

South Australian Productivity Commission – Final Report of the Inquiry into Health and Medical Research in South Australia

Response from the Government of South Australia

April 2021



Government
of South Australia

Foreword

South Australians rightly look to our healthcare system to take care of them and their families in times of need.

Health and Medical Research (HMR) is a vital part of our healthcare system. South Australia has a long history of excellence in HMR, which not only fosters innovation in health outcomes and the wellbeing of our communities, but also makes a substantial contribution to our economy through attracting investment, funding and expertise to South Australia

The national landscape for HMR is increasingly competitive. To ensure we remain well positioned to reap the benefits of a vibrant HMR sector, I tasked the South Australian Productivity Commission to undertake an inquiry into HMR. I requested that the Commission evaluate the HMR landscape to ensure the effectiveness and competitiveness of South Australia compared to other jurisdictions.

The recommendations from the Final Report provide a clear direction on the building blocks for the sector in South Australia, with a particular focus on levers within the public health system as well as broader regulatory and reform initiatives that would provide the basis for improved outcomes in the sector.

Work is already underway to address the recommendations made by the Commission and we will seek to further define the vision for HMR across the state through the delivery of a state-wide South Australian HMR Strategy.

I am confident that implementing the Commission's recommendations will maximise growth in HMR, unlocking new economic opportunities and supporting job creation in the state.

I would like to thank the Commission, Dr Matthew Butlin, Mr Adrian Tembel and Professor Edwina Cornish, for the thorough and thoughtful report they have provided. It reflects the extensive work and discussion the Commission undertook with the HMR sector and the wider community.

I look forward to working with the partners across the system to realise the opportunities that the Commission has identified for a stronger and more competitive HMR sector here in South Australia.



Hon Steven Marshall MP
Premier of South Australia

The South Australian Government is committed to improving the delivery of Health and Medical Research outcomes in the state and is pleased to be able to provide a response to the findings and recommendations presented in the Final Report of the South Australian Productivity Commission's Inquiry into Health and Medical Research.



Introduction

Health and Medical Research (HMR) is a key priority for the South Australian Government. HMR not only fosters innovation and improvements in health outcomes and the wellbeing of our community, but also makes a significant contribution to our economy through attracting investment, funding and expertise to South Australia.

In early February 2020 the Premier of South Australia, the Hon Steven Marshall MP, requested the South Australian Productivity Commission (Commission) undertake an Inquiry into Health and Medical Research, to evaluate the HMR landscape in South Australia in terms of its effectiveness and competitiveness in relation to other jurisdictions. This inquiry was undertaken alongside an inquiry into Research and Development in South Australia, which is considering how the contribution of research and development more broadly can contribute to the state's long-term productivity and economic growth rates.

The South Australian Government, through this Inquiry sought for the Commission to identify and assess barriers and opportunities

to improve the overall competitiveness of the HMR sector. Specifically the Premier requested the Commission recommend actions the government might take to increase the state's share of Australian Government funding for HMR, increase the scale and productivity of HMR across the public and private sector, and increase the overall impact on HMR activity on the state's economic growth.

The Commission was also asked to identify and assess where improvements can be made to the structure, governance and operation of publicly funded HMR to better support sustained growth in this sector.



SA Government Response

HMR is an integral component of South Australia's healthcare system. It is also one of the largest components in the broader Research and Development sector. Supporting innovation in HMR attracts high quality researchers to South Australia, and delivers health, social and economic benefits to all South Australians.

Every day the South Australian community benefits from innovations derived from HMR, including novel ways to prevent illness and informing the development of innovative models of care to improve health outcomes. The wellbeing afforded through the presence of a vibrant research sector also contributes to broader productivity gains across the state. The current COVID-19 outbreak has further highlighted the need to ensure HMR is a well-integrated and supported part of the South Australian research ecosystem.

The Commission's Final Report of its Inquiry into HMR in South Australia sets out the findings of the Inquiry and includes twelve sets of overarching recommendations across five key themes:

- Regulatory reform
- Workforce
- Access to data
- Commercialisation and translation
- Enabling system architecture

These recommendations provide clear direction on the building blocks for the sector in South Australia. The report has a particular focus on levers within the public health system as well as broader regulatory and reform initiatives that would provide a basis for improved outcomes in the sector. The report makes a number of recommendations that call for greater transparency of outcomes and performance which in turn form the basis for more deliberate investment and actions to build the sector.

These recommendations are broadly supported as a starting point for reform and capacity building in the sector. Many of the recommendations are consistent with broader government policy and changes already underway.

