



Australian Academy  
*of Health and*  
Medical Sciences

# Improving alignment and coordination between the Medical Research Future Fund and Medical Research Endowment Account

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RESPONSE BY THE AUSTRALIAN ACADEMY OF  
HEALTH AND MEDICAL SCIENCES

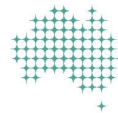
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The Australian Academy of Health and Medical Sciences

PO BOX 6114, WOOLLOONGABBA, QLD 4102

[www.aahms.org](http://www.aahms.org) | Ph +61 7 3102 7220 | [policy@aaahms.org](mailto:policy@aaahms.org)

ABN: 55 167 124 067



## About the Academy

The Australian Academy of Health and Medical Sciences (AAHMS) is Australia's Learned Academy for health and medicine – the impartial, authoritative, cross-sector voice for the sector. We advance research and innovation in Australia to improve everyone's health.

We are an independent, interdisciplinary body of Fellows – elected by their peers for outstanding achievements and exceptional contributions to health and medical science in Australia. Collectively, AAHMS Fellows are a representative and independent voice, through which we engage with the community, industry and governments.

We welcome the opportunity to contribute to this consultation. Our response has been informed by input from Fellows and Associate Members of the Academy.

## Acknowledgment of Country

The Australian Academy of Health and Medical Sciences acknowledges the traditional custodians of the land on which our offices stand and on which we hold our meetings and events across the country. Aboriginal and/or Torres Strait Islander peoples were the nation's first scientists, and they remain the spiritual and cultural custodians of their land. We pay our respects to elders past and present.



## Introduction

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The Australian Academy of Health and Medical Sciences (AAHMS) welcomes the Australian Government's commitment to ensuring health and medical research investment delivers the greatest benefit for the community while driving long-term economic sustainability. We stand ready to assist the Government as it undertakes this process.

Australia is home to an outstanding health and medical research and innovation sector and we have world-class researchers. The Medical Research Future Fund (MRFF) and Medical Research Endowment Account (MREA) are a crucial component, providing a combined total of more than \$1.5 billion in funding for these endeavours. These funds sit at the heart of an ecosystem that aims to support the full spectrum of research for the benefit of health, society and the economy. However, this system is currently not working as effectively as it could to deliver these aims, nor is it functioning well enough to support the people working within it.

We strongly support the Government's efforts to improve alignment between the MRFF and MREA and we appreciate the opportunity to provide input. This was a priority recommendation of our 2022 report, *'Research and innovation as core functions in transforming the health system'*:<sup>1</sup>

*'The Australian Federal Government should introduce a mechanism for stronger strategic harmonisation between funders, particularly the NHMRC [which manages the MREA] and the MRFF, so that there is an optimal coordinated research response to established and new threats to the nation's health.'*

The commitment by the Government to improve strategic coordination between the MRFF and MREA provides a rare opportunity to shape the health and medical research and innovation landscape now and into the future. We therefore urge the Government to make the most of this opportunity it has created by developing and executing a bold strategic vision that will shape the future of health and medical research and innovation in Australia – one that will have impact beyond the role of any one organisation – and to design an ecosystem to work within that context.

While we can see the benefit of two separate consultation stages, AAHMS considers governance, administration and a national strategy to be inextricably linked. An ideal governance and administration structure should be determined with some understanding of what that organisation is trying to achieve. We acknowledge that this will be key consideration of the national strategy, but would stress that this point that governance and administration should be influenced by the content of that strategy. Therefore, we suggest that the Government considers a staged approach to implementation of any changes so these factors can be assessed– including through consultation with key stakeholders – to ensure they can function as anticipated before any final structure is set in place.

The consultation discussion paper states that, *"it is important to support a flourishing ecosystem and talented Australian researchers to build knowledge and capability in both the research and health systems to generate meaningful improvements in the health and prosperity of the Australian community"*. AAHMS supports this ambition, and we believe that it should remain at the centre of the Government's efforts to optimise the value of its investments in health and medical research and innovation.

