Annual Report 2017–18
National Health and Medical Research Council
Letter of transmittal

The Hon Greg Hunt MP
Minister for Health
Parliament House
CANBERRA ACT 2600

Dear Minister

I am pleased to present to you the Annual Report of the National Health and Medical Research Council for the year 1 July 2017 to 30 June 2018.

During the financial year, National Health and Medical Research Council (NHMRC) has continued to deliver on our strategic directions of managing investment in health and medical research, developing evidence based health advice, providing advice on ethical practice in health care and the conduct of medical research, and performing functions under the Prohibition of Human Cloning for Reproduction Act 2002 and the Research Involving Human Embryos Act 2002.

This report was prepared in accordance with section 46 of the Public Governance, Performance and Accountability Act 2013, section 70 of the Public Service Act 1999, and section 83 of the National Health and Medical Research Council Act 1992, and the Requirements for Annual Reports approved by the Joint Committee of Public Accounts and Audit.

The report includes the annual reports of the Australian Research Integrity Committee, and the Commissioner of Complaints as required under section 68 of the National Health and Medical Research Council Act 1992.

I am satisfied that NHMRC has in place appropriate fraud control mechanisms, risk assessment and fraud control plans, fraud prevention, detection, investigation, reporting and data collection procedures and processes, in accordance with the Australian Government Fraud Control Guidelines. NHMRC has taken all reasonable measures to minimise the instance of fraud, investigate fraud and recover the proceeds of fraud against it.

Yours sincerely

Professor Anne Kelso AO
Chief Executive Officer

4 October 2018
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About our report

This annual report is a summary of the activities and financial position of the National Health and Medical Research Council (NHMRC) for the 12-month period ended 30 June 2018.

In this report, unless otherwise stated, references to ‘the organisation’, ‘us’, and ‘our’ refer to NHMRC as a whole. In this report, ‘this year’ and ‘a year’ refer to the financial year ended 30 June 2018, unless stated otherwise.

As a statutory authority in the Health portfolio, we manage our performance through the ‘outcome and program’ structure in annual portfolio budget statements.

This report reviews our performance against the outcome and performance indicators in our corporate plan and our portfolio budget statement as required by the Public Governance, Performance and Accountability Act 2013.

Our summary of outcomes and performance criteria is on page 39.


Our portfolio budget statements are available on the Australian Government Department of Health website.
Australian health and medical research is undergoing transformation.

The introduction of the Medical Research Future Fund (MRFF) as a major new source of Australian Government support for priority-driven research, together with reforms to NHMRC’s grant program, will provide new opportunities and re-shape our national research effort over the next few years.

As the MRFF funding program grows and evolves, it will be more important than ever that NHMRC supports the foundation of Australia’s health and medical research capability—from discovery at the laboratory bench to producing evidence to underpin effective public health policy and healthcare delivery in the community. A strong and diverse research enterprise is essential if the community is to receive the benefits of this increased investment.

NHMRC’s new grant program has been developed in response to unsustainable pressures on the health and medical research sector and our funding system, and is designed to strengthen this foundation. Following the announcement of its broad architecture by the Minister for Health, the Hon. Greg Hunt MP, in May 2017, there has been a year of intense work to develop detailed policies for each of the new grant schemes and for the complex transition from our current grant program. In parallel, we consulted with the research sector on peer review for the new schemes, resulting in significant streamlining compared with some of the processes we use today. All of this work will come to fruition from late 2018 when the first of the schemes in the new grant program opens for applications for funding commencing 1 January 2020.

Another critical project this year has been the development of a new research grants management system. The new system, tagged Sapphire—Supporting Research Excellence, will present a user-friendly interface for applicants, peer reviewers and administering institutions while managing many thousands of applications and active grants each year. It will be supported by advanced analytics being developed with assistance from the Government’s Modernisation Fund; over time Sapphire will have greatly increased power to help match grant applications to expert reviewers and identify the outcomes of NHMRC-funded research.
NHMRC’s experience in peer review and grants management was drawn upon by the Department of Health to deliver a number of Medical Research Future Fund (MRFF) schemes during the year, and this role is expected to expand as more MRFF schemes are rolled out. This illustrates the value of sharing capabilities across government while also minimising the number of different systems researchers and institutions must engage with to apply for research funding.