The Commission's recommendations on systems and processes within SA Health to streamline ethics and governance approval processes, reform the policy and regulatory environment and to support better access to patient data strongly align and build upon existing activity. Since the release of the 2018 Birch Review of Research Governance in the Department for Health and Wellbeing (SA) considerable work has been underway to streamline and improve the efficiency and effectiveness of research ethics processes across the state.

These changes have been further bolstered by the changes within SA Health to a devolved system of governance in July 2019 through the creation of Boards of Governance across all Local Health Networks (LHNs). This has created a renewed level of activity in HMR across all LHNs including engagement at the local level with research collaboratives and development in the centre of Adelaide through the Biomed City and Flinders Health and Medical Research Institute. Work to improve patient consent for HMR, including mechanisms to record consent and improved processes to allow appropriate non-SA Health researchers to access information, has also commenced.

Further changes within SA Health of relevance to HMR have been the creation of two new pillar entities Wellbeing SA and the Commission on Excellence and Innovation in Health. Both agencies have a focus on the translation of research evidence and data into policy and practice, working in partnership and collaboration with the Department for

Health and Wellbeing (DHW), LHNs, Primary Health Networks, universities, the private sector, and commercial enterprises, amongst other groups or individuals. The Commission on Excellence and Innovation in Health has developed a *Data and Analytics Plan 2020–2023* which brings together people, strategy, technology, processes and data providing the foundation for South Australia toward its goal of having the world's best health system. This Plan describes a current and future state for data and analytics intended to establish South Australia as a leader in data driven, transparent and patient-centred care.

The government notes the intention of the Commission's report to foster HMR activities within SA Health through the DHW's role as system leader through both financial and performance levers. Whilst this is supported in principle, these recommendations will be developed further within the context of a *South Australian Health and Medical Research Strategy* (the SA HMR Strategy). This SA HMR Strategy will consider the basis for creating and supporting HMR excellence targeting areas which have the potential to become world-class.

The Commission has also made a number of important recommendations on regulatory and reform measures to improve wider research translation and commercialisation as well as workforce reforms. These recommendations necessarily require broad engagement across the system including universities, commercial enterprises and the private sector. Whilst SA Health provides important enablers for HMR at large, research translation and commercialisation can only be truly successful when embedded within a broader effort to achieve research and development excellence. This effort requires a whole of government approach and purposeful relationships with partners such as universities, research institutes and innovators. More detail on the government's

research and development architecture can be found in the response to the Commission's Research and Development Inquiry.

In line with this, the SA government will commence the development of the SA HMR Strategy, to be released by July 2022 (the proposed Terms of Reference can be found at Appendix 1). The SA HMR Strategy will provide an opportunity to define a cohesive vision for the sector in South Australia and develop the ecosystem required to foster growth. This will include consideration of the distinct roles and responsibilities across the HMR value chain for all stakeholders within the sector. It will seek to provide a system level perspective and implement long term targets and arrangements for monitoring and measuring performance. Noting the changing environment for research and development, that has been further impacted by COVID-19, the SA HMR Strategy will allow for adaptive responses that provide for ongoing collaboration across all key institutions and agencies.

In the initial phase of work, the SA HMR Strategy will focus on the vision for HMR across the state, including identifying areas of competitive advantage. As part of this, the SA HMR Strategy will consider the building blocks necessary to support this vision. This will include consideration of the role of the South Australian Health and Medical Research Institute (SAHMRI) in complementing and strengthening the vision set out in the SA HMR Strategy. An interim report will be provided by December 2021 on the work program including initial advice on priority areas for consideration across the value chain.

Reform Area 1: Regulatory Reform

Recommendation 5.1 – Ethics and Governance

To increase South Australia's share of Australian Government health and medical research funding through improved quality and competitiveness of South Australian research proposals, the Commission recommends that the Department for Health and Wellbeing (DHW), working in conjunction with the local health networks (LHNs), streamline and simplify the current ethics approval process within SA Health, including by:

1. establishing ongoing operating budgets for LHN research offices that are sufficient to ensure that their services to researchers and research committees do not depend on short-term or unstable funding sources, such as fees levied on external research proponents.
2. ensuring any fees charged to applicants for research ethics approval are competitive with other Australian jurisdictions;
3. developing an evaluation framework to enable Health Research Ethics Committees (HRECs) to provide researchers, both within SA Health and in other institutions, with feedback on research proposals submitted for ethics approval, as a way of strengthening the quality of proposals and enhancing the efficiency and time taken for the ethics approval process as a whole;
4. further simplifying, streamlining and connecting the current ethics approval and site specific approval processes, including by proportionate processes having regard to risk and complexity, to create a 'single point of entry' for researchers, and using the new Governance and ethics management system to facilitate process reforms;
5. setting explicit target timeframes for approval of applications and a standard of one resubmission, and reporting performance against those targets;
6. providing a simple map of the streamlined process and advice to researchers on the application process requirements, including the data requirements for complete applications to enable efficient process without rework; and
7. providing temporary staffing to clear any approval backlogs.

