



Queensland Institute of
Medical Research

Submission by

The Queensland Institute of Medical Research

to the

Evaluation of the Knowledge and Innovation

Reforms

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Summary

The Queensland Institute of Medical Research (QIMR) is an independent, not-for-profit organisation and has a world class reputation for biomedical research. The Institute accommodates over 700 scientists, students and support staff.

Adequate infrastructure is fundamental to the continued ability of QIMR, and all other independent medical research institutes (MRIs), to play a vital role in the nation's health research and to remain internationally competitive. In light of the national research priority "Promoting and Maintaining Good Health", any future strategy for research infrastructure must be inclusive of health and medical research in the non-university sector.

The running costs of QIMR have risen significantly in recent years. Increasing audit requirements and compliance costs in management and science has necessitated the recruitment of further support personnel to meet these demands. Also, QIMR's professional indemnity insurance has increased 1000% in the last three years to \$700,000 in 2002-2003. Meanwhile, State infrastructure funding to QIMR has remained largely unchanged. Indeed the unresolved responsibility for infrastructure support for QIMR between the Commonwealth and the Queensland Government States is creating uncertainty as to the future of one of the pre-eminent medical research institutes in Australia.

Medical research at QIMR is excluded from much of the DEST portfolio. QIMR is ineligible to receive formal recompense (RTS) for all the post-graduate biomedical education it oversees and supports. This money is paid to the corresponding universities, most of which is never passed on to QIMR where research and training is conducted. In contrast to medical researchers at QIMR, those in the university sector are eligible to attract DEST infrastructure funding on the basis of winning competitive NHMRC grants. They are also eligible for research training support for their own students.

QIMR supports a collaborative funding system that is competitive, based on high quality and innovative research, and one that is transparent and accountable and equitable in ensuring adequate infrastructure support for funding high quality research and research training across the nation.

QIMR's Background

In 2003, QIMR accommodates over 700 scientists, students and support staff. It is one of the largest MRIs in the Southern Hemisphere and has a world class reputation for quality research. Over some 60 years it has investigated the immunological, biological and molecular causes of a wide range of infectious diseases, cancers and other disorders.

Almost \$19 million in competitive grant funds were awarded in the last financial year, 2002-2003. QIMR is a partner in the CRC for Vaccine Technology and its commercial arm, Vaccine Solutions. In addition, QIMR is a partner in the CRC for the Discovery of Genes for Common Human Diseases and CRC for Aboriginal Health. QIMR's internationally renowned strengths in tropical and Indigenous health and nutrition are exemplified by its coordinated research activity through the Australian Centre for International and Tropical Health and Nutrition (ACITHN). QIMR also accommodates Q-Gen, a GMP manufacturing facility for cell-based and molecular therapies and Q-Pharm Pty Ltd, a Phase I/II clinical trials facility. The Asia-Pacific centre for the biotechnology company, Sequenom, is also located within the newly established Clive Berghofer Cancer Research Centre of QIMR.

The Scope of Infrastructure Support

¹Adequate research infrastructure is essential to support modern research endeavour, namely information technology, libraries, animal houses, building maintenance, supply and service costs, salaries for management, administrative staff, and ethics and safety committees. Conservative estimates of the full costs of research indicate each dollar of direct grant support requires 70 cents in infrastructure support. Notably, a Boston Consulting Group review requested by the National Board of Employment, Education and Training in 1992 estimated that research infrastructure costs add 70% to direct research costs.

The current system of infrastructure funding to the research sector is inconsistent, complex and lacks transparency. Although Cabinet endorsed the Health and Medical Research Strategic Review of 1999, the recommendation that Australia develops a coherent approach to infrastructure funding (section 5.3.3) has yet to be implemented.

Given the Federal national research priority of "Promoting and Maintaining Good Health", such inequity in infrastructure funding to the MRIs is unacceptable. There is an urgent need to establish a new system of infrastructure funding to address the current deficiencies in infrastructure support across the entire research sector.