Gender inequality in research funding remains a challenging issue for NHMRC, despite a number of initiatives over recent years and increasing societal awareness of gender bias, including in peer review. Of most concern is the low representation of women at the senior levels of NHMRC’s Fellowships scheme, despite women and men having similar success rates, and the lower success rates of Project Grant applications led by women compared with men. In 2017, after careful consideration, NHMRC intervened directly for the first time to fund an additional 34 Project Grants led by women, partially bridging the gap in success rates.

Research to improve Aboriginal and Torres Strait Islander health is a continuing priority. In addition to the targeting of research funding, NHMRC consulted on and revised a number of key policies—most notably two guidelines on ethical conduct in research with Aboriginal and Torres Strait Islander peoples and communities and Road Map 3, NHMRC’s 10-year strategic framework for improving the health of Australia’s Indigenous population.

Another significant achievement was the launch of the revised Australian Code for the Responsible Conduct of Research, 2018, developed by NHMRC in partnership with the Australian Research Council and Universities Australia. This was the outcome of three years of work and extensive public consultation which highlighted some of the controversies and challenges associated with defining and managing allegations of research misconduct.

This Annual Report marks the end of the 2015–2018 triennium and therefore the end of the terms of NHMRC’s Council and Principal Committees. We thank all the members for their exceptional commitment and guidance as we undertook the major reforms and other significant activities outlined in the following pages. Our special thanks go to Council Chair Professor Bruce Robinson AM, Australian Health Ethics Committee Chair Professor Ian Olver AM, Research Committee Chair Professor Kathryn North AM, Health Translation Advisory Committee Chair Professor Sharon Lewin, Health Innovation Advisory Committee Chair Professor Graeme Samuel AC, and Embryo Research Licensing Committee Chair Professor Constantine Michael AO. Principal Committee Indigenous Caucus Chair Professor Sandra Eades and Community and Consumer Advisory Group Chair Ms Karen Carey have also earned our deep gratitude.

I also acknowledge and thank members of the many other advisory and peer review committees who provided advice and helped us to deliver our work over the last year. NHMRC is exceptional among Australian Government agencies in the breadth and depth of support it receives from the community—in our case particularly from the academic research and health sectors, but also from consumers and other areas of Australian society. The quality, effectiveness and relevance of our work are enormously enhanced by their contributions.
Ultimately, however, it is the research undertaken with NHMRC support which is the most important measure of our success. Over the past year, NHMRC committed about $943 million in new research grants for individuals, teams, projects and centres across an extraordinary range of biomedical, clinical and health topics—investments that will contribute to future advances in knowledge, public health policy and clinical care. It has also been a pleasure to recognise some of Australia’s leading researchers and their work through the 2018 Research Excellence Awards and showcasing on our website and later in this report. The high quality of NHMRC-funded research and its translation ensures that Australia will continue to receive the benefits of its research investment through improved health and wellbeing.

Professor Anne Kelso AO
Chief Executive Officer
Part 1 | Overview

The National Health and Medical Research Council (NHMRC) is the leading national investor in health and medical research, advancing health and medical knowledge to improve the health of all Australians.

NHMRC has been Australia’s key government body for supporting health and medical research since 1937.

Our role

We are a statutory authority within the Australian Government Health portfolio. The National Health and Medical Research Council Act 1992 (NHMRC Act) requires us to:

• raise the standard of individual and public health throughout Australia
• foster the development of consistent health standards between the various states and territories
• foster medical research and training and public health research and training throughout Australia
• foster consideration of ethical issues relating to health.

Our principal function is to foster improved health and medical knowledge through:

• funding research and translating research findings into evidence-based clinical practice
• administering legislation governing research
• issuing guidelines and advice for ethics in health
• promoting public health.

We develop evidence-based health advice for the Australian community, health professionals and governments, and provide advice on ethical practice in health care and the conduct of health and medical research.