SA Government Response

Supported

South Australia supports these recommendations, noting that work to streamline ethics approvals processes, including the involvement of private sector providers, is already well progressed within SA Health.

The DHW in partnership with the LHNs will review its internal framework for HMR including how research outcomes are supported, monitored and measured within the context of SA Health's devolved governance arrangements. This will be undertaken to support future planning and Service Level Agreements from 2022–23.

In December 2019 the Clinical Trials Portal was launched, providing researchers unfamiliar with the South Australian HMR landscape with information to navigate the system. The new research management system Research GEMS was launched in December 2020. This system provides a single streamlined point of entry for research ethics submissions and once fully implemented will enable significant improvements

to HREC application processing times. Additional development of the GEMS functionality scheduled for mid-2021 will see further improvements in reporting on HREC processes.

During 2020 consistent improvements in the nationally accepted HREC approval key performance indicators (KPIs) were seen across South Australia. The DHW will consider the development of specific training resources for research applicants to improve the quality of their submissions and thereby further reduce turnaround times.

The DHW will also explore mechanisms to provide a single, visible point of contact for researchers and will review potential system improvements to further develop the 'single point of entry' model.

The DHW will review the ethics approval fee schedule in relation to its competitiveness and institute a mechanism for routine review of the schedule to ensure the ongoing competitiveness.

Recommendation 5.2 – Legislative change (Data)

To position South Australia to benefit fully from inter-jurisdictional data linkage opportunities and enhance researchers' access to public sector data, whilst ensuring robust privacy protections are guaranteed in statute, the Commission recommends that the South Australian Government develop and enact information privacy legislation that:

1. complements the *Public Sector (Data Sharing) Act 2016*;
2. streamlines and clarifies the current regulatory environment as it relates to the collection, storage, use and disclosure of HMR data, in order to enhance researchers' access to public sector data; and
3. ensures that robust privacy protections are consolidated in statute.

SA Government Response

For further investigation

The South Australian Government agrees that more could be done to improve streamlining of approvals and data access by focussing upon establishing strong whole-of-government governance structures.

South Australia has legislation in place that enables the collection and linking of available data across the public sector. *The Public Sector (Data Sharing) Act 2016* exists to clarify the data sharing environment and contains Trusted Access Principles which provides for a '5 safe framework' for the sharing of data. This framework is well recognised as a best practice ethical framework utilised by such organisation as the Australian Bureau of Statistics and Australian Institute of Health and Welfare.

Streamlining the collection, storage, use and disclosure of public sector data may require accompanying agency-level policy and procedures that support the implementation of any new legislative requirements.

Further consultation will be undertaken with partners to examine the existing barriers in data linkage and access opportunities, to identify and consider further policy or administrative settings that support access to public sector data for researchers.

To maximise the utility of health data as a rich research resource, SA Health will work with the Data Asset Management Council to explore opportunities for combining health information with that from other sectors. Maximising use of health data within research will be considered within the SA HMR Strategy, opening opportunities to drive world class clinical practice through the use of our analytics capability.

Recommendation 5.3 – Privacy Legislation and access to data

To ensure that complete and representative data sets are available and readily accessible for all SA Health and non-government health and medical researchers in South Australia, the Commission recommends that the DHW:

1. In the absence of South Australian privacy legislation and to address the need for immediate improvement of access to patient related data, by mid-2021:
 - a. develops and implements a standardised system-wide patient pre-consent process in conjunction with LHNs, to assist in the recruitment of research participants; and
 - b. resolves the issue of access to public health system data with LHNs, the university sector and SAHMRI, for those researchers who are not employed directly within SA Health.
2. Enables access to all forms of public health data and patient data by building on-line capability:
 - a. in the electronic medical record (EMR) to facilitate access to patient groups and individual patient records for HMR purposes; and
 - b. to provide access and analytic capability to DHW in the use of administrative and public health data for HMR and quality improvement.
3. Ensures HMR can be undertaken across the whole population by giving effect to the state government commitment to enact the necessary legislative or regulatory changes to allow the collection and use of data from private health care providers by mid-2021.

