

Supplementary Report from the Australian Labor Party

1.1 Labor Senators support the establishment of the Medical Research Future Fund as an opportunity to expand Australia's health and medical research sector, especially in that it provides an opportunity to implement some of the recommendations of the McKeon Review - *Strategic Review of Health and Medical Research – Better Health through Research*.

1.2 Labor Senators particularly welcome the opportunity to pursue McKeon's recommendations to imbed research in the health system, and to create a new structure to define strategic research that supports a range of strategic topics.¹

1.3 Labor Senators however see the MRFF as a missed opportunity to pursue many of these recommendations due to the rushed and poorly developed proposal the Government has developed, giving no consideration to McKeon's recommendations to attract philanthropy and new funding sources, or indeed define the recommendations in the original Bill.

1.4 Labor Senators support the principle that disbursements from the Medical Research Future Fund should be administered through a new committee under the existing National Health and Medical Research Council committee structure. In this respect the Bills do not even meet the Government's own stated policy in announcing the Fund that *'Fund earnings will be directed to medical research, primarily by boosting funding for the National Health and Medical Research Council'*²

The need for an independent process of expert review

1.5 Labor Senators acknowledge the internationally respected and transparent processes the NHMRC has established over more than 80 years and believe these existing mechanisms establish the best process through which the highest quality health and medical research can be funded through MRFF disbursements.

1.6 Labor Senators agree that the types of research that should be funded through MRFF disbursements is different from what the NHMRC has traditionally funded, especially when it comes to commercialisation and translational research. Labor Senators also recognise that through the NHMRC's existing committee structures this capacity is lacking which is why Labor Senators support the development of a the Australian Medical Research and Innovation Strategy and the Australian Medical Research and Innovation Priorities.

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http://www.mckeonreview.org.au/downloads/Strategic_Review_of_Health_and_Medical_Research_Feb_2013-Final_Report.pdf p. 2

2

<http://budget.gov.au/2014-15/content/glossy/health/download/Health.pdf> p.5

1.7 Labor Senators do not agree that decisions regarding the projects and programs awarded funding should sit wholly with the Minister of the day. This is inconsistent with the way existing grants are awarded by the NHMRC and inconsistent with international best practice in awarding grants to the highest quality projects based on a process of peer review.

1.8 Labor Senators support the Australian Medical Research and Innovation Strategy and the Australian Medical Research and Innovation Priorities as the basis for disbursements from the MRFF only when a process of independent peer or expert review is followed consistent with the processes already established through the NHMRC.

1.9 Labor Senators believe that establishing a new process entirely independent from the NHMRC has the potential to undermine the NHMRC as the preeminent, independent, independent institution from which Governments takes advice about health and medical research and health and medical research grants funding is administered. Duplicating this process is also likely to be costly and inefficient.

1.10 In evidence to the Committee, NHMRC CEO Professor Anne Kelso acknowledged that a number of existing organisations, including Cancer Australia, utilised the NHMRC to undertake peer review and provide ranked recommendations. Specifically, Professor Kelso provided evidence that:

That is a really excellent way of reducing the enormous cost of setting up new committees and drawing on the same pool of researchers to provide the advice in reviewing applications. I think it has been a very efficient process over some years now.³

1.11 Labor Senators do not support a discretionary funding mechanism through which the Minister for Health of the day can allocate funding based on a broad set of parameters – as defined by contested and inadequate definitions of 'medical research' and 'medical innovation' – as well as whether they agree with the recommendations of the Australian Medical Research Future Fund Advisory Board or not.

1.12 Labor Senators do not support the transfer of existing funds within the Health and Hospitals Fund transferring to the MRFF on the basis that this Fund was established for different purposes from which the MRFF should exist and administer disbursements.

The majority of stakeholders recognise that the role of the NHMRC should be formalised in the final Bill

1.13 The position of Labor Senators is supported by the Australian Society for Medical Research that supports a subcommittee existing within the existing NHMRC structure, specifically that:

We have said a subcommittee could exist under the research committee. The research committee brings in some additional things which were not included in the advisory Medical Research Future Fund group, and that is

3 *Proof Committee Hansard*, p. 55.

consumer involvement and Indigenous researchers and clinicians. Also, if it sat underneath the NHMRC Research Committee umbrella, you would avoid duplication. What we do not want is the same types of research being duplicated in what is already funded within NHMRC. This is to add value to the current system. By having them in the same room, they are already talking about the national research strategies for the country—that is part of NHMRC's Research Committee profile; that is what they do—and all of the different expertise that was recommended for the advisory committee is there. I would say that they could emphasise some additional expertise in terms of commercialisation and some industry type people and financial people around the table, but that could still sit under the umbrella⁴

1.14 The former CEO of the NHMRC, Professor Warwick Anderson AM, now the Secretary-General of the International Human Frontier Science Program Organization, supports an MRFF Advisory Committee setting the strategy for the MRFF and the NHMRC administering the majority of the funding. Specifically, Professor Anderson submitted evidence that:

- When judging how to use public money for research, only peer review can identify what is valuable and what is not.
- NHMRC's almost 80 years of effective, ethical and efficient service to the Australian community means that public trust in the MRFF will be maintained if NHMRC plays the major role in administering the earnings of the Fund in accord with the Advisory Board Strategy.
- NHMRC's current Act allows simple and recently established ways to proceed, if the MRFF funds are provided to NHMRC outside the NHMRC's Medical Research Endowment Account (as is the case for the current Government Dementia Research Initiative).
- Coordination between the MRFF and NHMRC will be essential if the greatest good is (to) be gained from the MRFF for the benefit of Australia.⁵

1.15 The submission from Universities Australia supported a more formal interaction between the NHMRC and MRFF. Universities Australia noted that:

Extensive consultation and ongoing monitoring is necessary to ensure the MRFF achieves the goals outlined by the Australian Government. In particular, the interaction between the NHMRC and the operation of the MRFF needs to be carefully considered, so that existing linkages, infrastructure, expertise and support systems are drawn on to maximise the positive impacts from the system as a whole.⁶

1.16 Group of Eight also welcomed the need for independent expert review, submitting that:

4 Dr Phoebe Phillips, President, Australian Society for Medical Research, *Proof Committee Hansard*, p. 19.

5 Answers to written questions on notice, received 5 August 2015, p. [1]

6 *Submission 32*, p. [1]

The Go8 urges the Senate to include the need for independent expert review or advice as part of the process of distributing funds from the MRFF. Independent expert review represents international best practice in the allocation of scarce funding, and should be included in the selection and allocation of project funding from the MRFF. Independent expert advice should be sought in other instances.⁷

1.17 Professor John Zalcborg OAM, representing the Australian Clinical Trials Alliance provided evidence that:

With respect to the discussion around peer review and the application of the strategies and priorities, we agree that expenditure for the MRFF should be supported by a strong business case that considers how the financial assistance provides greatest value to Australians. However, we recommend that the legislation should include a mandatory process for peer review to assess each business case—at the moment, it does not require that it is a mandatory process of peer review—as well as provide the health minister of the day with independent assessment of the quality of the science of the rationale for the proposal, of the potential to lead to improvements in health outcomes and/or cost savings, which can be both short and long term, and the expected return on investment.⁸

1.18 Professor Rosalie Viney, President of the Australian Health Economics Society also agreed for the need for some sort of peer review process and noted that different forms of this process exist already depending on the kinds of research being considered:

It is important to note too that there are different models of peer review that can operate and even within organisations such as NHMRC and ARC there are different models that operate. So it may be that some of the issues are around the model of peer review that is the best for the Medical Research Future Fund in terms of perhaps having shorter expressions of interest that then lead to the development of a fuller proposal as a more effective way of being able to streamline the process of peer review.⁹

1.19 Professor Robert K Shepherd, the Director of the Bionics Institute of Australia provided evidence that the MRFF should include a process of peer review from a commercial, industrial review perspective:

the inclusion of a peer review from a commercial, industrial experience perspective. At the moment the only commercialisation program within the NHMRC is a development grant, which receives less than one per cent of the overall NHMRC funding. So there is very little funding going into the commercialisation of medical products through NHMRC at the moment, but the development grant process is very well reviewed and it is well reviewed commercially as well.

7 *Submission 13*, p. [2]

8 *Proof Committee Hansard*, p. 10.

9 *Proof Committee Hansard*, p. 20.

I really think strongly that we should also be encouraging industry to feed back into what is important for industry in terms of performing research so that they could co-invest in projects. Co-investment is not performed in the NHMRC review process but it is performed in the ARC linkage process where ARC linkage grants also leverage approximately 30 per cent cash contribution from commercial partners. This, I think, is a real opportunity within the future research fund to include that.

In Australia, two-thirds of PhDs are working in universities and one-third in industry. It is the reverse in Switzerland and the UK. We need to ensure that we engage industry with academic research and having a leveraged funding system would certainly help the engagement.¹⁰

1.20 Labor Senators do support the establishment of the MRFF but will seek to make a number of amendments to the Bills to establish a more robust assessment process. Labor's amendments establish the inclusion of a process of expert review to ensure that the highest quality research is rewarded, rather than – potentially politically motivated and influenced by the 'loudest voices' - decisions being made by the minister of the day and subject to no independent oversight and with little transparency.

1.21 A Labor Government would seek to amend the NHMRC Act to ensure that, whilst the MRFF Special Account were to remain independent, the role of any MRFF advisory committee would be reflected in the NHMRC Council structure with the same sort of rigour applied to funding assessment as the NHMRC does through its existing grants streams.

Senator the Hon Jan McLucas