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<sup>1</sup> The Australian Academy of Health and Medical Sciences. *Research and Innovation as Core Functions in Transforming the Health System: A Vision for the Future of Health in Australia.*; 2022. <https://aahms.org/wp-content/uploads/2022/10/AAHMS-Vision-Report.pdf>



In commenting on the proposals outlined in the discussion paper, our submission identifies three key areas for consideration:

1. **A big picture vision for health and medical research and innovation:** An ecosystem that is strategically designed to support the best research and innovation across its entire pipeline for better health outcomes and broader societal and economic benefits.
2. **Governance and administration of the MRFF and MREA:** A model that can work effectively to deliver a bold strategic vision for health and medical research and innovation while adequately supporting and nurturing people within the sector.
3. **Embedding research and innovation in the health system:** Mechanisms that enable research and innovation to reach patients and the community through the health system for better outcomes.

### Key messages

- The Government should take this opportunity to review the purpose and aims of the health and medical research and innovation system and set a bold strategic vision for what it wants this system to achieve – to ensure that any changes made to the MRFF and MREA are designed to improve the nation's health and prosperity, as desired.
- We believe that efforts to deliver such a strategy and to improve alignment across the MREA and MRFF would be enhanced by creating and convening a national health and medical research strategy advisory committee.
- On balance, from the models presented in the consultation discussion paper, model two is the closest to being the most suitable. However, in implementing any changes, the Government should undertake a considered and staged approach to implementation and should draw on the beneficial aspects of other models, including those not presented in the discussion paper. This could lead to a hybrid model that is best suited to supporting a thriving health and medical research and innovation ecosystem.
- Any model must ensure that the MRFF is not seen to be subsumed into the NHMRC and that the different fundamental purposes of the MRFF and MREA are retained. This will help deliver an ecosystem that supports a balance of discovery through to translational research.
- At the heart of any revised model should be mechanisms that enable close working with other key stakeholders to ensure this model can deliver a strategic vision for health and medical research and innovation.
- Better aligning the MREA and MRFF will help make the most of health and medical research and innovation funding, but additional measures are needed to ensure that health and societal benefits flow to patients and the community.
- The Government should use this opportunity to establish the mechanisms required to better embed research and innovation as core functions of the health system.



# 1. A big picture vision for health and medical research and innovation

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## *Discussion paper guiding questions addressed in this section*

- What benefits should be achieved through improving the alignment and coordination of the MRFF and MREA?

### **Key messages**

- The Government should take this opportunity to review the purpose and aims of the health and medical research and innovation system and set a bold strategic vision for what it wants this system to achieve – to ensure that any changes made to the MRFF and MREA are designed to improve the nation's health and prosperity, as desired.
- We believe that efforts to deliver such a strategy and to improve alignment across the MREA and MRFF would be enhanced by creating and convening a national health and medical research strategy advisory committee.

## **Ensuring the whole system works**

With a combined investment of over \$1.5 billion, the MRFF and MREA represent a substantial component of the Australian Government's investment in health and medical research and innovation. Consequently, **efforts to better align the two funds also present a rare opportunity to review the future of health and medical research and innovation in Australia, and how it can be optimised to improve the lives of both the Australian and international community.** The MRFF and MREA have two distinct purposes, providing support from discovery and preclinical research through to clinical research and translation – both purposes are crucial to creating an ecosystem in Australia from which these kinds of benefits flow.

It is important to identify what we as a nation want to achieve from the system. We note there will be a second stage to the consultation that will inform development of a national strategy for health and medical research. We look forward to contributing to that process, but would stress at this point, that governance, administration and a national strategy are inextricably linked. An ideal governance and administration structure should be determined with some understanding of the high-level objectives we have for the system, which would be informed by the strategy. We therefore encourage the Government to consider how each of the two consultation components influence and impact one another before making any final changes.

## **Fundamental issues facing the sector and maximising investment**

Any revised model must be fit for purpose, fill existing gaps and address the fundamental issues facing the sector. Some of these issues include:

- Limited understanding of our workforce needs and no national, coordinated strategy for how to address existing workforce challenges including those faced by early- and mid-career researchers (EMCRs).
- Low funding success rates.
- Research grants do not currently cover the full costs of research. There is inadequate funding to support salaries, underpinning institutional services and the provision and maintenance of larger facilities and equipment.
- Inadequate mechanisms to embed research and innovation in health system.