Our key stakeholders include governments, researchers, research institutions, health consumers, health professionals and the Australian community.
Our purposes and program

Outcomes are the Government’s intended results, benefits or consequences for the Australian community. We use outcomes as a basis for budgeting, measuring performance and reporting. We are funded annually to achieve outcomes, and our funding allocation is published in the portfolio budget statements.

The Health Portfolio Budget Statements 2017–18 set out the following intended outcome, which is delivered through one program:¹

**Outcome 1:**

Improved health and medical knowledge, including through funding research, translating research findings into evidence-based clinical practice, administering legislation governing research, issuing guidelines and advice for ethics in health and the promotion of public health.

**Program 1.1 Health and Medical Research**

Through Program 1.1 the Australian Government invests in health and medical research undertaken within a well-established ethical framework, to address national health priorities and improve the health status of all Australians.

NHMRC’s Strategic Plan and Corporate Plan outline our purposes and targets for health and medical research for the period 2017–18 to 2019–20.

The scope and reach of our activities are broad, spanning a wide range of health topics from funding research to guideline development and advice.

Our Corporate Plan 2017–18 sets out our purposes, planned activities and performance for the period 2017–18 to 2020–21 and addresses capability, environment and risk oversight and management as required by the *Public Governance, Performance and Accountability Act 2013* (PGPA Act).

**Strategic overview**

Our function is to foster improved health and medical knowledge, including through funding research, translating research findings into evidence-based clinical practice, administering legislation governing research, issuing guidelines and advice for ethics in health and promoting public health.

The themes of investment, translation and integrity represent our strategy for health and medical research for the period 2016–2021.²

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Under these themes, our purposes have been defined as follows:

• to fund high quality health and medical research and build research capability
• to support the translation of health and medical research into better health outcomes
• to promote the highest ethical standards in health and medical research.

Our Chief Executive Officer is required to identify the major national health issues that are likely to arise and to set out a national strategy for medical research and public health research for the period 2015–16 to 2018–19.

Major health issues

The National Health Priority Areas (NHPAs) for research funding are designated by Australian governments as key targets because of their contribution to the burden of disease in Australia. The NHPAs underpin much of the work undertaken by NHMRC, with funding for research and translation activities being provided across all these areas and reflecting the strengths and interests of Australian researchers. The NHPAs are listed in Table 1, along with the amount spent on research for the past five financial years. Figure 1 illustrates funding for NHPAs in 2017–18.

Table 1: NHMRC research spending in National Health Priority Areas, 2013–14 to 2017–18

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<tr>
<td>Arthritis and osteoporosis</td>
<td>$24,134,099</td>
<td>$22,805,602</td>
<td>$18,795,565</td>
<td>$18,587,314</td>
<td>$17,090,906</td>
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<td>Asthma</td>
<td>$23,653,360</td>
<td>$24,200,707</td>
<td>$17,823,657</td>
<td>$14,090,531</td>
<td>$14,630,187</td>
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<td>Cancer control</td>
<td>$194,734,109</td>
<td>$194,856,055</td>
<td>$173,827,967</td>
<td>$173,941,646</td>
<td>$175,843,293</td>
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<td>Cardiovascular disease</td>
<td>$125,388,751</td>
<td>$129,258,827</td>
<td>$107,299,859</td>
<td>$106,093,758</td>
<td>$100,220,334</td>
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<td>Dementia</td>
<td>$33,002,347</td>
<td>$33,484,149</td>
<td>$41,431,454</td>
<td>$47,506,067</td>
<td>$55,949,202</td>
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<td>Diabetes</td>
<td>$72,318,158</td>
<td>$72,298,087</td>
<td>$64,282,295</td>
<td>$60,758,105</td>
<td>$52,898,334</td>
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<td>Injury</td>
<td>$55,438,402</td>
<td>$62,825,752</td>
<td>$52,659,185</td>
<td>$47,067,086</td>
<td>$46,986,732</td>
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<td>Mental health</td>
<td>$82,668,244</td>
<td>$91,323,923</td>
<td>$75,194,010</td>
<td>$70,229,980</td>
<td>$69,445,289</td>
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<td>Obesity</td>
<td>$44,710,472</td>
<td>$40,998,383</td>
<td>$30,993,234</td>
<td>$27,565,388</td>
<td>$24,578,731</td>
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We also work to:

• create stronger pathways to capture the economic value of research discoveries
• improve the health of Aboriginal and Torres Strait Islander peoples
• harness the power of new technologies to improve health care
• prepare for rapid and unpredictable change
• develop and promote robust frameworks to support evidence-based decision making
• address the social, environmental and community dimensions of health
• strengthen the quality of evidence from research.

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FUNDING RESEARCH IN AUSTRALIA’S NATIONAL HEALTH PRIORITY AREAS 2017–18

- Dementia: $55.9m
- Obesity: $24.6m
- Arthritis and osteoporosis: $17.1m
- Diabetes: $52.9m
- Cancer: $175.8m
- Mental Health: $69.4m
- Asthma: $14.6m
- Cardiovascular disease: $100.2m
- Injury: $47.0m
Strategy for health and medical research

Our strategy for health and medical research addresses major health issues, including the NHPAs, and other functions conferred on us by the NHMRC Act. Figure 2 provides a graphic representation of the strategy.

Figure 2: NHMRC strategy for health and medical research
Organisation

Our executive is responsible for the high-level management of NHMRC.

**Chief Executive Officer, Professor Anne Kelso AO**

Professor Anne Kelso is the Chief Executive Officer (CEO) of NHMRC.

Professor Kelso was previously Director of the World Health Organization Collaborating Centre for Reference and Research on Influenza in Melbourne, a role she held from 2007 to 2015.

Her earlier research career was spent at the Swiss Institute for Experimental Cancer Research, the Walter and Eliza Hall Institute of Medical Research and the Queensland Institute of Medical Research, undertaking research in the field of immunology.

From 2000 to 2006, she was also Director/CEO of the Cooperative Research Centre for Vaccine Technology. Professor Kelso has previously served as President of the Australasian Society for Immunology, as Secretary-General of the International Union of Immunological Societies, and as a member of several governing boards and advisory groups, including the Council of Queensland University of Technology, the boards of the Telethon Kids Institute and the Florey Institute of Neuroscience and Mental Health, and committees advising WHO and the Australian Government on influenza. She was appointed an Officer in the Order of Australia in June 2007 for service to science. She was elected as a Fellow of the Australian Academy of Science by Special Election in 2018.

**General Manager, Mr Tony Kingdon**

Mr Tony Kingdon is the General Manager and is responsible for overseeing the operation of NHMRC.

Mr Kingdon joined NHMRC in February 2011. Previously, he worked for many years with the Department of Health on a wide range of topics, including acute care, medical services, hearing services and international health.

Prior to joining NHMRC, Mr Kingdon was head of the then Acute Care Division, which was responsible for providing advice on hospital funding, private health, medical indemnity and dental services.
Leadership team

Mr Tony Krizan FCPA, Executive Director, Corporate Operations and Information, Chief Financial Officer and Chief Information Officer

Mr Tony Krizan is the Executive Director, Corporate Operations and Information, Chief Financial Officer (CFO) and Chief Information Officer (CIO). His responsibilities include business operations, human resources, finance, information and communication technology, and data reporting and analytics.

Mr Krizan has tertiary qualifications in financial administration and management, and is a Fellow of CPA Australia.

Mr Krizan worked in a number of industries prior to his tertiary study and subsequent employment in the Australian Public Service. Over a period of 28 years, he worked in the Finance, Employment, Education and Training and Health and Ageing portfolios in policy development, program management and corporate operations roles.

Ms Samantha Robertson, Executive Director (until November 2017), Evidence, Advice and Governance

Ms Samantha Robertson was the Executive Director of the Evidence, Advice and Governance Branch until November 2017. In this capacity she was responsible for assisting the CEO to deliver her key statutory responsibilities to develop and approve ethical, clinical and public health guidelines, and to provide advice to the community on health issues of significance, such as the Australian Dietary Guidelines. She was also responsible for strategic planning, corporate governance and NHMRC work on streamlining clinical trial ethics and governance processes.

