16 November 2011

Mr Peter Wills AC
Chair
NSW Health and Medical Research Strategic Review
Population Health Division
NSW Department of Health

Email to: omr@doh.health.nsw.gov.au

Dear Mr Wills

RESPONSE TO THE NSW HEALTH AND MEDICAL RESEARCH STRATEGIC REVIEW – DISCUSSION PAPER, 31 OCTOBER 2011

The University of New South Wales (UNSW), The University of Newcastle and The University of Sydney welcome the opportunity to put forward this collaborative submission to the NSW Health and Medical Research Strategic Review – Discussion Paper. All NSW health and medical research institutes are affiliated with one or more of our universities, while our staff or affiliated researchers consistently win approximately 90 percent of competitive research funding awarded to NSW annually by the National Health and Medical Research Institute (NHMRC).

1. General comments

The draft strategy is shaping into a document capable of providing the degree of strategic and operational clarity that will be required if NSW is to realise the ambitious vision for the future health and medical research effort that the Review Panel has proposed. We commend the Review Panel for producing a strategy document of this quality and comprehensiveness within such a short timeframe. We look forward to continuing to work with the Review and the State Government as it finalises the 10 year plan and shifts to implementation mode.

a) Vision statement

We support the intent of the proposed Vision Statement (p.2); however recommend that it be strengthened by including a reference to achieving benefits for patients and the community at large. Given that one of the key purposes of health and medical research is the pursuit of improved outcomes for patients and the community more broadly, the Vision Statement should be amended as follows:
‘NSW will have a global reputation as a centre of excellence for health and medical research that supports a high quality health system, delivering benefits for patients, the community and the economy.’

b) **Strategic leadership**
Section 3 of the Discussion Paper and the corresponding Strategy Box on page 2 would be strengthened by addressing the need for those leading the implementation of the Strategy (Minister, Director General, Strategy Leader, Local Health Distinct (LHD) Board Chairs and CEOs etc) to have responsibility for building the profile of health and medical research as a fundamental component of the State’s clinical and public health service delivery system. As recognised in Section 4.2, a significant cultural shift is required if meaningful change is to be achieved. Strong leadership all the way to the Minister will be essential if such a vision is to be realised throughout the NSW health system.

c) **Translation for public benefit**
Sections 4.2 and 5.1 deserve special mention. We support the explicit recognition in Section 4.2 of the strategic and operational implications for clinical training and research in public hospital settings of the National Health Reform Agreement, along with the vital role that LHDs will need to play in order to maximise outcomes for NSW under the new funding arrangements. We support the emphasis given in Section 4.2 to fostering dynamic and supportive research cultures in all LHDs, including appropriate governance and management structures. We recommend that a principle be added on page 9, stating: ‘Health Services are required to develop corporate cultures that value and support health and medical research as an integral part of the health care delivery and improvement process’.

The inclusion of specific strategies under 5.1 to enhance health and medical research “Hubs” is also welcome, though we question whether reform of the magnitude necessary to effect meaningful change, will be possible if funding support is to be found from existing programs (Action 5.1.1). We are not aware of any existing funding programs capable of supporting health research “Hubs” in NSW of the type that are so prominent and successful in North America and the United Kingdom.

2. **Comments on four key sections**

a) **Implementation of the strategy**
This strategy will only succeed if it is resourced appropriately and implemented effectively. Successful implementation will depend largely on the detail of the governance, consultation and communication arrangements that are established, and on the quality of the people appointed to lead and support the process. These implementation structures will need to be the subject of extensive consultation in order to achieve the level of buy-in and sustained cooperation that will be necessary to effect cultural reform on the ground. The strategy should set the broad vision and operational framework, with the approach to implementation supporting the principles of shared responsibility and accountability. While individual organisations should be required to demonstrate how they are contributing to the achievement of the State’s goals for health and medical research, governance of the strategy must encourage and accommodate a diversity of approaches at the local level. Such an approach will ensure the kind of flexibility and responsiveness required for optimal outcomes in support of the strategic goals.

b) **Governance Framework of health and medical research “Hubs”**
It is important that the creation of a limited number of formally recognised “Hubs” by the NSW Government does not simply create an added management layer. “Hubs” must:

- identify and nurture new talent, and work on developing multi and interdisciplinary research (especially involving Nursing, Pharmacy, Allied Health staff etc);

- ensure that any NSW Government funding for indirect research costs flows predominately to those with the track records for excellence who actually “earned” those funds, and is not diverted to smaller ‘pet’ projects and initiatives;

- have clearly defined strategic research plans, which are both public and subject to scrutiny on a regular basis. This will ensure that funds allocated are spent in a transparent and auditable manner within the “Hub” consistent with these plans;
- have a formal governance structure underpinned by a public document signed by the CEOs of the parties, similar to the **Collaboration Agreement Establishing The Health-Science Alliance**. These parties should include the CEOs of the relevant LHDs and LHNs, the Deans (or higher) from relevant universities and the directors of relevant MRIs. The CEOs of LHDs and LHNs report to the Ministry so any ineffective or inappropriate governance arrangements can easily be uncovered;

- have a governing body with clear terms of reference, which should be constituted from senior representatives of all major partners. The governing body must meet regularly and keep minutes. This process provides another means of audit and ensuring the **bona fides** of “Hub” governance. The Health Ministry should have a direct line into the governance of “Hubs” via the LHDs and LHNs who should be partners of “Hubs”;

- conduct regular joint planning exercises, joint symposia etc.

If the above suggestions are implemented, the Ministry should have ample input into the strategic planning of “Hubs” to ensure strong alignment with state research priorities, and the success of this strategy.

c) **Infrastructure**

**Research infrastructure support**

The introduction of infrastructure funding support by the NSW government nearly 20 years ago was a fundamental enabling reform for this state. It has reaped many benefits, but has been allowed to languish. We support the principles and specific actions for reform of the Medical Research Support Program (MRSP) and other support mechanisms outlined in section 5.3. This is one of the most critical aspects of the Review’s plan and must be made to work effectively with its other proposals, notably the introduction of strongly governed research “Hubs”. We strongly recommend that details of the reformed MRSP, especially, be developed through further work by the Review implementation process and we offer our assistance in that effort.

**Strategic Research Initiatives**

A proportion of available funds should be set aside for designated Strategic Research Initiatives aligned to the State’s agreed research priorities, and selected on an annual or triennial basis, by the Ministry in consultation with the senior officers of each of the NSW “Hubs”.

**Leveraging all investment sources for capital projects**

It has traditionally been difficult for the NSW Government to set health and medical research capital infrastructure priorities because of the absence of a clear strategy and goals. It has been difficult for NSW to assess competing proposals against objective requirements, particularly when seeking to attract funding for capital projects from the Commonwealth. The State’s approaches to capital funding opportunities have therefore tended to be relatively reactive, somewhat *ad hoc* and opaque.

Once the proposed NSW Health and Medical Research 10 Year Plan is in place, it should be feasible for the State to design a supporting infrastructure prioritisation process that assesses all potential projects transparently against criteria linked directly to the goals of the plan. Section 5.4.5 suggests as much and we strongly support this long term strategic approach. Once such a plan is in place this should enable NSW to maximise its success in securing funding support for infrastructure projects under Commonwealth schemes, the private sector and from philanthropy. We know from our own experiences, however, that setting and prioritising capital projects, even at the local level, is not a straightforward process. Some resources will need to be found to support the development and implementation of any supporting capital plan. Again, there will need to be extensive consultation to develop a sound process for deciding how available State funding will be allocated between competing worthy infrastructure projects.

d) **IP Management**

In recent years the major benefits in commercially relevant research have come from partnerships between public sector research organisations and companies that have positive mindsets towards innovation and collaboration, rather than through the invention and exploitation of *de novo* IP. This trend is likely to continue and involve a wide array of research throughout the medical and public health sector.
It would be useful and timely to share approaches to managing intellectual property and commercialisation with the Review. There has been much activity in NSW recently between universities and MRIs seeking to build mutual platforms for collaboration in relation to the commercialisation of their research. A more uniform approach to IP and to commercialisation would make NSW health research players more effective and attractive partners in development of health-related industries, services and products. We should foster approaches which allow us to share expertise in IP commercialisation in a coordinated fashion such that, collectively, the NSW Medical Research sector benefits. We favour increased scale so that each individual institution is not attempting to manage a small volume of specialised IP, but rather contributes to collective expertise and critical mass in managing a larger portfolio of health-related IP.