- Limited avenues for consumers and the community to become and remain involved in research, or to have their say in the strategic direction of research.
- Inadequate opportunities to advance health and medical research in rural and remote settings.
- Inefficient systems and processes to support commercialisation and translation.
- Limited industry input, connectivity and opportunities for growth.
- Insufficient national infrastructure for health and medical research and innovation
- Limited opportunities for interdisciplinary and multidisciplinary research and non-traditional collaborations.

We acknowledge that this consultation is about how the Australian Government's health and medical research funding will be managed and that many of these fundamental issues cannot be fully addressed by the actions of one or two bodies alone. However, any realignment still presents an opportunity to improve the whole system. A revised model would ideally be set up – from the outset – to tackle these, and other known issues, as much as possible. For instance, many of these issues are broader systems-based challenges and addressing them requires strong connections to various stakeholders across a complex landscape. There is also significant non-government investment in health and medical research that must also be considered. If the Government can harness this collective power to guide its investment in health and medical research and innovation through a coordinated, overarching strategic vision, it can truly maximise the potential impact for health, society and the economy.

It is not clear from the consultation discussion paper how the proposed models would go beyond the structures and processes that exist today and seize this opportunity to develop stronger connections to the wider ecosystem. For instance, the paper highlights the importance of embedding research in the Australian health system, but it does not demonstrate how health services perspectives can be heard and acted upon within the proposed governance models. It does not address the need to establish principles and structures for balancing the needs of basic science and discovery research with those of strategic investment in capacity and targeted priorities within a framework that recognises the need for excellence in research quality to minimise waste and maximise impact. In addition, the paper acknowledges that other work is being done outside of the immediate health and medical research environment that could impact the sector and the health of the nation – such as the ARC review, the refresh of the national science and research priorities, or the National Reconstruction Fund. We would like to see more detail on how a revised governance structure could link to these efforts.

## Setting a clear strategic vision for health and medical research and innovation

To meet the stated goal to improve the nation's health and prosperity, we believe additional mechanisms are needed that would deliver a bold strategic vision for health and medical research and innovation – one that can help tackle the fundamental issues facing the sector. Efforts to develop a suitable strategy and to improve alignment between the MRFF and MREA would be enhanced by **creating and convening a national health and medical research strategy advisory committee** to:

- Develop and oversee the implementation of a national health and medical research strategy, engaging stakeholders across government, health services, clinicians, academia, industry and consumers.
- Monitor performance against the strategy and determine how to improve impact across the wider system to maximise delivery and beneficial outcomes of the strategy.
- Grow and nurture meaningful links with key stakeholders that exist outside of the NHMRC and MRFF framework (whichever model is chosen), although the committee would include representatives from these bodies.

We suggest this committee could:

- Be chaired by an independent eminent appointee with a broad perspective of the health and medical research and innovation sector.
- Comprise members drawn from a wide range of backgrounds, including state and territory governments, health and medical research funders, peak and expert bodies, industry, health services, clinician researchers, consumers, philanthropy, private sector organisations, Aboriginal and Torres Strait Islander health organisations and others.
- Be advisory to the Minister for Health and Aged Care.

This approach could unify Australia's health and medical research sector, maximise the efficiency and effectiveness of a broader ecosystem, and could enhance the benefits of work to better align the MRFF and MREA. It would play an important role in whichever model is taken forward – with multiple stakeholders and partners, including the MRFF and the MREA, contributing to its delivery. It would exist in addition to the strategic advisory structures supporting the MRFF and MREA, since it would take national perspective and consequently include a range of other stakeholders.

It will be particularly important to advance the partnership between state, territory and federal governments in healthcare in Australia, and in funding for health and medical research. The states and territories make substantial investments in health and medical research infrastructure, for instance in the funding of active clinician researchers, and in direct funding of research. A national health and medical research strategy committee that meaningfully involves states and territories in setting and delivering the research agenda would provide a strong avenue for advancing this partnership.

Australian health and medical research is world-leading. To remain globally competitive and advance both our national and international impact, we need a vision that strategically plays to our strengths, and underpinning structures that can tackle the big challenges. If we can get this right, it could enhance our capacity to leverage internal investment and attract industry to our shores.