Ms Jillian Barr, Acting Executive Director, Evidence, Advice and Governance Branch (Nov 2017–June 2018)

Ms Jillian Barr acted in the Executive Director role of the Evidence, Advice and Governance Branch from November 2017 until June 2018. She was responsible for assisting the CEO to deliver her key statutory responsibilities to develop and approve ethical, clinical and public health guidelines, and to provide advice to the community on health issues of significance such as e-cigarettes. She was also responsible for strategic planning and corporate governance for the agency.

Ms Barr oversaw the restructure of the Branch from Evidence, Advice and Governance to its current state as the Research Quality and Priorities Branch, which occurred in April 2018. The Branch is now responsible for a number of funding schemes, including targeted calls for research, working with international partners on specific funding priorities and oversight of the Boosting Dementia Research initiative. This is in addition to the work that the branch currently does on research ethics, integrity and strategic projects and support. Dr Tony Willis assumed responsibility as the Executive Director of the Research Quality and Priorities Branch in mid-June 2018.
Dr Tony Willis, Executive Director, Research Quality and Priorities

Dr Tony Willis is the Executive Director of the Research Quality and Priorities Branch.

Dr Willis completed a PhD in biology at the Australian National University in 1994, before moving to Imperial College, London, to continue research as a post-doctoral fellow.

On returning to Australia in 1997, he worked as a senior research scientist at the Commonwealth Scientific and Industrial Research Organisation before joining the Office of the Gene Technology Regulator. He joined the Department of Foreign Affairs and Trade where he had policy responsibility for the Biological Weapons Convention and related bioterrorism issues as well as nuclear and chemical security policy. At the Department of the Prime Minister and Cabinet, he continued to develop and provide strategic policy advice on counter-terrorism, including chemical and biological security threats.

Dr Willis joined NHMRC in March 2010. He led the Branch that managed the majority of our funding schemes for five years, Research Programs Branch, before heading the Taskforce to implement NHMRC’s new grant program. He took over the Research Qualities and Priorities Branch in mid-June 2018.

Mr Alan Singh, Executive Director, Research Policy and Translation

Mr Alan Singh is the Executive Director of the Research Translation Branch, and NHMRC’s Indigenous Champion. His responsibilities include the Advanced Health Research and Translation Centres/Centres for Innovation in Regional Health, Indigenous health research and researchers, and administering the Centres of Research Excellence and Partnership Projects funding schemes. He has worked on issues in the Health portfolio for 20 years, including three years at the Department of the Prime Minister and Cabinet.

Dr Julie Glover, Acting Executive Director, Research Foundations

Dr Julie Glover is the Acting Executive Director of the Research Foundations Branch. This includes responsibility for directing most of NHMRC’s research support schemes, leading strategic research activities and managing NHMRC’s grants.

Dr Glover completed a PhD in the Faculty of Science at the Australian National University in 1996 and held research positions until joining the Bureau of Rural Sciences in 2002. In 2007, Dr Glover moved into the Innovation Division of the Department of Industry and spent the next four years developing and delivering key innovation policies. Dr Glover joined NHMRC as a Director in 2011.
Our structure

Our organisational structure at 30 June 2018 is shown in Figure 3. We restructured during the financial year, to better meet our portfolio objectives and outcomes. The previous organisational structure is shown at Figure 4.

Figure 3: NHMRC organisational structure at 30 June 2018
Professor Jonathan Carapetis AM

Professor Jonathan Carapetis was a young medical student in the mid-1980s when he came face to face with the kind of poverty and inequality that has defined his approach to medicine ever since.

Professor Carapetis’s ongoing clinical and research work centres on infectious diseases including rheumatic fever and rheumatic heart disease (RHD): potentially deadly, preventable conditions inextricably tied to poverty and disadvantage.