We agree that the exchange of knowledge – including IP – from Australian research entities to industry and entrepreneurs should be easier and more efficient. However, additional consultation is required on Section 4.5 as a number of the conclusions reached there are not supported by evidence and therefore should not be used as the basis for strategy development. For example, the reasons given for an apparent lack of venture capital in NSW are, in our view, much more complex than is suggested on page 14. Moreover, we would argue that the model of the research commercialisation process set out in Figure 4 on page 14 is outdated and does not describe accurately the non-linear nature of what is actually a multi-faceted process, encompassing not only the licensing of patents and company formation, but the whole range of commercial services that public universities and other not-for-profit research organisations provide.

In our view, it has been the policy pre-occupation with simplistic models that has served as the primary deterrent to increasing collaboration, knowledge exchange and commercialisation in Australia and elsewhere. The University of Sydney is currently acting to enhance access to IP for third parties with minimal restrictions, through specific initiatives such as implementing a new Research Agreements policy and restructuring its commercial arm (Sydnovate) to a service delivery model that focuses on client needs both internally and externally. UNSW has also taken significant steps in this area, for example through its “Easy Access IP” model, where the intent is to maximise partnerships with industry through the transfer of university knowledge for public benefit, by removing process and contractual barriers that prevent industry from working effectively with the University.

We believe that initiatives such as these address many of the concerns expressed in Section 4.5 of the paper. Any approach to managing IP and commercialisation should contribute towards transforming NSW into a more vibrant environment for the commercial development of IP, and we would be happy to provide further detail if that would assist the Review Panel.

3. Specific issues

Section 4.1
The report states that “Collaboration is a means to an end”. While it can often be so, incorporation of “collaboration” performance measures into all research funding agreements with NSW Government would potentially be harmful if it is simply measured by number. Changing funding agreements in this way must be considered carefully before implementation to avoid collaboration for its own sake. By themselves, the imposition of collaboration requirements does not necessarily foster high quality, effective research. Rather than forcing collaborations, we should be breaking down any barriers or disincentives to collaboration. The NSW Government could consider providing additional support and incentives for increased participation in NHMRC Partnership grants and ARC Linkage Project grant schemes as an eligible partner organisation.

Action 4.5.4
Initiatives such as the proposed scholarships for PhD students for existing business programs plus course fees for a minimum of 6 months are supported. It is not clear, however, what value the promotion of short courses to researchers in business and commercialisation will have. If we are to adopt this approach, then it must be something we do as a long term strategy. It takes time and resources to embed tailored training courses within an existing research degree program. Such an approach will only be successful if there is the expectation that the course will be there in years to come. Fostering immersive experiences for researchers in business settings through internships and other similar arrangements is likely to be more effective.

Action 5.2.1
The establishment of an elite researcher scheme to attract leading researchers to NSW is strongly supported. We would be very interested in co-investing and coordinating with the NSW Government, hospitals, health and medical research institutes to attract the very best into the right appointments.
Action 5.2.3
The Scholarship Top-up Program is supported. To be competitive the top up will need to ensure that the recipient’s total financial support is at least $35k pa minimum tax free, plus an additional $5k pa in support for travel, conference attendance etc.

Action 5.5.2
To ensure maximum benefit for the State, a minimum donation level to attract State co-investment should be set to encourage large philanthropic support in NSW. The level should be set at a minimum of $5M-$10M directed specifically to support health and medical research in NSW, in fields aligned with the State’s agreed health and medical research priorities.

The University of New South Wales, The University of Newcastle and The University of Sydney, would particularly welcome the opportunity to discuss with the Review Panel the issues of IP strategy, infrastructure support and planning, and the overall approach to implementation.

Once your report has been received by the Government, we look forward to working with the Minister and NSW Health, to plan in detail what needs to be done, for the benefit of the people of NSW, to continue to build on NSW’s reputation as a globally recognised centre for excellence in health and medical research.

Yours sincerely,

[Signatures removed for electronic distribution]