

2012-13 Federal Budget Submission

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Association of Australian Medical Research Institutes (AAMRI)

AAMRI is the peak body for Australia's independent medical research institutes. Our 41 members are internationally recognised leaders in health and medical research, working on a broad spectrum of human health conditions, from mental health and Indigenous health, to diabetes and heart disease. Their research spans fundamental biomedical discovery to clinical trials and public health research. AAMRI's members are primarily not-for-profit organisations co-located with hospitals, providing a direct interface between laboratory-based research and healthcare delivery. Together, AAMRI's members employ over 7,800 full time researchers, support staff and students,¹ and have a combined annual research income of over \$350 million.² For every dollar received from the National Health and Medical Research Council (NHMRC), independent medical research institutes work very hard to succeed in leveraging an additional dollar from other sources, such as philanthropic donations.¹

The value of Australia's independent medical research institutes

Australian and international studies have consistently reported a strong economic return on public investment in health and medical research, the most conservative of these estimating an annual, ongoing return of 30-40%.³

To reap the highest returns on investment, Government spending should support the highest quality and most productive research. Australia's independent medical research institutes have consistently demonstrated the highest level of research impact compared with other research sectors, including universities and hospitals.^{†,4} They are also more successful at generating commercialisation revenue than Australia's leading universities.²

This enviable track record derives from unique strengths of Australia's independent medical research institutes, including:

- **The independence to focus on research and its translation**, free of the burden of competing priorities
- **Vigorous and nimble organisational models** based on niche areas of expertise and genuine community need
- **Relatively small organisational structures**, minimising bureaucracy and maximising innovation
- **Productive, merit-based business models** overseen by experienced boards, including some of Australia's most knowledgeable business professionals
- **Close interactions with the healthcare sector**, providing a direct interface between laboratory-based research and clinical practice.

[†] Research from independent medical research institutes is drawn on (i.e. cited) by international researchers at a rate 1.6 times that of the biomedical research from other Australian research sectors.

Introduction

Health and medical research: an investment in Australia's future health and wealth

As the Australian Government prepares its 2012-13 Budget, it faces pressing health challenges impinging on the nation's future prosperity. Over the next 40 years, the proportion of Australians aged 65 and over will increase from 1 in 7 to 1 in 4.⁵ This will increase the burden on the nation's already strained healthcare system, contribute to a projected 5-fold increase in Government health expenditure over the same period, and put negative pressure on Australia's economic growth through reduced labour participation rates.⁵ Australia's healthcare system, labour participation rates and productivity are also under pressure from the burden of chronic diseases, with an estimated 75% of Australians reporting a long-term health condition.^{‡,6}

The Government's National Health Reform Agreement, \$2.2 billion National Mental Health Reform package, and \$5 billion Health and Hospitals Fund are all positive steps in addressing these health challenges. But reform of the healthcare sector alone is not enough.

Australia's long-term health and prosperity relies on sustained public investment in health and medical research to:

- **Reduce the burden of disease** by improving our understanding of the drivers of health risk behaviours, improving disease prevention strategies, and generating advancements in the diagnosis, management and treatment of health conditions
- **Improve the quality of health services** by fostering a culture of excellence and learning in hospital and health services and attracting the brightest researchers and clinicians to Australia
- **Improve the efficiency of health service delivery** through advances in technologies
- **Safeguard the community** by building capacity to predict, monitor and manage future health risks (e.g. emerging infectious diseases and climate change-related health problems)
- **Successfully compete for private sector investment** in biotechnology and pharmaceuticals
- **Prevent the exodus of research talent** to competing overseas countries.

Recommendations for 2012-13 Federal Budget

1. Maintain NHMRC funding levels in real terms

The primary source of Federal Government health and medical research funding is the NHMRC, with a budget in 2011-12 of \$746 million. AAMRI welcomed the maintenance of NHMRC funding in the 2011-12 Federal Budget,[§] and the announcement of a Strategic Review of Health and Medical Research.

We urge the Government to again maintain NHMRC funding in real terms in 2012-13, until the Panel for the Strategic Review of Health and Medical Research has provided its final report. Any cut in NHMRC funding would put at risk funds leveraged from other sources, at a time when we are seeking to optimise the sector through the Strategic Review.