SA Government Response

For further investigation

Enacting privacy legislation is under active consideration by the South Australian Government.

South Australia has the *Public Sector (Data Sharing) Act 2016* in place that enables the collection and linking of available data across the public sector.

SA Health, through the *Commission on Excellence and Innovation in Health's Data and Analytics Plan 2020–2023* has developed a road map to enable access to data and the infrastructure necessary to increase its availability. The Plan also considers opportunities, with appropriate safeguards, to improve data access for partners in academic and private organisations.

The Plan will be implemented by Digital Health SA over the next three years supported by a Data and Analytics Plan Project Board established to lead this project and guide its delivery.

The Commission on Excellence and Innovation in Health and the DHW will review SA Health's Health Privacy Policy and the Research Governance Policy Directives by December 2021. As part of the development of the broader SA HMR Strategy, the DHW will also seek to establish a SA Health Research Policy Framework to support an agreed, and where appropriate, consistent approach to HMR with a focus on research enablers such as standardised consent processes.

Systems to support pre-consent for participation in HMR are in development to be implemented across the health system by December 2021.

Reform Area 2: Workforce

Recommendation 6.1 – Workforce

As part of delivering a step change in the capability of SA Health's health and medical research workforce, the Commission recommends that the Department for Health and Wellbeing (DHW) and local health networks (LHNs) develop and implement a multi-year plan to raise the size, proficiency and effectiveness of the HMR workforce and to increase the quantum and quality of the HMR effort in SA Health containing quantitative targets, clear accountabilities for achieving them and ongoing progress reporting. The elements include:

1. DHW and the LHNs to work out the scope and content of the plan, including:
 - a. defining the HMR workforce and clinical researchers including nurses and allied health professionals;
 - b. clearly articulated research expectations and performance outcomes in HMR role statements and employment contracts;
 - c. training and development to address identified skill requirements;
 - d. incentives to encourage a research career by health and medical professionals and promote take-up of joint hospital-university appointments and affiliations;
 - e. succession planning for key HMR leadership roles; and
 - f. an online register of health and medical researchers to support future workforce modelling.
2. As part of this step change in the state's HMR workforce, the LHNs also:
 - a. require LHN management to ensure the roles of clinical researchers incorporate sufficient time to do research effectively;
 - b. increase the number of clinical/academic affiliations and joint appointments between LHNs, universities and other institutions with top priority given to clinical research leaders' roles;
 - c. expect universities and research institutes, as part of the research collaboration with LHNs, to have an active professional development program for HMR researchers which includes:
 - i. facilitating networking between researchers and industry;
 - ii. mentoring early and mid-career scientists and researchers across all health and medical professions; and
 - iii. reporting on their contribution to HMR workforce development in the state

SA Government Response

Supported in principle

Whilst the South Australian government agrees workforce development and retention is important, to enact sustained change and improve contractual arrangements for research roles, a focussed whole-of-sector perspective and collaborative effort is required.

Consideration of long term workforce planning, including across the wider research translation and commercialisation sector, will be included as part of the development of the SA HMR Strategy by July 2022.

Reform Area 3: Access to Data

Recommendation 7.1 – Data access

To ensure that South Australia remains competitive in its ability to use trusted and accurate data to understand its population and improve their quality of life across the board (including health, education and social support), the Commission recommends that the South Australian Government ensures the ongoing operation of SA NT DataLink with the Department of the Premier and Cabinet (DPC), as a matter of some urgency to:

1. assist SA NT DataLink to develop a business model and business case for securing stable, multi-year funding, including guidance on the performance outcomes it expects;
2. assist stakeholders and joint venture partners establish a new skills-based governance model including consumer advocacy and engagement; and
3. work with the NT Government and SA Government agencies that are users or beneficiaries of SA NT DataLink to secure appropriate ongoing core funding from the SA and NT governments together with a simplified joint venture partner funding model and governance process in line with other successful Australian data linkage programs.

SA Government Response

For further investigation

The SA government recognises the value of data assets and the power of linked data sets to improve health and other social outcomes for South Australia, and to support and increase South Australia's share of clinical research.

