



September 12, 2003

The Chair
NSW Medical and Health Research Review Panel
Research and Development Policy Branch
NSW Department of Health
Locked Bag 961
North Sydney NSW 2059

Dear Sir / Madam,

RE: NSW Medical and Health Research Review

Thank you for the opportunity to provide comments, on behalf of the Australian Society for Medical Research, for the NSW Ministerial Review of Medical and Health Research in relation to NSW Government funded medical and health research programs, strategic priorities, investment and future directions.

There is little doubt that global investment in health and medical research has greatly reduced morbidity and mortality. A recent independent analysis, commissioned by ASMR, indicates that the socio-economic returns on health investment have been quite exceptional (Access Economics, 2003*). The annual rate of return on Australia's investment in health R&D, based on historic data, is between 1 to 5 times the amount spent (Access Economics, 2003). Australia has made important contributions to health R&D with significant health outcomes in many key areas including bipolar disorder, sudden infant death syndrome, cervical cancer and stomach ulcers. Ulcer treatment alone results in a \$250 million saving in health care costs in Australia each year (Access Economics, 2003). The risk of Australia not investing in health R&D is continued widening of the gap between basic research and clinical practice resulting in even an heavier burden on social and economic cost of disease.

*Exceptional Returns: The Value of Investing in Health R&D in Australia, Access Economics, 2003

NSW has consistently lagged behind other states in research activity and outcomes. In 2002, for example, total competitive funding in NSW derived from the NHMRC was half that of Victoria in absolute dollar terms (ONHMRC) and even less on a per capita population basis (ABS). Only 2 of 7 NHMRC Program Grant applications (for funding in 2004) were successful in NSW (29%, \$9.48 million), whereas 6 of 8 (75%, \$44.3 million) and 3 of 9 (33%, \$19.4 million) were successful in Victoria and Queensland, respectively (ONHMRC). NSW lags well behind Victoria in number and dollar amounts of NHMRC Project Grant funding as well as NHMRC People Support (including Fellowships, Training Awards and Scholarships). In 2002, 11 and 8 C.J. Martin Fellowships were awarded in Victoria and Queensland, respectively, whereas only 6 were awarded in NSW. In the same year, 2 Howard Florey Centenary Fellowships were awarded in NSW, whereas 6 were awarded in Victoria. Although NSW plays host to some of the nation's best research scientists and organisations (hospital and university centres and departments, and

institutes), it is clear that NSW as a whole lags behind other states in research activity (using NHMRC funding as a yardstick).

This trend is not limited to peer-reviewed funding. The Victorian and Queensland Governments have aggressively promoted initiatives to drive biotechnology in their states by recognising the great value in building up a knowledge economy. Victoria, for example, has provided substantive funds through the Science, Technology and Innovation Grants Scheme for major infrastructure and state-of-the-art platform technologies. This \$310 million initiative is designed to accelerate knowledge and wealth creation by enhancing the state's science and technology base and facilitating research outcome delivery. Major multi-national companies such as Bristol-Myers-Squibb have chosen to establish their global R&D hubs outside the United States in Victoria. Queensland's Bioindustries Strategy is geared to establish world-class R&D facilities together with industry, the research sector and philanthropic sources by investing in major facilities. The \$105 million Queensland Bioscience Precinct and the \$13 million Institute for Glycomics are two examples. This program provides an excellent mechanism to lever funds from other sources. The \$60 million Clive Berghofer Cancer Research Centre at the Queensland Institute of Medical Research was funded by state, federal and private funds. The Smart State Research Facilities Fund, worth \$150 million, has supported major biotechnology infrastructure at the University of Queensland and the Queensland University of Technology. These state-based initiatives are essential if local health R&D is to prosper.

The NSW Government does have a small number of successful programs aimed at promoting health research activity in the state. The NSW Department of Health Research and Development Infrastructure Grant Program, which commenced in 1997, is a particularly important initiative which has helped fill the widening shortfall in laboratory and administrative costs to research organisations of various size. Funds from this \$15 million scheme are awarded on the basis of productivity and peer-reviewed success. The government's announcement of the BioFirst Scheme in 2001, worth \$68 million, allocated funding to boost biomedical research activity in the state. Of the promised \$68 million, \$28 million was committed to capital works for the St Vincent's Precinct (Darlinghurst; \$20 million) and the Millennium Institute (Westmead; \$8 million), while \$8 million (over 5 years) was earmarked for the BioFirst Awards. The latter scheme aims to attract outstanding researchers to leading research organisations within the state. It is our opinion that the R&D Infrastructure Program and the BioFirst Awards are particularly successful competitive programs which provide initial steps for improved health R&D in the state.

A number of strategic measures could be implemented to improve the health and medical research performance in NSW. This requires the allocation of substantial new funds. We suggest

- *Building on the Strengths of the R&D Infrastructure Scheme*

This scheme, as already mentioned, has proven to be absolutely essential in providing day-to-day support (administrative, equipment, consumables, etc) to well-performing health research organisations. The competitive criteria could be revised to recognise two previous years' and current year's performance, rather than the previous three years' performance, to better reflect current and future strengths, rather than past strengths. The volume of allocated funds should better reflect the growing real cost of research.

- *Competitive Funds for Capital Works*

We suggest the creation of a new competitive grants scheme, quite distinct from R&D Infrastructure Scheme, for new capital works not necessarily restricted to large institutes. These funds might be used for the acquisition of new research space or a new building, or the refurbishment of existing space for specialised research purposes. This scheme might be used to

lever funds (as outlined above) from organisations such as the Ramaciotti Foundation through its Research Initiatives. This program should be entirely competitive and transparent; eligibility criteria could be drawn from those of the R&D Infrastructure Scheme.

- *State-Based People Support and Recognition of Individual Research Achievement*

- The BioFirst Awards could be expanded in number, dollar amount and criteria to attract the best and brightest scientists, nationally and abroad, to laboratories in NSW.

- An extension of this program could be the establishment of a "Sydney loading", as has previously been proposed, to keep the best health and medical researchers (at junior and senior level) in Sydney, and to attract and retain in this city new outstanding scientists from interstate and abroad. The loading would partially offset the enormously high cost of living in Sydney.

- The creation of a series of annual Premier's Research Awards, which recognise world class health and medical research in NSW at the level of the individual and his/her team. Premier's Awards' programs have been successfully run in other states (for over 10 years in Victoria, and 2 years in Queensland) and are hugely popular. Cash awards (\$15-50,000) could be matched by an equivalent amount awarded to the host department, as is the case in Victoria. The Victoria Prize (\$50,000) is complemented by a \$100,000 memorial award from the Jack and Robert Smorgon Families Foundation. Victoria Fellowships (6 awarded in 2003) are each worth \$15,000.

This Ministerial Review provides, at long last, a key opportunity to identify weaknesses and improve the NSW health research environment by building on the momentum of already successful programs in the state, and introduce new strategic initiatives in part based on lessons learnt from sister states, which recognise well-performing research at the level of the organisation and the individual.

We would be delighted to discuss any of these issues with the Committee if required.

Yours faithfully,



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The Australian Society for Medical Research