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COMMUNITY AFFAIRS LEGISLATION COMMITTEE

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SENATE
COMMUNITY AFFAIRS LEGISLATION COMMITTEE
Friday, 28 April 2006

Members: Senator Humphries (*Chair*), Senator Moore (*Deputy Chair*), Senators Adams, Barnett, Nettle and Polley

Participating members: Senators Abetz, Allison, Bartlett, Bishop, Boswell, Bob Brown, Carol Brown, George Campbell, Carr, Chapman, Colbeck, Coonan, Crossin, Eggleston, Evans, Faulkner, Ferguson, Ferris, Fielding, Forshaw, Heffernan, Hogg, Hurley, Joyce, Lightfoot, Ludwig, Lundy, McEwen, McGauran, McLucas, Milne, Nash, Nettle, O'Brien, Parry, Patterson, Payne, Ray, Siewert, Stephens, Stott Despoja, Watson, Webber and Wong

Senators in attendance: Senators Allison, Adams, Humphries, McLucas, Moore, Nettle and Webber

Terms of reference for the inquiry:

National Health and Medical Research Council Amendment Bill 2006

WITNESSES

LAWRENCE, Mr William Gingell, Acting Chief Executive Officer, National Health and Medical Research Council..... 1

MORRIS, Dr Clive Michael, Executive Director, Centre for Compliance and Evaluation, National Health and Medical Research Council..... 1

MURNANE, Ms Mary, Deputy Secretary, Department of Health and Ageing 1

ROEDIGER, Mrs Kathryn Julie, Assistant Secretary, Economical and Statistical Analysis, Department of Health and Ageing 1

Committee met at 12.18 pm**MURNANE, Ms Mary, Deputy Secretary, Department of Health and Ageing****ROEDIGER, Mrs Kathryn Julie, Assistant Secretary, Economical and Statistical Analysis, Department of Health and Ageing****LAWRENCE, Mr William Gingell, Acting Chief Executive Officer, National Health and Medical Research Council****MORRIS, Dr Clive Michael, Executive Director, Centre for Compliance and Evaluation, National Health and Medical Research Council**

CHAIR (Senator Humphries)—Welcome to the committee inquiry into to the National Health and Medical Research Council Amendment Bill 2006. I remind you that the evidence given to the committee is protected by parliamentary privilege. As departmental officers, you will not be required to answer questions on the advice you may have given in the formulation of policy or to express a personal opinion on matters of policy. The committee has before it the submission. Would you like to make an opening statement before we ask you questions?

Ms Murnane—No. In the interests of time, we could proceed with questions.

CHAIR—An excellent decision. We have read your submission. I think it is quite straightforward. I have a question regarding the reduction of the size of the NHMRC council. It has been reduced from a maximum of what to what?

Ms Murnane—It is 29 in the current council.

CHAIR—Down to?

Ms Murnane—Down to a maximum of 24.

CHAIR—What expertise, opinion or experience, if any, would one say might be lost from the council by virtue of that reduction?

Ms Murnane—We do not believe that there will be any loss of expertise at all. There will be a capacity for all of the categories that are appointed on the current council to be appointed on the new council, and it will be a more streamlined body and more able to focus on the important business. Mrs Roediger will go into that in more detail.

Mrs Roediger—In the specific provisions of the act there are two particular sets of skills which are no longer specifically required—that is, a person with a knowledge of the trade union movement and also a person with a knowledge of environmental issues. However, the reason that the council was much larger previously was that every chair of a principal committee would immediately go onto the council. So it was not a question of additional skills appearing on the council, it was the functional role of the chairs of the supporting committees. Under the new legislation the relationship between the supporting committees and the council is achieved by having either the chair of a principal committee selected from the council or a member of the council put on to the committee so it does not expand the council membership.

CHAIR—Do these changes, not just in respect of the size of the council but generally, have the support of the stakeholders that the department has consulted in this process?

Ms Murnane—Yes, they have, and they have the support of the council itself. The Chief Medical Officer and I have spoken to the council on a number of occasions. The acting CEO of the council might like to comment on that.

Mr Lawrence—The provisions have been well canvassed, and discussion within the NHMRC has been positive.