Aggregating health data and linking it to other public sector data opens possibilities within the system for it to become a powerful research tool. Operating within the existing legislative framework, the Commission on Excellence and Innovation in Health's *Data and Analytics Plan 2020–2023* will assess the nature of the cultural shift required within SA Health that normalises data-sharing and accentuates its benefits in terms of improved health outcomes and research. More broadly there is a requirement to build social acceptance which sees data use (with appropriate privacy protections) as a benefit to society.

There is also a need to ensure sufficient capacity and capability is available to analyse, interpret and use the data. Together with developing the broader HMR workforce, these key capabilities will be considered within the SA HMR Strategy.

The government recognises the urgent need to make a decision about future funding and governance for SA/NT DataLink. The Minister for Education and the Minister for Health and Wellbeing currently provide SA/NT DataLink with funding and are joint venture partners, as are the NT government, universities and other research institutes.

The government will establish a short-term Taskforce run by the DHW, the Department for Education and the Department of the Premier and Cabinet to consider the optimal role for government in the provision of data linkage for research. The taskforce will provide recommendations to the Chief Executives of the respective Departments by the end of July 2021. In developing its recommendations, the Taskforce will engage with key stakeholders including other funders and the Office of Data Analytics within the Department of the Premier and Cabinet.

Reform Area 4:

Commercialisation and Translation

Recommendation 8.1 – Intellectual Property

To ensure that the South Australian Government's IP policy framework encourages collaborative translational research which leads to improved health and economic outcomes, the Commission recommends that:

1. responsibility for the government's IP policy transfer from the Premier to the Minister for Innovation and Skills;
2. The Department for Innovation and Skills (DIS), in consultation with DHW and other relevant agencies, review the IP policy to clarify arrangements for sharing the benefits of IP development with non-government research partners;
3. DHW, in consultation with DIS, facilitate adoption of the IP policy in SA Health through development of guidance material and training, and monitor and evaluate the policy over time;
4. DHW facilitate development of a 'Community of Practice' on intellectual property development and commercialisation throughout SA Health; and
5. LHNs develop overarching framework agreements with universities and the South Australian Health and Medical Research Institute (SAHMRI) on commercialisation and IP management along the lines of those used by CALHN.

SA Government Response

Recommendations 1, 2 and 3 – Supported in principle

The South Australian government agrees that the South Australian Government's Intellectual Property (IP) policy framework best aligns to the existing priorities of the Department for Innovation and Skills and supports the recommendation to transfer responsibility of the IP policy framework from the Premier to the Minister for Innovation and Skills.

As part of this transition, a review of the Intellectual Property policy framework to encourage collaborative translational research and improves commercialisation opportunities will be undertaken.

To ensure alignment with any changes, the DHW will review the existing [Monetary Rewards Framework for SA Health Under the SA Government's Intellectual Property Policy – Policy Directive](#) by December 2021 to determine its effectiveness in delivering its function and to identify areas for improvement in both policy implementation at the LHN-level and ongoing mechanisms to support the effective monitoring and evaluation of the policy directive.

Recommendations 4 and 5 – For further investigation

The value of establishing a SA Health based Community of Practice for intellectual property development and commercialisation will be considered as part of the development of the SA HMR Strategy which will review the existing strengths of key agencies and research partners across the HMR sector value-chain.

Further consideration of the most appropriate mechanism to support fair and equitable commercialisation and IP management between research organisations, is required.

Recommendation 8.2 – Commercialisation

To increase the impact of HMR involving LHNs on the state’s economic growth, the Commission recommends that the DHW adopt a more consistent and coordinated approach to commercialisation of HMR across SA Health by establishing a central commercialisation support function to serve all LHNs that includes:

1. a dedicated commercialisation service with a focus on commercial development of HMR goods and services;
2. protection of the intellectual property of LHNs through the provision of advice for IP management in contracts and commercialisation strategies for LHN staff;
3. assistance to LHNs in establishing overarching agreements with universities and research institutes regarding joint management of IP;
4. a business development capability that also serves as a first point of contact for industry and investors; and
5. improvements to capability and commercial skills by sharing best practice and expertise and improving the understanding of relevant government policies including the IP policy.

SA Government Response

For further investigation

The South Australian government agrees there are areas where government can simplify the enabling environment to make it more conducive to local commercialisation and that a more centralised and coordinated approach to commercialisation could offer efficiency gains.

As part of the development of the SA HMR Strategy and to support the identification of the best placement of a central commercialisation support

function, further investigation of existing capability and expertise across government agencies in commercialisation strategy and Intellectual Property management will be undertaken.

The role of the state’s health and innovation districts, in driving translation and commercialisation in South Australia, will also be considered as part of the development of the SA HMR Strategy.