## 2. Governance and administration of the Medical Research Future Fund and Medical Research Endowment Account

### *Discussion paper guiding questions addressed in this section*

- Which feature/s of the models will deliver these benefits?
- What elements of the existing arrangements for the MRFF and the MREA work well and should be retained? Which feature/s of the models will help ensure these elements are preserved?
- Which aspects of the current arrangements could be changed to deliver the most appropriate and effective change, and why? Which feature/s of the models will help deliver this change?

### Key messages

- On balance, from the models presented in the consultation discussion paper, model two is the closest to being the most suitable. However, in implementing any changes, the Government should undertake a considered and staged approach to implementation and should draw on the beneficial aspects of other models, including those not presented in the discussion paper. This could lead to a hybrid model that is best suited to supporting a thriving health and medical research and innovation ecosystem.
- Any model must ensure that the MRFF is not seen to be subsumed into the NHMRC and that the different fundamental purposes of the MRFF and MREA are retained. This will help deliver an ecosystem that supports a balance of discovery through to translational research.
- At the heart of any revised model should be mechanisms that enable close working with other key stakeholders to ensure this model can deliver a strategic vision for health and medical research and innovation.

### Governance

We recognise the consideration that has gone into developing and presenting the three models included in the discussion paper. It is clear from the paper that there are risks and benefits associated with each model. On balance, we believe that **model two is the closest to being the most suitable, but we feel there are three areas that require careful consideration before delivering a final structure, with a view to achieving a model that has the best chance of success:**

#### *Purpose and messaging*

The MRFF and MREA have two distinct purposes that guide their investments, both of which are crucial for a successful research and innovation system. The types of research supported by these two funds span the full pipeline from discovery through to translation, implementation and evaluation.

AAHMS agrees this funding could be coordinated and aligned in a more strategic way to limit existing duplication and identify and address any research gaps. However, we strongly support a separation of these funding pools so that the fundamental purposes of the MRFF and MREA can remain distinct, and all areas of the pipeline can be supported strategically in the short-, medium- and long-term.





**Looking at model two, there is a risk that the MRFF could be (or at least seen to be) subsumed into the NHMRC. Whether or not this is the intent, we would caution against any revised model that creates this perception.** We strongly support a revised model that truly integrates MRFF and NHMRC to advance their individual strengths and results in a unified system that is greater than the sum of its parts – and clear messaging to underpin this approach.

#### *Governance structures*

An NHMRC as described in model two could be seen as a new agency in many ways, in terms of its purpose, goals and mechanisms for distributing funding under a new framework. Should model two be adopted, AAHMS suggests the Government review the existing NHMRC governance structures in detail, beyond that which has been presented in the discussion paper, to ensure a new NHMRC can deliver for the sector. For instance, the NHMRC Council, as currently constituted, would not have the right mix of expertise and experience to oversee both the MREA and MRFF, as well as other NHMRC functions. It is not clear from the discussion paper how the MRFF would be managed within the proposed structures – which align closely with existing NHMRC structures – despite the distinct role of the MRFF.

These governance structures should be put in place to safeguard both MRFF and MREA grant programs to ensure the system is transparent, accountable, coordinated and strategic – and that funding is delivered based on the most appropriate expert advice to the NHMRC CEO. The version of NHMRC represented in model two should continue to be run independently but maintain strong connections to the Minister for Health and Aged Care, who should have appropriate mechanisms to ensure the NHMRC delivers for the nation.

#### *Culture and ways of working*

NHMRC has historically been a trusted, reliable and transparent source of funding with a solid track record for rewarding excellence in science. Its role as Australia's biggest funder of investigator-driven research and its position as an independent statutory agency have shaped its culture and behaviours. The MRFF is a newer fund that has provided a critical opportunity to support priority-driven research, enabling more flexibility to respond to public and health system needs, and allowing the public to have a greater say over how research is translated into health and economic benefits for the community. This purpose, and the environment in which the MRFF operates, has shaped its culture and behaviours.

A revised model must retain the positive and beneficial aspects of the MRFF, MREA and NHMRC and allow each to flourish under a revised overarching system. For instance, there has been progress in areas including consumer engagement, timelines for grant approvals, research led by those from non-traditional academic backgrounds, and ways of assessing and undertaking peer review that could inform new ways of working across both funds. Should NHMRC lead the management of the MRFF, there should be processes in place to ensure the underlying purpose of the MRFF in the delivery of grant funding remains intact where appropriate. It will also be important for an NHMRC as described in model two to maintain its strengths in supporting scientific rigour and excellence throughout the research pipeline, including in its support for basic research.

