

Contact for this correspondence

Name: Karen Mow
E-mail: karen.mow@nhmrc.gov.au
Telephone: (02) 6289 9563

Ms Shelley McInnes
The Inquiry Secretary
House of Representatives Standing Committee
On Science and Innovation
R1 Suite 116
Parliament House
Canberra ACT 2600

Dear Ms McInnes

Thank you for your invitation to the National Health and Medical Research Council (NHMRC) to submit to the Inquiry on Business Commitment to R&D in Australia. At this stage I will provide brief comments on actions taken recently by the NHMRC and ask you to note that the NHMRC would be pleased to appear before the Committee in the event that they convene a public hearing.

Since the publication of the Health and Medical Research Strategic Review, (the Wills Review), the NHMRC has undergone changes in organisation and funding arrangements to produce better outcomes for research and research training. A significant part of those changes has been an increased emphasis on commercialisation of research. The Strategic Plan 2000-2003 states that:

The NHMRC needs to take new approaches to relationships with industry in order to promote the application of research findings for both health and economic benefit.

To this end, the NHMRC Research Committee has established an Industry Committee, which draws membership from the commercial development sector, and consults an Advisory Group of industry people when developing policies.

The role of the Industry Committee is to advise the NHMRC's Research Committee on policy that will encourage the growth of knowledge based industries within the health and medical research area in Australia. This includes policies related to:

- Recognition, encouragement and support of NHMRC researchers that contribute to the development and exploitation of intellectual property or to direct interactions with industry;
- Development of best practice intellectual protection and management policies within Australian academic institutions;
- Direct support based on peer-review of activities that bridge the gap between academic research and industrial exploitation; and
- Removal of barriers to commercialisation within the NHMRC system.

This Committee also provides advice on the management of two key funding schemes, designed to bridge the research to industry gap and to foster an environment that values industry achievement, Industry Fellowships and Development Grants.

Industry Fellowships Scheme

The Prime Minister, The Hon John Howard MP, announced on 15 June 2000 that the NHMRC would introduce new Industry Fellowships, to foster closer interactions between Australian researchers and industry as recommended by the Wills Review. Industry Fellowships target researchers with a track record of research excellence and commercial interest to spend up to 2 years in industry and 2 years in a research institution. Up to 10 fellowships are awarded annually, determined by the scientific and commercial merits of the applications.

The main purpose of these fellowships is to provide successful applicants with an opportunity to expand their research horizons and gain experience in important facets of the commercial development of research findings, including project planning, business planning, and knowledge of business and industry dynamics. The Industry Fellowships scheme aims to establish, facilitate and maintain interactions between academia and industry, in particular fostering an understanding of the commercial aspects of R&D within academic institutions, ultimately benefiting the growth of Australian knowledge-based industries.

These fellowships are not intended simply to allow researchers to conduct research in an industry laboratory or to gain access to technology, though these are also desirable outcomes. They provide an opportunity for researchers to learn commercial practices while contributing to the development of practical outcomes of research, and then to bring those skills back into the institution

The Fellowships are to be performed in a health related field, for example, medical devices and pharmaceutical product development, biotechnology, bioinformatics, biomaterials, etc. The value of the fellowship package is \$80,000 pa for 4 years, providing funds for salary, travel and allowances and maintenance.

Development Grants Scheme

To implement the Wills Review recommendations and maximise the return of public investment in research, the NHMRC has refined and reintroduced its Development Grants scheme. While the Development Grants scheme was strongly supported and acknowledged as an important link between academic research and the 'knowledge industry', the research community and industry had expressed concerns regarding its effectiveness and practicality.

The purpose of Development Grants is to provide gap funding for research, at early proof-of-concept stage, to enable commercial development. Generally, researchers file provisional patents for research findings that have commercial potential at an early research development stage, prior to converting it to a full patent (proof-of-concept). Development Grants are targeted at this early phase to enable researchers to grasp the commercial opportunity.

The revised Development Grants scheme has received increasing interest from the research community and industry sectors, especially following NHMRC's IP and commercialisation awareness programs and a number of Government's initiatives in innovation and research commercialisation, including the launch of *Backing Australia's Ability*.

Development Grants are now offered twice per annum with a budget of \$3.5 million in 2002. Demand for the second round in 2002 has more than doubled the first round, with approximately 80 applications expected.

Finally, the NHMRC is keen to support any initiative designed to increase the level of contribution by the private sector to R&D in Australia. The potential benefits to the research community, to the economy and the nation are huge.

Yours sincerely

Professor Alan Pettigrew
Chief Executive Officer

29 August 2002