Reform Area 5:

Enabling System Architecture

Recommendation 9.1 – Measure, Monitor and Report

To improve the performance of the public health system and provide an essential foundation for sustainable growth of the health and medical industries, through increased high quality and competitive HMR and translation, the Commission recommends that:

1. The South Australian Government establishes long term state-wide goals for increasing the volume, productivity and health and economic impacts of HMR; sets quantitative targets such as state share of national grant funding and numbers of HMR researchers, to guide progress towards those goals; and transparently and regularly reports performance against those targets.
2. Framed by the foregoing state-wide goals, the South Australian Government make achieving excellent clinically based health and medical research with translation impact a priority for SA Health, backed up by performance measures and clear accountabilities for:
 - a. The boards and chief executives of local health networks for
 - i. establishing explicit budgets for HMR in their organisations (links to Recommendation 9.1.3.a);
 - ii. establishing clear accountability for quality, performance, use of resources and measuring performance;
 - iii. doing all things necessary, including with their research collaborators, to deliver excellent research, such as establishing focus and priorities, developing the research workforce and ensuring the translation of the research into local practice;
 - iv. instilling a research-based improvement and innovation culture in their health network and applying part of the dividends from efficiency improvements to increasing resources available for HMR; and
 - v. collaborating with research partners including universities, SAHMRI and industry in excellent clinical research and translation and in consolidating support services such as commercialisation.
 - b. Department for Health and Wellbeing (DHW) for advising the Minister on HMR and for supporting the local health networks in their health and medical research, including by:
 - i. measuring and monitoring the resources applied to HMR by the department and the LHNs;
 - ii. providing management information to support accountable HMR leadership, including resources for the development of HMR researchers;
 - iii. tracking the performance of HMR, including HMR inputs and outputs to understand the return to the state from its investment in HMR and advising the minister accordingly;
 - iv. decluttering HMR policies and support services provided by the department to simplify regulatory frameworks (such as data access, approvals and intellectual property), streamlining all essential approvals and unnecessary impediments to achieving excellence in clinician-based research;
 - v. strengthening relationships with the Australian Government on HMR, including promoting South Australia as a location for Australian Government funded HMR; and
 - vi. the minister holding the chief executive of DHW accountable for implementing the department's HMR role in an effective and efficient matter.

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3. Noting the current difficulties in obtaining basic information on the resources applied to HMR in the public health system such as expenditure, research budgets, numbers of research staff in LHNs and performance, the DHW immediately:
- a. establish, with each LHN, a specific budget for HMR which includes grant funding from the Australian Government, including the HMR component of the block grant funding for teaching, training and research; any proceeds from HMR commercialisation due to each LHN according to the SA Health IP policy; and all funding from South Australian Government sources (links to Recommendation 9.1.a.i);
 - b. assemble existing information held by the department on the level of its expenditure in HMR, both within SA Health and externally, for which it is accountable;
 - c. identify gaps in that information and address them;
 - d. develop performance measures, in conjunction with LHNs, for the performance of HMR that the state government funds; and
 - e. assist the minister in holding the LHNs accountable for their HMR efforts and outcomes.

SA Government Response

Supported in principle

The South Australia government supports the recommendation to establish long term state-wide goals for increasing the volume, productivity and health and economic impacts of HMR.

The SA HMR Strategy will set out the long-term goals for research and the trajectory for delivery along with a transparent reporting framework.

The DHW in partnership with the LHNs will review its internal policy framework for supporting HMR including how research outcomes are supported,

monitored and measured within the context of SA Health's devolved governance arrangements. This will be undertaken to support future planning and Service Level Agreements.

The DHW will consider each element of this recommendation through the collaborative development of a SA Health Research Policy Framework in partnership with the LHNs.

Recommendation 9.2 – Strategy Development

To provide state-wide strategic direction and an enabling framework to support the state's health and medical research (HMR) institutions to excel in their areas of competitive HMR advantage and achieve greater success in national competitive grant funding, the Commission recommends that:

1. The minister appoint an expert group, including experts from outside South Australia, to provide advice on developing the critical goals and targets for a state-wide strategic framework, put forward in recommendation 9.1.1;
2. DHW, in conjunction with stakeholders including LHNs, universities and medical research institutes, develop a state-wide HMR enabling strategy to achieve these goals and targets and raise the volume and quality of HMR in the state's public health system. The enabling strategy would:
 - a. be based on local decision-making on research priorities by LHNs, universities and research institutions to shape HMR in South Australia consistent with the government's objectives;
 - b. build scale, productivity and excellence of HMR through collaborative and complementary, rather than duplicative and competitive, approaches to HMR; and
 - c. guide, and increase, the allocation of the South Australian Government's contestable HMR funding.

