

SUBMISSION TO THE GOVERNMENT'S CONSULTATION ON MRFF AND MREA

14 July 2023

INTRODUCTION

Universities Australia (UA) welcomes the opportunity to provide input to the Department of Health and Aged Care and National Health and Medical Research Council (NHMRC) consultation on improving the alignment and coordination between the Medical Research Future Fund (MRFF) and the NHMRC's Medical Research Endowment Account (MREA).

UA is the peak national body for Australia's 39 comprehensive universities. Our universities not only train Australia's research workforce, they also make a significant contribution to Australia's health and medical research efforts. In 2020, *Biomedical and Clinical Sciences* and *Health Sciences* were in the top three fields of research undertaken by universities, making up 32 per cent of the total research expenditure.¹ Universities also receive the majority of the research grants allocated via both the MRFF and the MREA.²

The setting of funding objectives should be at the centre of the proposed model. Further, regardless of the model adopted, there is an urgent need to address the funding of indirect costs of research from each funding scheme. The current arrangements rely on organisations in receipt of competitive grants to fund research infrastructure from other sources of revenue. In the case of universities, this is most commonly from international education, in hospitals from clinical budgets and for medical research institutes from other sources of revenue –all are under strain and therefore at risk. That the MRFF was introduced without providing for indirect costs is ultimately a false economy that should be addressed as part of any revision to governance arrangements.

It is critical that these funds operate in a manner which appropriately supports health and medical research while minimising administrative burden. There should be appropriate safeguards with respect to the quantum of such funding and the setting of funding objectives should be at the centre of the proposed model. As such, UA considers that the general approach outlined in **Model 2** represents the best way forward for improving coordination and alignment between the two funds. The rationale for coming to this view is outlined below.

RESPONSE TO THE DISCUSSION PAPER

UA appreciates the clear and logical structure of the discussion paper, in particular the details provided around what we consider to be three logical and constructive options. We also look forward

¹ <https://www.abs.gov.au/statistics/industry/technology-and-innovation/research-and-experimental-development-higher-education-organisations-australia/latest-release>

² Based on the latest grant recipient report from the MRFF (31 May 2023), 84 per cent of grants awarded were to recipients from universities.

to having the opportunity to participate in future consultations around stage two of this project – the development of a National Strategy for Health and Medical Research in Australia.

MODEL 1 – BETTER ALIGNMENT THROUGH COORDINATION

The discussion paper adequately articulates many of the administrative and governance shortcomings as well as the implementation benefits of the “better alignment through coordination” model.

UA notes that the specifics of the proposed overarching coordination mechanism would be critical to its potential effectiveness and impost, that is:

- A light touch mechanism (such as an interdepartmental committee or similar) would minimise burden on participants, but may lack the necessary formality and imprimatur to act as a significant unifying force (e.g., the lack of direct senior executive/ministerial accountability).
- A more robust mechanism with formal governance and clear lines of accountability would likely create significant administrative burden for all involved, potentially offsetting much (if not all) of the coordination and efficiency benefits gained.

Whatever the final shape of such a mechanism, UA considers that the need to compromise between effectiveness and administrative burden makes this option a potentially more complex solution to implement effectively than is reflected in the discussion paper. UA also notes that there is currently a great deal of coordination between MRFF and NHMRC in general, and as such, UA is not convinced adding an additional layer of coordination is the best way to solve the underlying issues.

MODEL 2 – MANAGEMENT OF BOTH FUNDS BY NHMRC

As the discussion paper acknowledges the NHMRC is primarily responsible for funding investigator-led research however, it has also extended into priority-driven and translational research. Conversely, the MRFF has also funded ‘bottom up’ projects despite its priority-driven remit.

While the two funds may occasionally overlap in purpose, differentiation in scope and remit should be maintained. Ensuring an appropriately governed and supported health and medical research pipeline from basic research through to commercialisation is the most important potential outcome from this two-stage consultation.

As such, UA considers that Model 2 would be an effective way of improving alignment and coordination between the two funds while maintaining separation of scope and funding responsibilities.

This model would also streamline governance and administration, reducing the workload burden on researchers and support staff alike with relatively modest implementation complexity and disruption to the research sector.

While this is UA’s preferred model out of those presented, it is important to acknowledge and mitigate the risks relating to the capability of the NHMRC to administer the MRFF. We support a version of Model 2 which maintains the distinct nature of the two funding schemes.

To remain in line with its brief to address urgent priorities, the MRFF will need to be administered in a way that leverages strong community and consumer engagement while maintaining agility and flexibility.

In particular, if the Australian Medical Research Advisory Board (AMRAB) is to be dissolved, retaining expertise relating to the purpose and specific objectives of the MRFF will be vital – particularly with respect to AMRABs remit to ensure that:

- medical research is strategic and delivers economic and fiscal benefits for Australia, and
- funded projects promote the translation and commercialisation of health and medical research.

If these issues are appropriately addressed within the context of the NHMRC's governance and processes, this will add significant additional robustness to MRFF funding decisions.

MODEL 3 – MERGING OF THE TWO FUNDS UNDER NEW GOVERNANCE

The discussion paper acknowledges that this would be the most complex and time consuming to implement. With this in mind, UA is not convinced that this model would add substantially to the benefits expected under Model 2. In fact, we consider that this model comes with additional risks which cannot be ignored.

The discussion paper notes: "it is intended to retain the separate benefits of the MRFF and MREA, while maximising flexibility in how funding can be used". However, no detail is provided around the nature or effect of potential safeguard mechanisms. While flexibility is the intent, UA considers that the single fund model gives rise to two major risks.

Firstly, reduced transparency will very likely lead to reduced clarity of purpose. That is, overtime, funds will begin to skew towards one type of research regardless of safeguards. As noted above, there are already issues relating to the purposes of respective funds and this model is more likely to exacerbate than address such issues.

Secondly, noting that the NHMRC Act does not prescribe a method for calculating or indexing annual appropriation amounts to be paid into the MREA Special Account, this funding is already vulnerable to changes in political priorities.

CONCLUSION

UA welcomes this first step towards a national, strategic approach to health and medical research, which best supports the entire health and medical research pipeline. Model 2 represents the best governance arrangement to support the successful implementation of a long-term national strategy which not only outlines but enforces the separation of MRFF and MREA funding responsibilities.

Through our members, we look forward to working with the government on this critical reform of investments in health and medical research.