Senator ADAMS—I am very impressed with what you have done as far as the expertise goes. I think that that has tightened up the framework well and truly, and I commend you on that.

Senator McLUCAS—I understand that the proposals that we are looking at come out of the investment review that was tabled in 2004. Is that correct?

Ms Murnane—Yes. I think there are three recent reviews that are relevant to the formulation of this bill. One review is the Grant review, which you referred to—*Sustaining the virtuous cycle*. That followed an earlier review by Peter Wills that resulted in earlier changes and a substantial injection of funds. The second relevant review is an Australian National Audit Office report into the governance of the NHMRC. The third is the Uhrig review.

Senator McLUCAS—A number of reports have led to the proposals that we have in front of us, but let us go to the recommendations of the investment review. Are there any outstanding recommendations of that review that have not been enacted?

Ms Murnane—I do not believe there are. The recommendations about funding are under the continual eye and consideration of the government. Those are things that we have to wait for government decisions on. The Minister for Health and Ageing and the Minister for Finance and Administration released a press statement earlier this week on the sale of Medibank Private. In that they did talk about some of the funds from that sale being a contribution to medical research, with details to be announced in the budget. I cannot say any more about that.

With regard to governance, I do believe that this bill now picks up the general principles that were proposed by John Grant's review and also removes the complexities, some confusion, ambiguities and perhaps dispersal of responsibility that were pointed to in the ANAO audit. I am not saying that exactly everything Mr Grant recommended in his review is there; I am saying the concerns that he highlighted in his review have been considered and the government has come up with an approach.

Senator McLUCAS—That is in terms of the governance question.

Ms Murnane—Yes. He did make recommendations about funding. I said that was under the continual watch of the government and I referred to the press statement that the minister for health and the minister for finance made earlier this week, but we should also remember that, with regard to the Grant review's recommendations on funding, in the 2003-04 budget, the government decided that it would make a substantial amount—I think it was \$235 million over four years—available to fund infrastructure for the independent medical research institutes.

Senator McLUCAS—I suppose it is a point of speculation that, with regard to the money that the ministers have identified as being money that will be applied to medical research out of the sale of Medibank Private, you would imagine that would be a one-off injection of funds rather than ongoing.

Ms Murnane—I think we will have to wait until the budget for that, which is not all the long out.

Senator McLUCAS—That is true. Are you aware of the Australian Society of Medical Research's submission to this inquiry? With regard to the recommendation from Grant about funding, they say:

We again strongly endorse the recommendations of the *Investment Review* of a substantive increase in the NHMRC MREA.

I think their position is that the 2003-04 money does not catch up. They then go on to give what they think are the rates of lack of growth. Do you agree with their analysis?

Ms Murnane—First of all, I think that we have to wait until the budget. There has already been something said about it, and the research community and the various research organisations understand that we have to wait until the budget. This is not a money bill; it is essentially a governance bill. What I think is not relevant. It is a fact that the government in 1999 made an announcement following the first review, Peter Wills' review, that it would double the amount of money that was currently available to the NHMRC. Last year, the amount of funding was well in excess of \$400 million, which makes it clear that that promise was fulfilled. As well as that, there have been a number of announcements. I do not think we have the details here—and Mr Lawrence might have it—of funding, capital and equipment funding additional to the \$439 million last year. That is ongoing. As well as that, the government has made a substantial contribution to capital and equipment in relation to the medical research institutes. I already mentioned the substantial injection that has been made on an ongoing basis to infrastructure needs of independent medical institutes.

Senator McLUCAS—Their conjecture—and this is prior to what may or may not happen in the budget so let's look at where we are now—is:

Based on forward projections, success rates for NHMRC project grants will fall from 21% to 9% in the next 5 years, and NHMRC Fellowships success rates will fall by a factor of 2.

The question I am asking, Ms Murnane, is: is that correct?

Ms Murnane—I think that is something that we are not here to debate today. We are here to talk about this bill.

Senator McLUCAS—This is in a submission from another submitter.

Ms Murnane—It is a question for another committee.

Senator McLUCAS—This is a submission by another submitter to this legislation. This is an opportunity for the department to agree with that assessment or not.

