

Medical Research Future Fund Inquiry: IRU submission

The Innovative Research Universities (IRU) supports the proposed Medical Research Future Fund.

All IRU members undertake research assessed as being above or well above world standard in the health and medical fields, with a strong emphasis on effective improvement in health outcomes. We have a particular commitment to conducting translational research in order to deliver positive lasting benefits to the communities in which we work. We are based in outer metropolitan areas of the State capitals and in Australia's regional areas, areas with concentrations of populations with lower level health outcomes.

Australian researchers, universities and medical research institutes make outstanding discoveries in health and medical research. At the same time the translation of these discoveries into new drugs or new medical devices is not keeping pace. The 2013 South Australian Scientist of the Year Professor Graeme Young has called for more investment on the implementation of existing research findings and knowledge¹. His is one example of the need to transform existing knowledge into practice, reflecting the results back to the research for further development and engaging with the different individual responses to health messages and treatments. The Australian Private Equity and Venture Capital Association has proposed support for the development stages of medical products through a translational research fund².

We need to transform Government investment in health and medical research through greater investment in the translation of research findings into new products, procedures and processes that will have a significant impact on patients and health service providers, and support for the development stages of medical products. The new fund, used well, provides the opportunity to bridge these gaps, advancing health outcomes.

The challenge will be to administer the Fund in a way which will enable it to make a significant difference.

The *Medical Research Future Fund Bill 2015*, following the amendments introduced in the House of Representatives, provides a solid basis for the Fund in concert with the supporting *Consequential Amendments Bill*. Its main features are:

- a wide-ranging definition of medical innovation to build on medical research;
- a fund which is distinct from the NHMRC's Medical Research Endowment Account;
- a range of eligible entities ranging from States and Territories to corporate Commonwealth entities and corporations;
- an Advisory Board including the NHMRC CEO that determines a five-year *Australian Medical Research and Innovation Strategy* and two-year *Australian Medical Research and Innovation Priorities*; and
- key responsibility and decision-making power for the Minister of Health.

Much of the Bill concerns the operation of the Fund as an investment body. The IRU does not provide any comment on these sections.

¹ <http://blogs.flinders.edu.au/flinders-news/2014/06/03/act-on-existing-research-first-urges-professor-graeme-young/>

² Australian Private Equity and Venture Capital Association, Submission to Senate Inquiry into Australia's Innovation System http://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Economics/Innovation_System/Submissions



We focus on how best to use the money made available from the Fund and the legislative framework for that addressing three main issues:

1. a wide-ranging definition of medical innovation encompassing the translation and commercialisation of research to build on medical research;
2. an effective relationship with the funds the National Health and Medical Research Council allocates; and
3. ensuring that the decision process for use of the funds is well based.

Key issues

1. A wide-ranging definition of medical innovation and medical research encompassing the translation and commercialisation of research

It is important that the Fund be established so it is able to support a wide range of potential uses in support of future health outcomes based on an assessment of the best mix of priority activity. The Bill's definitions of medical innovation and of medical research provide that wide basis and should be retained.

The broad definition of eligible activity gives the proposed Advisory Board the scope to develop the five-year strategy and the two-year priorities set down in the Bill, having considered the array of potential areas for support. These include:

- improving public health outcomes, targeting those areas of Australia and groups of Australians with lower levels of health outcomes which carry a disproportionate amount of the disease burden;
- a greater emphasis of the translation of health research, and reflection on the challenges from application including uptake and compliance;
- support for making the transition from discovery to commercial use, particularly involving Australian companies;
- the development of new devices; and
- expanding current investment in health and medical research through the NHMRC but not subsuming the additional investment through the Fund into an expansion of the current NHMRC schemes. Previous doublings of NHMRC funding have created a substantial health research workforce which puts forward significantly more applications than can be funded, pushing success rates down. Additional funding would allow higher success rates in the short term but also likely engender further demand.

How these should be balanced is not a question for the legislation to establish. The legislation should ensure that the fund can support all potential sensible uses, that there is a clear focus on a significant improvement in health outcomes, and that there is an effective process for determining the allocation of money from the Fund consistent with pursuing the outcomes set down in the strategy.

A related issues is investment in the research infrastructure to support research, with the Government due to receive a report about future infrastructure investment later in 2015.

2. The relationship with the National Health and Medical Research Council

The initial Bill the Government tabled had little detail about how the funds would be used and distributed. Subsequent Government amendments included the Advisory Council to create five year



strategy and two year priorities, and clarified that the Minister for Health would be the ultimate decision maker. The Labor Party has proposed amendments to make the NHMRC CEO the decision maker for the use of the funds.

The IRU considers the approach of defining the role of the Advisory Council with decision-making resting with the Minister for Health the better option. As we argue in the section above the Fund should be used to add a distinct new approach to how we invest in health and medical research. Hence the IRU supports the approach now in the Bill.

Some of the potential areas for investment are not part of the NHRMC's current suite of activities and may not be best supported through it.

Where the Strategy and dependent priorities target activity consistent with the NHRMC's capability it would make sense to give the NHMRC responsibility for those elements but the legislation should not define that role.

3. The decision process for use of the funds is well based

A potential weakness of the Bill is the lack of detail about the process between the identification of priorities and the selection of particular activities or projects to be funded to carry through the priorities.

The MRFF Special Account can be debited for three types of grants for the purposes of medical research and medical innovation:

- channelling grants to the COAG Reform fund to make grants to States and Territories;
- channelling grants to the MRFF Health Special Account to make grants of financial assistance to certain bodies (medical research institutes, universities, corporate Commonwealth entities and corporations); and
- making grants of financial assistance directly to corporate Commonwealth entities.

The Advisory Board is essential for the effective use of the money available through the Fund. The Board should have a range of expertise covering the issues set out in section 1 above. The inclusion of the NHMRC CEO as a member of the Board should ensure good alignment between the NHRMC's current funding streams and the use of the Fund. However, it should be another member of the Board who is appointed Chair to ensure appropriate distinction between the two.

IRU welcomes the fact that the fund that would open up funding for a wide range of potential bodies including industry partners. This is in keeping with the Government's overall aspiration to increase industry-driven research Australia-wide. Allowing for a breadth of potential funded bodies is likely to encourage a broad array of different uses. At the same time it is important that there be checks appropriate to the various types of bodies to ensure desired outcomes are achieved.

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