Professor Stephen Garton
Acting Vice-Chancellor and Principal

10 July 2015

Senator Zed Seselja
Chair, Senate Community Affairs Standing Committee (Legislation)
PO Box 61000
Parliament House
Canberra ACT 2600

By email: community.affairs.sen@aph.gov.au

Dear Senator Seselja,

Medical Research Future Fund Bill 2015 and Medical Research Future Fund (Consequential Amendments) Bill 2015

The University of Sydney is pleased to make a submission to the Senate Community Affairs Standing Committee (Legislation)'s inquiry into the Medical Research Future Fund bills.

The establishment of the Medical Research Future Fund (MRFF) to invest in health and medical research (HMR) and its translation is an historic and very welcome development. Australian HMR is world class, as demonstrated by the findings of Australian Research Council's Excellence in Research for Australia Initiative, where medical and health sciences research accounted for more than a fifth of all research outputs submitted in 2012. Nationally, 85 per cent of medical and health sciences fields of research were assessed as performing at or above world standard, while a third were found to be performing well above world standard[i].

The HMR field is both socially and economically important to Australia. A 2008 Access Economics study showed that every $1 spent on HMR returned about $2.17 in health benefits for Australians[ii]. In addition, Australia has over 100 ASX listed biotech companies, which were collectively worth about $50 billion in 2014[iii].

Following the findings of the landmark Wills Review in 1998, successive governments have recognised the importance of HMR by increasing levels of public investment substantially - primarily through the National Health and Medical Research Council (NHMRC). The McKeon Review of 2013 concluded that continuing to grow Australia's level of investment in HMR was vital if we aspire to deliver better health outcomes for all Australians, to create and build national wealth and to ensure the efficiency and sustainability of our health system. Specifically, the McKeon Review recommended the adoption of a national health system investment target of 3-4 per cent of total government health expenditure, including an additional $1.5 billion *per annum* for competitive HMR research programs within 10 years[iv].

The exceptional performance of Australian HMR has been achieved through a sustained commitment to research excellence as determined through competitive peer-review processes. Much of the capacity in this field is represented in the nation's research-intensive universities, contained within a multitude of faculties, schools and centres. At the University of Sydney education and research relevant to HMR occurs in every one of our 16 faculties. Our relationships with the health system are diverse and multi-layered. We are partners with our local hospitals and health districts, and support rural and regional communities through our rural clinical schools and other collaborations. We work closely with many Medical Research Institutes (MRIs), sharing facilities, staff, and research students. In addition to sustaining capacity for and undertaking 'basic' scientific research, universities power applied clinical research, undertake clinical trials and generate patents for the commercialisation of research. The resulting capacity opens doors for Australia through international research networks, and underpins our ability to consider, adopt and adapt the best of international research for the benefit of all Australians. It also allows us to attract outstanding talent from the around the world.

The University educates and trains the future clinical and scientific research workforce in close collaboration with our health service, MRI and industry partners. Levels of health system collaboration in non-clinical areas such as business, complex systems, information technology, engineering, architecture and design, law, arts and social sciences are also growing, as our partners confront the looming challenges posed by a population that is at once growing, ageing and experiencing higher levels of chronic disease.

The MRFF provides an opportunity for further leveraging Australia's high quality health and medical research into benefits through the translation of that research, including commercialisation. Maintaining research quality and capacity is also critical and has flow-on implications for other sectors, such as the multi-billion dollar international education industry which is heavily dependent on university rankings.

We welcome the use of the MRFF to supplement the NHMRC's schemes that support research translation and commercialisation. In the near-term, given the projected ramp-up in MRFF disbursement, we strongly encourage the Government to consider further enhancing the NHMRC's Medical Research Endowment Account, lest a decline in HMR capacity in the short term compromise the future value of the MRFF to the nation.

It will be critical to ensure the complementarity of the funding functions of the NHMRC's Medical Research Endowment Account and the MRFF, and using the existing administrative functions of the NHMRC wherever possible should ensure efficiency of process. Modelling undertaken by the Australian Society for Medical Research showed that together, the NHMRC and the MRFF could provide a return of $3.39 for every $1 invested. The benefits of these two funds together could exceed $14 billion dollars, realised as a reduction in the burden of disease, direct health system expenditure savings, reductions in productivity loss and other financial costs, and commercialisation value[v].

The University is pleased to see the CEO of the NHMRC will be a member of the Advisory Board that develops the Strategy and Priorities for the Fund. In addition, we urge the Government to consider constituting this Board with internationally-recognised experts in HMR to ensure both its independence and global perspective. The Board should remain free of sectoral representation in order to achieve a truly world-class strategy for this important Fund.

To conclude, the University of Sydney is very pleased to see the creation of the MRFF and recommends that the Government consider, along with the focus on translation and commercialisation, the need to maintain Australia's excellence in HMR through targets for competitive research programs such as those suggested by the McKeon Review.

Should any further information be required from the University, please do not hesitate contact Mr Tim Payne, Director Higher Education Policy and Projects in my office, 02 9351 4750, tim.payne@sydney.edu.au.

Yours sincerely,

Signature removed for electronic distribution

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[i] Australian Research Council. 2012. Excellence in Research for Australia, Section 11, Medical and Health Science. p.134.
[ii] Access Economics. 2008. Exceptional Returns: the value of investing in health R&D in Australia II. Report prepared for the Australia Society for Medical Research. Canberra: Access Economics
[iii] AusBiotech, 2014. Investment Fast Facts: Investment Opportunities. Accessed on 02 July 2015 at: http://www.ausbiotech.org/content.asp?pageid=146
[iv] McKeon S et al, Strategic Review of Health and Medical Research, 2013, p.1.
[v] Deloitte Access Economics. 2014. Extrapolated returns from investment in medical research future fund (MRFF). Report prepared for Australian Society for Medical Research. Canberra: Deloitte Access Economics