We have heard some support for the Government to consider changing the name of NHMRC to something that better represents a more equal integration of the MRFF and NHMRC – if model two is the preferred option. Supporters of this change feel it would signal a more meaningful shift to a revised purpose and culture.



## Administration

AAHMS welcomes the Government's commitment to improve efficiencies in the delivery of grant administration across the MRFF and MREA. We are encouraged to see that this goal spans across all three proposed models and we agree with the administrative barriers as outlined in the consultation discussion paper.

Some examples of issues that are of particular concern include the following, some of which are noted in the paper:

- Timelines and lack of coordination of the grant schedule between, and in some cases, within, the two funds. This has taken a toll on applicants, particularly EMCRs who are often important contributors to the development of applications.
- Different application requirements, form design and post-award arrangements.
- Different grant application and management systems.
- Peer reviewer overload and broader issues with how the peer review system functions.
- Competing or overlapping grant opportunities.

These are fundamental issues that must be resolved to ease the significant burden on the research community and to underpin a coordinated and efficient system. We support a model that provides the best opportunity to address these issues, although we note that ultimately it will be the delivery of the model that determines whether this is successful.

## Implementation and resourcing

Any process that aims to change the way health and medical research is delivered in Australia should be staged, dynamic and informed by consistent consultation with key stakeholders including the health and medical research community. The Government should consider a fixed term for implementation that is sufficient to ensure the fundamental issues continue to inform the solutions while mitigating any risk that results in a rushed outcome.

As part of this process, the Government should consider the aspects of governance and administration that could be addressed more urgently to benefit the sector. For instance, the issues with grant management systems, grant schedules and processing could be looked at in the short term. This could happen somewhat independent from the process to implement an ideal governance model, which may take more time to deliver.

Each stage should also be adequately resourced to facilitate a quality process.

## The alternative models

While models one and three have some benefits, AAHMS would not support either of these as a final outcome (as they have been proposed).

Although there are merits to model one, it does not appear to have the necessary level of change to adequately address the fundamental issues facing the sector. There is a risk that this model would therefore leave existing challenges unresolved and deliver more of the same.

The consultation discussion paper compares model one to the UK's Office for Strategic Coordination of Health Research (OSCHR), which provides a forum for the public funders of health research to work together with other stakeholders under the guidance of an independent chair. From our understanding, OSCHR was partly created because the major public funders of health research in the UK were attached to different government departments – i.e. those



overseeing science and health (with the added complexity that some functions, particularly in health, were devolved to administrations in England, Scotland, Wales and Northern Ireland, while others were UK-wide). Consequently, it was an important forum for relevant parties to come together to discuss ways to better coordinate and align funding from separate sources managed through different departments. This is not an issue that exists in Australia, given that the MRFF and MREA both sit under the Department of Health and Aged Care. If coordination and alignment can happen without adding an extra layer, through a simple fit-for-purpose governance model, this would be preferable.

The proposed model three would require significant legislative change that could hinder the progress that has been made to date. This model also risks losing the distinct purposes of the two funds, which as noted above is an important aspect of creating a health and medical research and innovation system that is fit for purpose.



### 3. Embedding research and innovation in the health system

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#### *Discussion paper guiding questions addressed in this section*

- What benefits should be achieved through improving the alignment and coordination of the MRFF and MREA?
- Is there anything you would like to raise that is not otherwise captured by these questions?

#### **Key messages**

- Better aligning the MREA and MRFF will help make the most of health and medical research and innovation funding, but additional measures are needed to ensure that health and societal benefits flow to patients and the community.
- The Government should use this opportunity to establish the mechanisms required to better embed research and innovation as core functions of the health system.

AAHMS strongly supports the Government's initiative to reform and enhance its approach to funding health and medical research in Australia. This is an essential step towards an optimal health and medical research ecosystem. But it is only part of the picture. **The benefits of better alignment and coordination between the MRFF and MREA can only be realised if research and innovation can move through the pipeline and ultimately reach patients and the community,** which we note is an important goal specified in the discussion paper.