Also, in the current global economic climate, Australia's solid economic performance gives us a competitive edge in the global contest for talented international researchers. An increase in Government investment in health and medical research could have a multiplier effect, whereas a decrease in funding would result in a missed opportunity for optimising the caliber and performance of Australia's health and medical research sector.

AAMRI recognises the need for fiscal discipline in the current economic climate, but reiterates that the health and productivity of Australians and the nation's long-term economic viability depend on a sustained Government commitment to health and medical research.

[‡] A long-term health condition is a disease or health problem lasting 6 months or more.

[§] NHMRC funding increased by 4.3% from \$715.5 million in 2010-11 to \$746.1 million in 2011-12. When corrected for a 3.6% increase in the consumer price index from June 2010 to June 2011, the real increase in funding was estimated at 0.65%.⁷

2. Extend full funding of indirect costs, as pledged to the university sector, to accredited independent medical research institutes

Indirect costs of research cover items that are essential for research but which cannot be attributed to an individual research project and are therefore not covered by NHMRC and Australian Research Council (ARC) project grants (e.g. computers, laboratory equipment, administrative support and operating costs).

In the 2009-10 Federal Budget, the Government committed to fully funding the indirect costs of research for universities (at 60 cents in the dollar of competitive research funding) by 2014 under the Sustainable Research Excellence (SRE) Program. The SRE Program supplements the existing university indirect cost funding scheme, the Research Infrastructure Block Grants (RIBG). This was a laudable step forward in the Government's investment in research, putting Australia on par with the USA and UK, who fully reimburse indirect costs of research.²

However, despite the proven track record of independent medical research institutes, the Independent Research Institutes Infrastructure Support Scheme (IRIISS), which contributes towards the indirect costs of research for independent medical research institutes, did not receive a similar boost in the 2009-2010 Federal Budget. Consequently, independent medical research institutes receive an average of only 30 cents per dollar of competitive research funding for indirect costs, through a combination of State and Federal Government funding.

Independent medical research institutes are placed in a difficult position; the more successful they are at attracting grants, the greater their indirect costs. Consequently, they must use funds from investments and philanthropic donations to make up the shortfall. If indirect cost funding for medical research institutes were equivalent to that received by universities, then like them, medical research institutes could use leveraged funds for research, reaping benefits for the health sector.

AAMRI urges the Government to create a level playing field in the health and medical research sector. We ask the Government to reach an agreement with State Governments to provide matching funding, so that medical research institutes receive 60 cents in indirect cost funding for each dollar of competitive research funding by 2014. This would require an increase in Federal Government funding of around \$140 million per annum by 2014, and a \$130 million increase from State Governments.²

































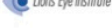








Conclusion

The health and wellbeing of Australians is core to the nation's long-term productivity and economic viability. This in turn is underpinned by improvements in health service delivery made possible through health and medical research. AAMRI asks the Government to take a long-term outlook in protecting the prosperity of the nation, by maintaining funding for health and medical research, and ensuring an equal playing field for all members of the health and medical research sector.

References

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AAMRI members

	ANZAC Research Institute		Menziess School of Health Research
	Baker IDI Heart and Diabetes Institute		Murdoch Childrens Research Institute
	Bionics Institute		National Ageing Research Institute
	Brien Holden Vision Institute		Neuroscience Research Australia
	Burnet Institute		O'Brien Institute
	Centenary Institute		Peter MacCallum Cancer Institute
	Centre for Eye Research Australia		Prince Henry's Institute of Medical Research
	Children's Cancer Institute Australia		Queensland Children's Medical Research Institute
	Children's Medical Research Institute		Queensland Eye Institute
	Florey Neurosciences Institute		Queensland Institute of Medical Research
	Garvan Institute of Medical Research		Schizophrenia Research Institute
	The George Institute for Global Health		St Vincent's Institute of Medical Research
	Hanson Institute		Telethon Institute for Child Health Research
	Heart Research Institute		Victor Chang Cardiac Research Institute
	Hunter Medical Research Institute		Walter and Eliza Hall Institute of Medical Research
	Kolling Institute of Medical Research		The Wesley Research Institute
	Lions Eye Institute		Western Australian Institute for Medical Research
	Ludwig Institute for Cancer Research		Westmead Millennium Institute
	Mater Medical Research Institute		Women's and Children's Health Research Institute
	Mental Health Research Institute		Woolcock Institute of Medical Research
	Menziess Research Institute		