Key elements of the enabling strategy would include:

- a. reforming the policy and regulatory environment for HMR;
 - b. maintaining and making accessible to researchers SA Health data resources;
 - c. monitoring state-wide HMR key performance measures (KPIs) developed consistent with the goals and targets recommended in 9.1.1 and 9.2.1;
 - d. regular systematic evaluation South Australian HMR policies and programs; and
 - e. building a high performing HMR workforce in SA Health, including through attracting, retaining and developing HMR talent.
3. The functions and resources of the Commission for Excellence and Innovation in Health, the Health Performance Council and the DHW Office for Research be merged and augmented to strengthen DHW's capability to develop, implement, assess and advise on the strategy.
 4. After one year, review the adequacy of the identified funding and budgets for HMR to achieve the South Australian Government's goals for HMR as developed from Recommendations 9.1.1 and 9.2.1.

SA Government Response

Recommendations 1, 2 and 4 – Supported

The South Australian government supports the proposed collaborative development of an enabling strategy for HMR in South Australia, and the appointment of an expert group to assist its development.

The development of the SA HMR Strategy will be led by the Minister for Health and Wellbeing who will be advised by a Steering Committee consisting of a cross section of parties representing expertise from across the HMR sector including, government

agencies, the universities and commercial enterprises to co-design the Strategy. The Steering Committee will necessarily provide advice on known exemplar HMR models.

The SA HMR Strategy will define and recognise the distinct roles and responsibilities of government agencies and commercial enterprises and other stakeholders across the HMR value-chain and establish long term targets and arrangements for monitoring and measuring performance.

Recommendation 3 – Not supported

Whilst the existing capability, functions and resources dedicated to HMR within the DHW will be reviewed as part of the SA HMR Strategy, the merging of the areas identified by the Commission are not believed to be the most appropriate strategy to take forward.

The DHW will instead explore opportunities to work collaboratively with relevant agencies to strengthen and sustain its HMR capability.

Recommendation 9.3 – Reform of Existing Mechanisms

To support the implementation of the state-wide HMR strategy, the Commission recommends that:

1. The minister reform the operation of the Health and Medical Research Fund (HMRF) to support the achievement of the state's health and medical research (HMR) strategic goals as set out in Recommendations 9.1 and 9.2 by:
 - a. making it fully contestable and available to all eligible state-based HMR institutions, including public universities, research institutes and LHNs, in the state;
 - b. developing a robust and transparent process and guidelines for the administration and regular evaluation of the HMRF; and
 - c. directing the operating surplus of AusHealth into the HMRF.
2. The South Australian Government incentivise both re-building research capability and the search for efficiencies to fund HMR funding in the LHNs by allowing the LHNs to retain part of the dividends from efficiency improvements to fund their HMR.
3. The South Australian Government amend the deed for the SAHMRI operating grant to require the recommended change in focus and behaviour of SAHMRI as a condition of the grant and to provide for ongoing public reporting by SAHMRI against appropriate KPI's.

SA Government Response

For further investigation

The current operation of the Health and Medical Research Fund (HMRF) will be considered as part of the SA HMR Strategy.

A review of funding arrangements for HMR in the state, including funding mechanisms for LHNs, will be further investigated as part of the development and implementation of the SA HMR Strategy. Furthermore, the South Australian Government will work with charitable foundations and other funding bodies to maximise the availability of resources to

support HMR. The Government will review whether existing legislation provides a sufficient access to funding for HMR and may enact legislative change to further facilitate this.

Consideration of the SAHMRI operating grant arrangements including, linking any future funding with agreed performance targets and greater operational transparency, will be included as part of further investigations into Recommendation 9.5 - SAHMRI Review.

Recommendation 9.4 – Public Reporting

To enhance the contribution, accountability and transparency of key partners in the state’s HMR architecture, the Commission recommends the South Australian Government:

1. strongly encourage the leadership of the respective member institutions of the Adelaide BioMed City (ABMC) to incentivise their representative executives involved in ABMC to search for and deliver precinct synergies, efficiencies and general value. This may start with regular reporting by the ABMC Board of its tangible and verifiable achievements; and
2. require the local health networks, SAHMRI and the state’s universities to commit to public reporting on key aspects of their HMR performance consistent with Recommendations 6.1 and 9.2, including research funding and outputs and HMR workforce development, in their annual reports.