The AAHMS report, *'Research and innovation as core functions of the health system'* argues a case for urgently developing and implementing plans to further integrate health and medical research and innovation within the health system – to transform health outcomes for the community, enhance health system management, and optimise the economic benefits of Australian innovation.<sup>2</sup> In developing this report, we spoke to more than 260 individuals including representation from every state and territory, across all career stages and from all relevant sectors. This included senior healthcare executives, health services, clinician researchers, research translation centres, research funders, international experts, industry, Aboriginal and Torres Strait Islander researchers, consumers, and EMCRs. They told us that a key barrier limiting progress in this area is the fragmentation and disconnect between the many stakeholders working to improve the nation's health, healthcare and research and innovation.

**The Government has an opportunity to maximise its investments by establishing the appropriate mechanisms that can enable these stakeholders to work together and become meaningful partners in health and medical research and innovation.**

In section 1 of this submission, we proposed that the Government could create and convene a national health and medical research strategy committee that reports to the Minister and is comprised of members drawn from a wide range of backgrounds, including state and territory governments and the health system. As part of its role in overseeing implementation and monitoring performance of a national health and medical research strategy, this committee, or a

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<sup>2</sup> The Australian Academy of Health and Medical Sciences. *Research and Innovation as Core Functions in Transforming the Health System: A Vision for the Future of Health in Australia.*; 2022. <https://aahms.org/wp-content/uploads/2022/10/AAHMS-Vision-Report.pdf>



subset of it, could collectively identify, develop and deliver solutions to better embed research and innovation in the health system – working with relevant partners. Its role might include developing better clinician researcher pathways, promoting an active health-academia-industry interface and advancing consumer involvement in research.

Neither NHMRC nor the MRFF can achieve this on their own through funding – as we have seen in the past – and the proposed model two structure does not present sufficient opportunities to meaningfully connect with the health system. A national health and medical research strategy committee could be explicitly tasked with filling this gap.



## Related considerations

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It is important to note that the MRFF and MREA are part of a broader research and innovation system and, although they are beyond the scope of this consultation, we would highlight two additional points that would also make a considerable contribution to improving the overall performance of Australian research and innovation.

### Long-term, stable funding for the NHMRC

In considering how to maximise its current investment in health and medical research, the Government should also consider the amount of funding it provides for health and medical research in Australia.

Despite its importance, the NHMRC's funding has declined in real terms over the decade from 2010 to 2020.<sup>3</sup> This is significantly impacting researchers and the research they conduct. Should these rates continue, Australia will not be able to sustain a world-leading research system, reducing our competitiveness on a global stage in the short- and long-term. The 2022 AAHMS report, *'Research and innovation as core functions in transforming the health system'* discusses this issue in further detail.

The report recommends that the Government should increase the NHMRC's funding beyond indexation over the next five years to offset the real terms decrease it has seen to its funding since 2010. We urge the Government to consider this recommendation as a priority.

### Investing in all research and development

The Labour Party has previously committed to raising Australia's gross expenditure on research and development (GERD) to 3% of GDP.<sup>4</sup> Investing in research and innovation drives economic growth, boosts productivity and creates high value jobs. This kind of spending will ensure Australia's research and development system can flourish and will advance Australia's position as a global leader in this area. We would therefore encourage the Government to begin moving towards this goal as a matter of urgency.

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For questions about this submission, or to arrange a consultation with Fellows and Associate Members of the Academy, please contact the Academy's Head of Policy, Lanika Mylvaganam, ([policy@aaahms.org](mailto:policy@aaahms.org)). The Academy is grateful for the input received from our Fellows and Associate Members in developing this submission and we stand ready to assist the Government as it undertakes its process to improve alignment and coordination of the MRFF and MREA.

[www.aaahms.org](http://www.aaahms.org)

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<sup>3</sup> The Australian Academy of Health and Medical Sciences. 2023. AAHMS 2023-24 pre-budget submission. <https://aaahms.org/policy/2023-24-pre-budget-submission/>

<sup>4</sup> Labor. ALP National Platform: As Adopted at the 2021 Special Platform Conference.; 2021. Accessed January 18, 2023. <https://alp.org.au/media/2594/2021-alp-national-platform-final-endorsed-platform.pdf>