CHAIR—Senator, with respect, that second paragraph of the ASMR is outside the terms of reference of this inquiry, which is into the bill and to the governance issues. I appreciate these are important issues but they are not for this committee at this stage.

Senator McLUCAS—We might talk about it at estimates.

Ms Murnane—Okay.

Senator McLUCAS—I understand that Professor Warwick Anderson was appointed as the new CEO yesterday.

Ms Murnane—Yes.

Senator McLUCAS—You might pass on our congratulations. Under what conditions has Professor Anderson been appointed?

Ms Murnane—What do you mean by that?

Senator McLUCAS—I do not want to know his pay, for example. What is the term and the nature of the contract?

Ms Murnane—You do not want to know the remuneration?

Senator McLUCAS—No, I do not think it is relevant.

Ms Murnane—That is set by the Remuneration Tribunal. What was your other question?

Senator McLUCAS—What is the length of the contract?

Ms Murnane—Five years.

Senator McLUCAS—What is the nature of the contract? Does it have performance benchmarks?

Ms Murnane—A performance agreement between Dr Anderson and the minister will be developed.

CHAIR—Again, Senator, this sounds like material that should be raised at the estimates hearings rather than in the context of this particular bill.

Senator McLUCAS—It is a governance question. This man is the new CEO.

CHAIR—I am not sure, but let's proceed.

Senator McLUCAS—Listen to my next question.

CHAIR—I will do so attentively

Senator McLUCAS—Has he been appointed under the legislation as it exists now or under the proposed legislation?

Ms Murnane—It is under the current legislation.

Senator McLUCAS—Will his contract have to change with the introduction of this legislation?

Ms Murnane—We hope that there will be a smooth and fast passage of this bill. There are, as I think Senator Moore said, some changes in the responsibility of the CEO. The CEO is now, and in the case of Professor Anderson himself, responsible for the full financial and staffing operations of the NHMRC and that of course will be included in his accountability agreement with the minister.

Senator McLUCAS—My question though is—I do imagine that the passage of this legislation will be fairly prompt given the nature of the Senate as we see it at the moment—will there need to be another contract signed subject to the passage of this bill?

Mrs Roediger—We have not entered into a contract yet, so it is not yet 100 per cent clear whether we can cover off the provisions for both in the first contract. We have not yet concluded a contract.

Ms Murnane—At the most it would be an amendment.

Senator McLUCAS—The legislation provides that the CEO will now directly engage staff of the agency. How will the new arrangements impact on employment methods, how staff are employed, by the agency?

Ms Murnane—The staff of the NHMRC are members of the Australian Public Service and they will enjoy the benefits of members of the Australian Public Service.

Senator McLUCAS—So there is no change to their employment conditions when they move from the NHMRC as we now know it to an agency?

Ms Murnane—There is no change to their conditions. There will need to be a new certified agreement between them and the CEO, Professor Anderson.

Senator McLUCAS—Okay. Will there be individual contracts?

Ms Murnane—There are AWAs now.

Senator McLUCAS—Not for all staff, I imagine.

Ms Murnane—No, not for all staff.

Senator McLUCAS—Is there consideration of changing the mix of the number of AWAs that exist and—

Ms Murnane—There certainly will be AWAs for the SES and for senior officers who want an AWA. Beyond that, we would like to wait until Professor Anderson gets into the chair, then he is the one responsible and accountable and he has to work that through with his management team and talk to his staff about that.

Senator McLUCAS—Has there been any direction—

Ms Murnane—No, there has not been a direction.

Senator McLUCAS—To any change in employment arrangements?

Ms Murnane—No.

Senator McLUCAS—In the second reading speech when the bill was introduced in the House, the minister commented on the need for the NHMRC to build better links with business to improve investment and research and to explore industry joint ventures. How is it proposed that that will occur?

Ms Murnane—First of all, there is a provision for a member—indeed, a mandatory member—of the council to be a member experienced in business. Secondly, I fully expect that the minister will make clear to Professor Anderson, when he starts, that that is something that he expects of him and also of the chair of the council and the chairs of the principal

committees. Also, while I cannot say what will be in the agreement between the minister and Professor Anderson, that clearly is something that would be considered and would probably be in that agreement.

Senator McLUCAS—Thanks for that. Joint ventures: how is it proposed that they will be managed from a financial point of view?

