of the MRFF relating to its purpose and impact - which are important components of our HMR sector - are maintained and protected.

A key strength of the MRFF is that it funds a far greater diversity of research than the NHMRC – for example, health services research, translational research and commercialisation activities – conducted by a more diverse cohort of experts that includes investigators from rural backgrounds and allied health professionals focussed on addressing real, practical issues. It cannot therefore simply be subsumed into the NHMRC's current processes without risking the slow erosion of the purpose and impact of its schemes. It will be essential for the NHMRC to adapt and diversify to support two different types of funding schemes and ensure that it preserves the MRFF's valuable priority-driven clinical research and translation focus. Particularly valuable aspects of the MRFF are its approach to the assessment of this research and the wider range of perspectives it has incorporated through its engagement with industry and consumers. There is substantial concern in the research community that the NHMRC's peer review processes are not currently fit for purpose in this regard. To address this risk and support the focus of the MRFF, the agency will need to develop a robust translational assessment capability. The transfer of knowledge and processes from the current MRFF administration should be facilitated to enable this to occur, while also addressing the need for a higher degree of structural rigour to be introduced.

In addition, the NHMRC will need to develop the capability to address national health specific research infrastructure in a coordinated manner to support the success of this reform. Other than disbursement of a small infrastructure pool directly to institutions (which the agency does not assess directly), the NHMRC does not have experience with national infrastructure coordination.

Any changes in governance come with an opportunity to better reflect the partnership between the federal and state governments in health care in Australia, and in funding health and medical research. The states make very substantial investments in health and medical research infrastructure, in the funding of active clinician researchers, and in direct funding of research. Appropriate consultation pathways can convey the needs and priorities of the states and regions in the determination of strategic and priority research.

In summary, the University supports the staged implementation of the management of both the MREA and MRFF by one agency (the NHMRC) as the model best able to support the development of a coordinated and comprehensive national HMR strategy. A high degree of care must be taken to minimise the associated risks and ensure that the implementation of this reform protects the most valuable features of the MRFF and supports the full range of health and medical research, including the translation of research findings into better health care and improved population health.

Yours sincerely,

*(signature removed)*

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