QIMR's Situation in 2003

The expansion of health and medical research in the wake of the Wills Review means that the basic infrastructure costs that support QIMR's research have also risen rapidly. A significant proportion of the QIMR's research income comes from the NHMRC, who do not provide funding for infrastructure.

Currently, unlike the university sector, QIMR is ineligible for Federal infrastructure support such as Research Infrastructure Block Grants (RIBG), the Institutional Grants Scheme (IGS), and the Systemic Infrastructure Initiative (SII). In the last five years the Institute has increased in size by 100% compared with a 9% increase in State infrastructure support to QIMR over the same period. As well, in the same period, running costs have rapidly and disproportionately climbed because of new audit and compliance requirements and costs, and professional indemnity costs (see below) have escalated.

The status of QIMR as a charitable institution has been used to raise funds to support QIMR's medical research program. It is difficult to raise public funds for infrastructure since philanthropists frequently demand that their donations are applied directly to research.

Therefore on-going and increases State and Commonwealth Government support for infrastructure is crucial.

There are a number of key issues, namely:

- Accrual accounting has replaced cash accounting which means institutes such as ours must now find revenue to match depreciation costs. Capital equipment must be depreciated to comply with accrual accounting principles. Even when a research

¹ From the AAMRI submission to the Evaluation of the Knowledge and Innovation Reforms.

funder provides an equipment grant, QIMR is required to depreciate the item. As QIMR is not taxed on profit, alternative forms of purchase such as leasing is not financially advantageous.

- There contracts between research funders and research providers are rigorous in that they preclude recovery of infrastructure costs. Thus cost-recovery of necessary research infrastructure from research grants is a breach of contract.
- Extra resources to meet increasing compliance and auditing requirements are now necessary. Both internal and external agencies require high standards of corporate governance. New finance accounting standards and compliance with financial regulations are more rigorous; plans for business development and risk management are required. The new *Code of Ethical Practices for Biotechnology in Queensland* requires an annual report and consequently, personnel to complete the task. Compliance costs for scientists are also rapidly increasing as they are required to complete regulatory (eg OGTR) forms, multiple ethics forms for the same project, etc.

QIMR conducts translational research that involves minor clinical procedures such as taking blood or skin samples. QIMR is required to have professional indemnity insurance that has risen 1,000% in the last three years to more than \$700, 000 in 2002-2003. In addition, QIMR is faced with the high costs of compliance to meet the requirements of the Therapeutic Goods Administration.

Research Training Scheme (RTS)

QIMR provides research placements for more than 140 post-graduate students enrolled through several major universities. QIMR not only provides the main research training environment but plays the major role in supervising these students.

However, QIMR is ineligible to directly receive Federal RTS funding and there is no clear-cut mechanism for funding to flow from the university sector to external organisations like QIMR. Currently, QIMR receives a fraction of RTS funds from the universities, on the basis of individual agreements. This process lacks uniformity and is inequitable, given these students are trained principally within QIMR.

Recommendations

QIMR recommends ²:

1. Federal funding initiatives that promote collaboration across the research sector
2. A bipartisan approach to government that supports the research sector
 - (a) This would include a cooperative approach to resolving inconsistent and inadequate infrastructure funding to independent MRIs
3. Appropriate Federal infrastructure support that includes the independent MRIs

² In line with the recommendations of the AAMRI submission to the Evaluation of the Knowledge and Innovation Reforms

QIMR proposes the following strategy for infrastructure funding:

- (a) The Federal Government should provide infrastructure support on Federal grants
 - (b) State and Territory Governments should provide adequate infrastructure support on non-Federal grants and State by State initiatives
 - (c) NHMRC fellowships should be included in the strategy, with a component for both instrumentation and administration of the fellowship
 - (d) State/Territory infrastructure support to the MRIs must not be reduced
 - (e) Infrastructure support should be paid directly to the administering institution
 - (f) Additional funding will be required so current funds to the universities are not diluted
4. Research training support that recognises the significant contribution of the MRIs to post-graduate biomedical education. A national formula should impart a fair proportion of RTS funds to the institution with primary responsibility of the student