Ms Murnane—I do not know if Mr Lawrence could talk about this but there are ranges of joint ventures. The NHMRC itself would not be involved in a joint venture. But there would be a greater capacity. What is recognised much more now is that the value of collaboration has to be recognised in science. Also, the progression from discovery to a marketable product has to be recognised. Those are things that I believe those words, those sentences, in the second reading speech are referring to—to make sure, in a way, that Australia's contribution does not end at the discovery side but proceeds to the conversion, the patent and the marketable product.

Senator McLUCAS—I support that; it is extremely important. The question I was really asking, Ms Murnane, I think you have answered: you said that the NHMRC itself would not become part of joint ventures?

Ms Murnane—No.

Senator McLUCAS—That is fine. Thank you.

Senator ALLISON—I have some questions about the changes in the make-up of the NHMRC outlined in the table on page 8 of your submission. There is no longer a requirement for trade union representation or for representation on social welfare or the environment. Can you indicate why each of those three was determined to be not a necessary prerequisite?

Ms Murnane—At the moment, for example, the trade union representative also carried another role, and that was Professor Ian Anderson, from the University of Melbourne. Insofar as all of those areas are important they can be taken up by other people on the council.

Senator ALLISON—They can be but they will not necessarily be, is what you are saying.

Ms Murnane—I would not say that. I would say that, certainly in terms of services—if you look at welfare coming into services—there has been and may still be a subcommittee of the research committee that focuses on health services. At times I have sat on that committee and that committee certainly does consider the aspects of health which bridge into what might generally be called social welfare and environment.

Senator ALLISON—So what is the rationale for taking them out?

Mrs Roediger—Two of the reports that this was in response to found that the current size of the council made it an unworkable body, unable to fulfil its governance roles.

Senator ALLISON—So trade union representation, social welfare and environment were taken out as opposed to any of the others?

Mrs Roediger—Yes.

Senator ALLISON—Was there some prioritisation reason? Was that the rationale?

Mrs Roediger—If I could speak on the issue of social welfare, it would be fair to say that items numbered 5 and 6 on the list in the table that you are looking at refer to public health research and medical research issues in public health. The effects of social disadvantage on health means social conditions relevant to health and are core parts of those two aspects. So, to some extent, it overlaps as that has moved more towards a coalescence of the understanding of the determinants of social conditions in health outcomes.

Senator ALLISON—That does not quite make sense to me. What you are saying is that trade union representation, social welfare and presumably environment are already taken up by people who are there by virtue of other expertise. If that is the case, how could those requirements lead to a higher number of members than is necessary?

Mrs Roediger—We had a legal determination to say that ‘a person with expertise in’ actually means ‘a single human being to meet the legislative requirements’. It was labelled as that. It could not be a single person fulfilling multiple categories. That is the legal advice we have been given.

Senator ALLISON—So where is the requirement that at least someone will have social welfare services expertise?

Mrs Roediger—I think that it is now inherent in parts 5 and 6, as they are currently practised.

Senator ALLISON—What about ‘environmental’?

Mrs Roediger—To a fair extent, those as well.

Senator ALLISON—In which part?

Mrs Roediger—In parts 5 and 6: public health research and medical research issues in public health. Environmental issues are an aspect of public health.

Ms Murnane—Environmental issues are an aspect of public health.

Senator ALLISON—Can you explain the rationale behind the addition of ‘ethics relating to research involving humans’ requirement? Why was that brought in at this point in time?

Mrs Roediger—Sorry, I missed the start of the question.

Senator ALLISON—The new act has a new point (vii) stating that ethics expertise is required in ethics relating to research involving humans. Why was that inserted? There is no rationale in the rationale column.

Mrs Roediger—The chair of the Australian Health Ethics Committee has always been on the council of the NHMRC, so it is a continuation of the importance of the role of ethics.

Senator ALLISON—So why was it necessary to spell it out if it is already there?

Ms Murnane—It is now no longer necessary that that person is the chair of the committee.

Senator ALLISON—Could you explain that again?

