



Australian Government

National Health and  
Medical Research Council

N H M R C

Ms Sharon Grierson MP  
Chair  
Joint Standing Committee of Public Accounts and Audits  
House of Representatives  
PO Box 6021  
PARLIAMENT HOUSE ACT 2600

Dear Ms Grierson

**Joint Committee of Public Accounts and Audit – Performance Audit Report No 7 Administration of Grants by the National Health and Medical Research Council**

In preparation for the Joint Standing Committee of Public Accounts and Audit public hearing on Wednesday 12 May 2010 on the Australian National Audit Office's Performance Audit Report No 7 *Administration of Grants by the National Health and Medical Research Council*, I would like to provide members of the Committee with the following statement prepared by NHMRC in October 2009 in response to the ANAO report<sup>1</sup>:

*The National Health and Medical Research Council (NHMRC) welcomes the audit and agrees with its recommendations. Since establishment as an independent statutory agency on 1 July 2006, NHMRC has worked hard to ensure the efficiency and effectiveness of its administration and in particular its grant administration.*

*The ANAO's audit report affirms NHMRC's program of continuous improvement in grant administration, which includes the implementation of a new Research Grants Management System (RGMS), being piloted prior to full implementation from December 2009. This new technology will address many of the weaknesses identified by ANAO.*

*NHMRC will undertake further improvement of its peer review administration in the 2010 grant application round, in particular strengthening decision support documentation and the management of conflicts of interest in Grant Review Panels.*

*The audit provides a valuable framework for NHMRC in striving to achieve best practice in grant administration.*

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<sup>1</sup> Australian National Audit Officer Performance Audit Report No. 7 2009-10 *Administration of Grants by the National Health and Medical Research Council*

Health and medical research is the cornerstone upon which prevention of ill health and improved patient care is built. NHMRC's Strategic Plan 2010-2012, due to be tabled in Parliament shortly, outlines how NHMRC will contribute to improving health in Australia through the roles established in its legislation:

- Raising the standard of individual and public health throughout Australia
- Fostering the development of consistent health standards between the States and Territories
- Fostering medical research and training and public health research and training throughout Australia, by:
  - Supporting knowledge creation through health and medical research
  - Building the health and medical research workforce
  - Promoting translation and implementation of evidence from research
  - Developing health research capacity
- Fostering consideration of ethical issues relating to health

### ***International nature of research***

Health and medical research is a unique international activity in which Australia plays an important role. Medical research is often conducted as part of multi-national collaborations, across a complex and increasingly highly technical diversity of disciplines. For example, almost 37% of publications now arising from NHMRC supported research include one or more international collaborators. Australia's processes of selecting grants to support, of conducting and reporting on medical research therefore need also to accord with international norms.

NHMRC participation in international research collaborations, such as the Global Alliance for Chronic Disease, International Cancer Genome Consortium, INSERM Exchange Fellowships, Australia-European Union 7<sup>th</sup> Research Framework, and the Human Frontier Science Program, offers unique opportunities for Australian researchers to share their expertise in cutting-edge research, to expand networks globally, and contribute to our growing understanding of, and ability to prevent ill-health, and treat and cure disease.

### ***Challenges since 2006***

NHMRC became an independent statutory agency on 1 July 2006. This presented a number of specific administrative challenges that come with separating from the Department of Health and Ageing, including the transfer of human resources, financial management, IT and other corporate functions. NHMRC will complete the final separation of corporate functions from the Department by 1 July 2010. As well, the NHMRC absorbed the National Institute of Clinical Studies in April 2007 and we now also provide corporate support to Cancer Australia.

### ***Improving Peer Review***

Peer review is at the centre of NHMRC operations and since 2006 NHMRC has been committed to improving the transparency, efficiency and effectiveness of its peer review responsibilities by:

- Reinstating external assessors for grant applications;
- Establishing the NHMRC Academy of Assessors to independently allocate grant applications to external assessors;
- Appointing independent Chairs of grant review panels;
- Recruiting staff with research background to bring experience and expertise to NHMRC; and
- Appointing impartial independent observers to monitor all NHMRC's peer review activities.

### ***A Specific Challenge – Re-developing IT***

Following separation from the Department of Health and Ageing, NHMRC has been committed to replacing outdated IT technology to improve grant administration and in December 2009 implemented a new Research Grants Management System (RGMS). ANAO recognised that the full implementation of RGMS would address identified administrative weaknesses and provide NHMRC with increased confidence and accountability in grants management. This automated grant management system has been

designed to improve the administration of all NHMRC supported grants, allowing for monitoring of progress of individual grants and final reports. When RGMS is fully integrated with NHMRC's existing financial management system, it will strengthen the financial management of NHMRC's grants, resulting in improved payments, streamlined acquittal of grants, and elimination of overpayments.

#### ***Relationships with Research Institutions***

NHMRC is consulting with the research sector as part of a review of its policies and practices in relation to Administering Institutions to ensure all institutions that receive and administer NHMRC funds are appropriately established, can fulfil all NHMRC's requirements for grant administration, and are financially solvent. NHMRC is also reviewing its policy on accreditation of medical research institutes.

NHMRC is proud of its role in the development of Australian health and medical research. We have supported Australia's research sector through the direct support of highly qualified health and medical researchers judged on an international basis. In 2010, NHMRC Fellowships directly supports over 1300 researchers, including 32 of Australia's most outstanding health and medical researchers through the Australia Fellowship scheme.

Australian researchers have contributed greatly to improving health worldwide, such as the development of Gardasil, a vaccine against rotavirus, improvements in the treatment of cancer, cardiovascular disease, mental illness and many others. Independent analysis of the performance of Australian health and medical research (bibliometric analysis against international benchmarks) shows outstanding results. For example, Australians outperform the very best internationally; more than two per cent of Australian publications are amongst the top one per cent of cited papers worldwide. NHMRC studies also show that our funded researchers lever substantial dollars into research from other government agencies, including overseas sources.

In the last two decades, Australians have won three Nobel Prizes for Physiology or Medicine, placing us third internationally behind the USA and UK. The community's recognition of health and medical research is shown in the number of Australians of the Year including Sir Gus Nossal, Peter Doherty, Fiona Stanley, Fiona Wood, Ian Frazer, Patrick McGorry. Every day patients throughout Australia receive care from clinical researchers, benefit from evidence-based policy arising from research, and benefit from new preventive approaches, treatments and cures that flow from basic and applied health and medical research.

Yours sincerely



Professor Warwick Anderson  
Chief Executive Officer

7 May 2010