SA Government Response

Supported in principle

Support for greater transparency of HMR outcomes in South Australia is welcomed.

Through the development of the SA HMR Strategy, the DHW will seek to increase reporting and transparency of activity across the sector, noting this is a local level decision of each organisation, and where

there are no government funding or agreements in place the state government will have limited capacity to mandate or enforce this requirement.

The mechanism by which to best support increased reporting will be determined by the DHW in consultation with key agencies.

Recommendation 9.5 – SAHMRI Review

To lift the contribution of SAHMRI to the state's health and medical research strength, the Commission recommends:

1. the South Australian Government, through its membership of SAHMRI, work collaboratively with the existing members of SAHMRI to establish a streamlined and consolidated membership structure to enhance SAHMRI's capacity to achieve research excellence through the resignation of the state's three public universities from membership of the company;
2. to maximise SAHMRI's contribution to research output, productivity and translational impact throughout South Australia, the South Australian Government members of SAHMRI encourage SAHMRI's board to complete the following tasks by December 2021:
 - a. adopt research excellence, consistent with the state's purpose and directions for HMR set out in Recommendation 9.1 and 9.2, as the principal purpose of SAHMRI;
 - b. establish a skills-based board, including representatives from key LHNs;
 - c. develop a long-term research strategy for SAHMRI focussed on a targeted number of actual or emerging research strengths based on an assessment of capabilities residing in SAHMRI, the three public universities and all LHNs, in consultation with those institutions;
 - d. increase the transparency of SAHMRI's operations as an MRI, distinct from its "research hotel" role, to its stakeholders including on funding sources, staff allocation, research performance and translation impact incorporating appropriate KPIs, and provide more transparent public reporting on these matters;
 - e. agree overarching affiliation agreements between SAHMRI, the public universities and LHNs which cover joint staffing arrangements, cost sharing, use of grant funding, attribution of research publications and grant success, signage and acknowledgement at SAHMRI and sharing of any income from commercialisation;
 - f. agree appropriate changes to the constitution; and
 - g. establish a business model to support research excellence as SAHMRI's core business, including divestment of any extraneous activities.

SA Government Response

For further investigation

The South Australia government supports opportunities to strengthen SAHMRI's contribution to research output through increasing transparency of its operations and development of long-term strategic goals aligned to the SA HMR Strategy.

Further consideration, in consultation, of the recommendation on SAHMRI's governance

structure and membership is required to ensure any change to existing governance does not impact on SAHMRI's ability to attract philanthropy, private investment and corporate partnerships.

Appendix 1

South Australian Health and Medical Research (HMR) Strategy

Terms of Reference

The South Australian government will commission the development of a sector strategy that takes a system level perspective of the requirements and enablers to support growth and innovation in South Australia's health and medical research sector.

This will consider all aspects of activity in the sector across the value chain

- **Excellence**, including talent attraction and infrastructure
- **Collaboration** and the remit of entities across both government and commercial enterprises
- **Innovation** including identifying areas of comparative advantage for South Australia and the investment required to further develop in these areas
- **Translation** including the attraction of investment in South Australia

The Strategy will provide an opportunity to define a cohesive vision for the sector in South Australia and develop the ecosystem required to support sector development. This will include consideration of the roles to be played by both government and non-government entities in delivering a state level vision.

The Strategy will provide a long term vision for the sector and outline an approach for South Australia to optimise its competitive advantage with respect to health data assets. The Strategy will also consider long term workforce planning requirements across the whole HMR sector including for research translation and commercialisation.

The Strategy must allow for an adaptive response that provides the framework for ongoing collaboration and responses to the changing environment for the sector post COVID-19. It will provide the basis for developing agreed aspirations and performance measures to support evaluation of progress.

Timeframes

The Strategy will be prepared for government consideration by July 2022. In the initial phase, the Strategy will focus on the vision for health and medical research across the state, including identifying areas of competitive advantage. As part of this the Strategy would also consider the necessary building blocks in the state to support the vision including the roles of parts of the sector. This will include consideration of the role the South Australian Health and Medical Research Institute (SAHMRI) in complementing and strengthening the whole of state vision. The Steering Committee will provide an interim report by December 2021 on its work program including initial advice on priority areas for consideration across the value chain.

The final Strategy will include a framework for ongoing collaboration including implementation and monitoring of both strategy actions and system level development.



Government
of South Australia