Ms Murnane—What this goes back to is the size of the council. This is subtle but material. Previously, if the minister at the time could not find a suitable chair within the council, he would appoint somebody to a committee and then they would have to become chairs of the council. I am sure that what ministers will try to do now is make sure that the

chairs of the principal committees are members of the councils when the council is appointed—de novo for a triennium. However, it may be that people may leave or get sick—all sorts of things may happen. What that is saying is that, in relation to the ethics committee, the chair need not be a member of the council.

Senator ALLISON—That is not what it says.

Mrs Roediger—It is, in fact. The old legislation would have required that the chair is on the council. The new legislation requires that a person with expertise is on the council. It may also be that they are the same person, but they no longer necessarily have to be.

Senator ALLISON—That could mean that we have a smaller body, fewer members but more members with this ethics relationship to research involving humans. Could that double the number of ethics people on the NHMRC?

Ms Murnane—No.

Mrs Roediger—We cannot reduce it. It cannot be reduced under this legislation—

Senator ALLISON—That is not what I asked.

Mrs Roediger—but it may be increased.

Senator ALLISON—Right. At the present time we have one person. Therefore, we could have two or more chosen for their ethics ability?

Mrs Roediger—Yes, it is possible and people can be chosen from multiple categories.

Senator ALLISON—Who is the present ethics representative on the NHMRC?

Ms Murnane—Professor Kerry Breen.

Senator ALLISON—Why is it necessary for that to be identified and for the possibility of there being more than one with ethics expertise?

Ms Murnane—That is not the intention of this. The intention simply is that should there not be anybody on the council with an expertise in ethics who is willing to and who could, in the minister's view, chair the ethics committee, there is a capacity for the minister to put that person in council on the ethics committee but appoint a chair outside the council. That is what it means.

Senator ALLISON—How many members are there currently on the ethics committee?

Ms Murnane—We will take that on notice. We have not got that with us.

Senator ALLISON—Is that person appointed by the minister in the same way as others?

Ms Murnane—Yes.

Senator ALLISON—Under the disclosure of interests, the members must disclose to the CEO interests prior to being appointed and not now to the minister. You say that is essentially an administrative task, but is it? Can you spell out the rationale for that change?

Ms Murnane—Yes, I believe it is an administrative task. The CEO, of course, has a direct line of responsibility and accountability to the minister. I am sure Professor Anderson would make anything he was concerned about known to the minister in his regular discussions with

him. But it is largely administrative. That is something that the minister does not need to be bothered with on a day-to-day basis.

Senator ALLISON—What if he neglected to do that? There is nothing in this to require the CEO to make the minister aware. Presumably, if there happened to be a major scandal about some interest, the minister could say he was not briefed and may not have been briefed in fact. Is that a possibility?

Ms Murnane—That is getting into speculation. The intention here is simple: there is a CEO appointed with a direct line of responsibility; that CEO is responsible and accountable to the minister and that CEO will, as I have said before, have an agreement with the minister on his accountabilities.

Senator ALLISON—That was not my question. I asked whether it was possible under the changes that are being made for the CEO to not inform the minister if there was a disclosure of interests. Would it be possible for the CEO to not make the disclosure? You say there is an agreement. I do not know whether that is a verbal agreement or some gentlemen's understanding. Is it possible under this new act for there to be no disclosure to the minister?

Ms Murnane—Let me take that a bit further forward. Somebody makes a declaration or the CEO finds something out and asks somebody to amend their declaration. That could cause concern if the CEO does not act on it. The person responsible there is the CEO. There is no question of that. The minister would not be directing the CEO to take or to not take action. I am saying that the CEO would, in all probability, sensibly let the minister know if he found there was a conflict of interest and that he was going to act on it.

In respect of conflicts of interest in the NH&MRC and in consideration of grants, there is—and I am sure either Mrs Roediger or Mr Lawrence can go through this for you—a litany of requirements regarding how people are to conduct themselves and absent themselves.

Mrs Roediger—I think it is a pertinent fact that the research community is very cross-related and everybody has interests, so the declaration of interests is a very frequent thing.

Senator ALLISON—You mentioned earlier, Ms Murnane, the agreement between the CEO and the minister. You didn't mention it in the more recent statement you just made. Is there agreement, or is there just likely to be, or is there a probability that there will be an agreement about disclosure? How much is given to the minister with regard to information about that?

