

The Hon Mark Butler MP  
Minister for Health and Aged Care  
Department of Health and Aged Care  
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14 July 2023

Dear Minister,

Re: Improving alignment and coordination between the Medical Research Future Fund and NHMRC's Medical Research Endowment Account

AusBiotech welcomes the opportunity to submit a response to the Department of Health and Aged Care's consultation paper on *Improving alignment and coordination between the Medical Research Future Fund and NHMRC's Medical Research Endowment Account (MREA)*.

AusBiotech is the Australian representative body for one of Australia's most innovative industries with a well-connected network of over 3,000 members in the life sciences industry, which includes biotherapeutics, medical technology (devices and diagnostics), food technology and agricultural biotechnology sectors.

Australia has a substantial life sciences and biotechnology sector, which is consistently ranked as one of the top countries for biotechnology innovation globally when adjusted for population. Industry employs almost 100,000 Australians and consists of more than 1,425 biotechnology companies. Around 80 per cent of these industry companies are classified as small and medium enterprises (SMEs) and are working to commercialise their research, with an important number developing new and novel technologies.

**Responses have been framed around the Department's feedback questions, as requested in the consultation paper.**

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

Benefits of improved alignment and coordination between the MRFF and MREA include creating a grant system that is seamless, but not homogenous. This could address the fragmentation that is currently faced between the two, whilst retaining their individual purpose and capabilities.

With coordination comes the opportunity to share knowledge and build internal capabilities; for example, the MRFF has successfully built the capabilities to assess translation and commercialisation. With better coordination between the Funds comes the opportunity to leverage this knowledge and upskill the NHMRC and its committees on industry development. By coordinating, rather than merging, the capabilities present across the two Funds, it acknowledges their individual functions and yet facilitates the exchange of knowledge, skills and experience and thereby creates a greater understanding of the research and development pipeline that goes on to support Australian products being available on market.

Coordinating commercialisation knowledge enables a dual focus on efforts and collaborations across both academia and industry, builds awareness of roles, value and capabilities, and supports collaborative structures.

It is worth noting that, whilst a consultation will be run on the benefit of a joint strategy in phase two, this would add greatest value to the coordination of the two Funds. An overarching strategy would enable coordination and focus on the intended areas of research, rather than focusing on the type of research (investigator-initiated or priority-driven) that this current consultation on the governance and administration of the Funds is exploring.

### **Which feature/s of the models will deliver these benefits?**

The development of a joint strategy offers the opportunity to consider shorter and longer-term goals, thereby overcoming shorter political cycles.

For example, addressing the workforce gaps remains a present and ongoing barrier for this thriving industry that has seen 40 per cent growth between 2019-2022. For example, the \$32 million four-year REDI programme that included industry placements, internships and fellowships was just beginning to see results and get industry buy-in when the funding completed.

The development and growth of homegrown, Australian leadership for the biotechnology sector is vital for the sector's future. With over 2,654 organisations employing over 263,693 people across a broad and diverse sector that has talent across the biotechnology pipeline, cultivating and nurturing talent into future leaders will arm the sector with leadership that possesses a rich and invaluable practical understanding, and a lived appreciation for the realities facing Australia's biotechnology ecosystem.

### **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?**

The NHMRC and the MRFF, appropriately, have distinct purposes and, therefore, distinct target stakeholders.

Notably, the NHMRC funds high quality health and medical research to build research capability, support researchers, and promote the highest ethical standards for health and medical research. It has a predominant focus on investigator-initiated research.

Whilst complementary, the MRFF provides an opportunity to balance the support by focusing on priority-driven research with a focus on research translation, whether directly through improvements in health and healthcare or, where appropriate, through commercial development.

The intentional focus on commercial development for the MRFF and the differentiation between these two programmes is well-received by industry, and there is a strong need for this to be retained. Ensuring the unique purposes are preserved in the governance and administrative constructs will be critical to its continuation, with the proposed joint models risking conflation and risking process overtaking purpose.

Australia needs to develop a balanced community of home-grown biotechnology companies at all stages and sizes of the company life cycle; companies that can access and understand the channels of engagement with sources of funding and investment.

Acceleration of this scaling and growth can be done through expanding the access to funding grants and programmes. Specifically, continuing the “commercialisation” initiatives within the MRFF for early-stage research and development has been recognised within the industry-driven *Biotechnology Blueprint: A Decadal Strategy for the Australian Biotechnology Industry* (Biotechnology Blueprint), as a valuable way of achieving this objective.

It is important to note that whilst the NHMRC includes a **focus** on translation via its development grants scheme, it is different from MRFF’s function to **deliver** on translation. This has driven industry’s strong view that the NHMRC does not have a role in improving commercialisation. This difference is also reflected through the Funds’ respective governance and administrative approaches, in addition to their strategies.

For example, separate budgets that return to their respective Funds enable the focus to remain on delivering their respective goals; separate IT systems enable accessibility and transparency to their target audiences, for example, the Sapphire System requires an email with an academic domain (.edu). Should this be applied to the MRFF, it would inadvertently but automatically lock industry out from lodging and or monitoring grant applications. Retaining the tools behind the independent governance and administration of these Funds ensures that commercial entities can continue to collaborate; enabling access to the system offers transparency in the process of the decision-making.

### **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?**

As noted above, building a coordinated strategy that traverses political cycles will leverage the existing strengths whilst also enabling grants to be dispersed against shorter and longer-term priorities. Staging the support against these short and long-term priorities encourages coordination between Funds and reduces the risk of duplication, whilst respecting their independent purposes.

In addition, applications for priority-driven grants under the MRFF currently ask for input from stakeholders, however, this is not reciprocated in the NHRMC process. Including this mechanism would be advantageous to increasing collaboration earlier in the development pipeline, and would support awareness of technology transfer opportunities.

### **Is there anything you would like to raise that is not otherwise captured by these questions**

The MRFF was set up by the Australian Government in 2015; in July 2020, it grew to \$20 billion. This means that it has only been operating at full disbursements for three years. Whilst it’s acknowledged that there are some gaps that could be addressed through a coordinated strategy, it is still relatively new and the broader impacts it will deliver for Australia’s economic and social development are yet to be seen.

In the same vein, any shifts, even subtle ones, to the balance between priority-driven research and instigator-led research will take time to be seen. Therefore, it is strongly recommended that, irrespective of the design choices determined, metrics are promptly developed and implemented, including tracking the amount of MRFF funds applied to commercialisation. This need was also identified in the [\*Biotechnology Blueprint\*](#), the decadal strategy developed by industry, for industry. Whilst the MRFF is

cognisant of the importance of translation, tracking the amount invested once research is transferred could provide fresh insight (note Metric M2.6, page 33).

This consultation paper included an undesirable bias towards the NHMRC, for example, it noted 'abolishing' MRFF features thereby inferring that the NHRMC would determine the priorities, culture, skillset, and all other governance and administrative considerations. Whilst we expect this was unintentional, as this consultation continues, it is not only critical to preserve the benefits of the MRFF and priority-driven research, but to also ensure that there are clear messages around the importance and benefits of it, as the Government communicates to Australia and the Australian industry.

AusBiotech would be pleased to discuss any of the above further should you have any questions. If you have any queries, you can contact AusBiotech's Director, Communications and Policy, Karen Parr on 0428 056 173 or [kparr@ausbiotech.org](mailto:kparr@ausbiotech.org).

Yours sincerely



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