Ms Murnane—I cannot say exactly what form that will take, but the CEO is directly responsible and accountable to the minister for the good running of the NH&MRC and the implementation of government objectives in relation to the NRMRC. And that will be written down.

Senator ALLISON—Who is responsible to the parliament for such disclosures?

Ms Murnane—The minister is responsible to parliament.

Senator ALLISON—The CEO may not tell him, of course.

Ms Murnane—I think you could say that about all of us, and we would be derelict if we didn't.

Senator ALLISON—The ethics committee, again, on page 10 says this. It was once the case that the minister had to consult with state and territory health minister before appointing a chair, but now the minister appoints all members, including that chair, after consulting appropriately. Why was that necessary?

Ms Murnane—The process previously was very cumbersome. It sometimes took eight months to fully people the council and the principal committees of the council. ‘Consulting appropriately’ means that the minister consults with a range of people and in a way the minister deems to be appropriate.

Senator ALLISON—Does he deem it appropriate to consult with state and territory health ministers?

Ms Murnane—That is something for him, but what I would say is this. Generally speaking, the minister does sit with state and territory health ministers on the Australian Health Ministers Council. The states and territories are represented by their chief health officer on the NHMRC. That constitutes, with the Commonwealth Chief Medical Officer, nine places on the council. Clearly, without a large degree of cooperation and consensus, this is not going to work.

Senator ALLISON—So the health ministers’ meetings discuss the members of the Australian Health Ethics Committee—

Ms Murnane—No, that isn’t what I said. What I am saying is that much of what is done in Australian health is done through collaboration and a meeting of minds. I would not expect this to be any different.

Senator ALLISON—So, by saying so you expect the minister to consult health ministers about the chair and the members of the ethics committee?

Ms Murnane—I am not going to in any way anticipate what the minister might do, but I am saying that the general term ‘appropriately’ clearly takes in state and territory ministers. On some occasions in relation to appointments of chairs and in relation to appointments of members of some committees I know there have been considerable hold-ups in getting replies and things like that. This is going towards streamlining it. If you envisage a situation where the minister appoints somebody that every state and territory publicly speak out against clearly, that is going to be a problem.

Senator ALLISON—I am not so sure it is clear. What you are presumably saying is that, if the minister deems it appropriate to consult the health ministers but gets no response, he will go ahead in any case. Is that the streamlining you are referring to?

Ms Murnane—Ministers generally can also pick up a phone. I find it hard to know what you are getting at here.

Senator ALLISON—With respect, Ms Murnane, I find it hard to know why this change is being made and I am trying to understand that. That is why I am asking these questions. We are dealing here with a change and I would have thought that we would need to know what the implications of that change are.

Mrs Roediger—Perhaps I could give three relevant figures. Seventeen is the number of agencies that needed to be consulted for some of the positions under the previous legislation.

Senator ALLISON—So we singled health ministers out of the 17 as not being necessary.

Mrs Roediger—We have not singled out anybody as not being necessary. Under the previous legislation it was up to 17 in some cases. That is a lot. The second relevant number is the one that Mary gave earlier of eight months. It has taken up to eight months to consult through that number of organisations. The third relevant figure is three years. That is the duration of an appointment. If it takes you eight months to fill a position and the position is only filled for three years, then clearly you are going to have a lot of down time and vacant time. It does need a level of streamlining to make it work.

Senator ALLISON—So, instead of 17 agencies, what is it anticipated an appropriate level of consultation will mean numerically or specifically? Can it be one agency instead of 17, for instance?

Ms Murnane—That will be for the minister's judgment. The minister will be accountable for the way in which he conducts the process of these appointments. I think that is the best I can say, Senator.

Senator ALLISON—If the minister wants to appoint Archbishop Pell to the chair of the ethics committee, for instance, he need not consult any of those 17 agencies and need not consult the health ministers for the states?

Ms Murnane—I think appropriately does mean more than you say it does.

Senator ALLISON—What does it mean?

Ms Murnane—I cannot say anything more about that question.

Senator ALLISON—What does appropriately mean?

CHAIR—I think, with respect, Senator, Ms Murnane and her colleagues have answered that question, that the issue is one for the minister. I do not know that you can take that much further.

Senator MOORE—Firstly I want to say that I appreciated the format of the submission. I found that a very easy way to look through a range of changes. That is just for future reference—I thought that was very useful. Most of the questions I had have been picked up but I have a particular issue about the Medical Research Endowment Fund and the proposal for the notification of outcome of grants. At the moment the CEO by legislation has a date that is allegedly to be met to advise people that grants have been successful or not successful. I note that it is no longer a set date in legislation. The rationale is that it was difficult to have a set date and that it caused difficulties because of the assessment periods varying. I know that that occurs, but one of the clear issues of the whole NHMRC process is the trust element between those applying and those who are successful or not. The clear date in legislation at least gave people something to work too. This is a specific change and one of the few date changes in the legislation and I am interested as to why this was considered so important and how that was consulted? I imagine that that is one that people in the industry would be interested in.

Ms Murnane—Dr Morris, an SES officer in the NHMRC, will answer that question.

Dr Morris—Under section 11, I think, of the current legislation, the CEO needed to gazette the timetable for announcing grants. Under those conditions the timetable for the announcement depended on going through the peer review process and then getting ministerial approval before the grants were announced. Therefore, the CEO was accountable for timetables that were out of the CEO's control. Everybody wants to make sure that the grants are announced as early as possible in the year, and generally that happens well before the date which is gazetted. However, because the date was outside the CEO's control, it was felt that it was not something that should be in the legislation.

Senator MOORE—In terms of what you have just explained, is there any evidence that there were difficulties? In the rationale here it says that there were difficulties. From your explanation, I gather it was an administrative process in which the CEO would sometimes be unaware of the steps—it was almost out of their control. My point on this grant process is that with the gazettal process there are really clear steps along the way. There is a date for when people have to have their various levels of submissions in, and that is very non-flexible; if you do not get it in you are not in that round. There was also the reciprocal responsibility from the grant agency to report by a certain time. Certainly I take the point that the CEO is not in control of what is being done with the assessment process, but that person is the key person in the agency and, as such, has that accountability. Was it on an on-balance argument that that process was too cumbersome?

Dr Morris—It was purely because of the administrative issue. The NHMRC—or the CEO now—is responsible for publishing the timetable every year, but the CEO is not able to control the date on which the grants are announced because of all the steps in the process.

Senator MOORE—They never have been able to.

Dr Morris—Therefore, to make the CEO accountable for having the dates published by a certain date—

Senator MOORE—There is no change; he or she has not been able to control that process up until now.

Dr Morris—No; they have never been able to control it.

Senator MOORE—My understanding was that it was more an aim for the people who were working within the agency to determine whether or not people met the requirements, to get the information through to the NHMRC and the minister. It was more a guideline to say, 'This needs to be announced by 15 March,' or whatever the date was. So, by removing that—and I note that in the rationale it says that it is intended that the NHMRC will continue to articulate in guidelines when recipients may expect to be notified—what kind of accountability will the guidelines have? For example, if I am applying for a grant, and in the guideline for that grant I am told that it is expected that they will be announced by 15 March, if 15 March comes and goes, what is the accountability in terms of advice to the applicant and timeliness? Does that revert back to a ministerial complaint?

Ms Murnane—If significant timelines are missed by the NHMRC without good reason, the research organisations—the universities and the research institutes—will very quickly be on a process for making the CEO accountable for it. That is not something that would happen lightly. If it did happen and there were a departure from the date that was guided for

announcement, I would be absolutely positive that the CEO would be in touch with the main research bodies, if not with every candidate, saying that, for reasons they did not foresee—and then give the reasons—they were not able to make the announcement on the date specified but would be making it on X date.

Senator MOORE—From my point of view, though, the rest of this legislation has been looking at efficiencies and tightening the process in many ways. This one stands out for me very clearly.

Ms Murnane—I think that that is efficiency. All sorts of things could happen. A computer system, through no fault of the NHMRC, could be in difficulty. The NHMRC office was flooded last year, and that could happen just as you were doing the rump of the work.

Senator MOORE—And when that was not met, because that did happen, legislative dates were missed. All that was required was advice to parliament, to the minister and to the applicants that you had had a significant event. It is not something that will keep me awake for many weeks, but the whole impetus of the process is putting the ownership and the control on the CEO. In fact, the CEO's role in many other areas has been enhanced; a core element of this legislation has been to enhance the role of the CEO. I take the point that at times it has been met, but I am just concerned that this is the key grant agency we have. We had a legislative requirement from the CEO to at least advise about the date of decision. We have removed that and we have replaced it with a guideline. I was interested in the rationale and you have told me that.

Dr Morris—Currently, the act requires the minister to make the announcements, not the CEO, so that is another reason why the CEO must not be accountable.

Senator MOORE—Under the new arrangements the CEO is directly responsible to the minister. I would have thought that there was an even tighter personal interaction under the new proposed legislation than under the old. Under the old current legislation there is a diluted management responsibility. The legislation on one hand is making the CEO arrangement with the minister much closer and much more personal, enhancing the role of the CEO and the agency, and this one is the only one that I can see in the schematic that actually changes accountability from the CEO. I have made my point and I will just watch what happens.

Senator WEBBER—To follow up on that, my colleague Senator Moore referred to flooding. Apart from that, how many times have we managed to miss the date and have had to report to parliament? Is it such a burden on the organisation to be accountable?

Dr Morris—It has come close. I do not think that the date has ever been missed but it has come close on a number of occasions. On each occasion it has been noted that it is not within the CEO's control to be able to meet that date so it was thought that it was not quite right to put something in there which the CEO cannot control.

Ms Murnane—It is a stimulus to ongoing—

Senator WEBBER—It has been the stimulus for decision-making and for activity. I would not be seen as being unnecessarily suspicious if you are saying to me that the reason for the change is that we have had to miss it once and we have come very close. Obviously if you are

going to come close I would suspect that next time you are just going to shift the deadline rather than trying to make the one that has been imposed on you.

Dr Morris—I do not think that that is true at all. The consequences of the date that the CEO sets for grants to be announced not being met will be enormous. Professor Anderson will be fully accountable for that and will be explaining that in detail, as I said before. The administration and bureaucracy involved currently even for a week or for a two- or three-day delay in announcement is simply not productive. We are talking about flexibility and streamlining. We are certainly not talking about any attenuation of accountability.

Senator MOORE—The magic figures of the council have been determined by some kind of science. I know that there is a push of reducing numbers. After the series of reviews there has been a focus on small governance bodies, something with which I totally disagree. Where has the science come from for the new figures? In the schematic I can see how they are going to be grouped with six and no more than 11 from certain categories, but a reduction from 29 maximum to 24 maximum is a reduction. Is there any particular scientific model—

Ms Murnane—I think that it was 34 or 35 maximum.

Senator MOORE—The schematic says a minimum of 19 and maximum 24, and the new one says a minimum of 23 and maximum 30 in the old one and currently 29.

Ms Murnane—Every time a new principal committee is established a new person goes on the council.

Senator MOORE—That is another administrative process. That has nothing to do with what is there in that line item. What is the value of 24? Is there anything there? I just want to know because when you promote the reason for the change as reducing the number is there any particular optimum number?

Ms Murnane—No, there is not. Mrs Roediger will go through the categories of people that will be included in the 19 and, if the minister chooses to go as far as 24, in the 24. We have done that before. It is all set out here but if you want us to read it into the record we will—

Senator MOORE—I just want to know whether there is any particular reason for the categories of people and the numbers involved. Were you working towards a particular number for a particular purpose? Can anyone say in any body of research data that a number of 24 in a management body is the optimum number for a management body?

Mrs Roediger—No. Two reports said that 29, which was the number which was present at the time the two sets of analyses were done, was too many. I should say that one of those reports included a series of comments from members of the council who said that 29 was too many and not a functioning number. The intent was to bring it down. The number was not arrived at by having a set number and cutting away to it but by building up from what essential expertise you can not afford to miss in this. That is how we arrived at it.

Senator MOORE—Is there a quorum?

Dr Morris—Half plus one.

Senator MOORE—So that is what it comes down to. The rationale I have heard in the past is that, when you have a very large body, finding the quorum gets increasingly difficult. That is just one of the issues.

CHAIR—Thank you very much for being here to give us this evidence, and thank you for your patience.

Committee adjourned at 1.11 pm