He found his way to RHD through a streptococcus A outbreak he witnessed in the early 1990s as a trainee paediatrician at the Royal Children’s Hospital in Melbourne. He’d been drawn to paediatrics as a medical student, finding an innocence and optimism about working with children that was in stark contrast to his adult rotations.

During his specialist training a few years later he was faced with a mystifying run of children coming in desperately sick, and sometimes dying, from severe strep A infection. Keen for answers, he began researching strep A—identifying that it was undergoing a resurgence and was becoming more severe, with children experiencing toxic shock from these flesh-eating bacteria.

‘That got me interested in the bug and I decided to upskill in research and do a PhD,’ Professor Carapetis said.

Keen to focus on Aboriginal health, he called a long-time mentor in Darwin, Professor Bart Currie, who told him they needed someone to come and sort out rheumatic fever.

‘I don’t think I’d ever seen a case in Melbourne, but it was caused by the same bug I’d been researching so I flew up to Darwin in 1993 to check it out and found it was out of control. That became my PhD project.’

‘Since then we’ve come to recognise that this is a disease that affects 33 million people in the world. If you add rheumatic fever to other strep A diseases, it kills more than half a million people a year—almost all in developing countries.’

Professor Carapetis, supported largely by NHMRC funding, has been researching RHD ever since. Around ten years ago he widened his focus to advocacy and translation.

‘I continue to build the evidence but what I’m trying to do is raise awareness and get the tools to do something about this disease.’

Professor Carapetis was appointed a Member of the Order of Australia in the Queen’s Birthday Honours List this year. He would like to see the medical research world more focused on targeting priority issues and on impact and outcomes, and more open to teamwork and sharing. It’s an idea he’d like up-and-coming researchers to embrace. He advises them to be driven both by what they enjoy and by values—particularly generosity.

‘If you’re seen as a good partner and someone who’s just as supportive of the other people you work with as you are of yourself, then that will make you a great researcher,’ he said.
Research funding and expenditure

Funding received for health and medical research from the Australian Government and other sources through the Medical Research Endowment Account (MREA) amounted to $885.7 million in 2017–18, while grant payments for health and medical research totalled $837.3 million in the same year.

New grants awarded through the MREA during 2017–18 amounted to $942.8 million, to be spent over a period of up to six calendar years. This is an increase of $132.9 million, from $809.9 million in 2016–17. This is primarily for new commitments under the Boosting Dementia Research initiative ($73.1 million), an increase in Project Grants funding compared to 2016–17 ($20.2 million), and the timing of review processes for Partnership Projects which resulted in four rounds approved during 2017–18 compared to one round approved in 2016–17 ($32.7 million). There were also increases in other schemes compared to 2016–17, including International Collaborations ($4.6 million), Development Grants ($1.7 million), and Early Career Fellowships ($0.6 million). Figure 5 provides a graphic representation of the MREA from 2008–09 to 2017–18 and Figure 6 provides a funding snapshot across NHMRC funding schemes in 2017–18.

Figure 5: Medical Research Endowment Account (MREA)

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4 Funding in 2017–18 includes Australian Government appropriations credited to the Medical Research Endowment Account ($873.6 million) and other receipts and recoveries ($12.1 million).
In 2017–18, NHMRC also administered grant programs outside the MREA for activities related to dementia research ($7.7 million, including $4.1 million for Boosting Dementia Research and $3.6 million for the Dementia Centre for Research Collaboration), anti-venom research ($0.5 million), clinical trials reform ($0.1 million) and provision of research evidence for clinical practice and policy through the Cochrane Collaboration ($1.9 million).

**Medical Research Future Fund**

In 2017–18, NHMRC assisted the Department of Health to implement a number of disbursements from the Medical Research Future Fund (MRFF). We provided high-quality application and assessment processes for a number of programs, including:

- Medical Research Future Fund—Antimicrobial Resistance—Targeted Call for Research grants
- Medical Research Future Fund—Next Generation Clinical Researchers grants
- Medical Research Future Fund—Rare Cancers, Rare Diseases and Unmet Need Clinical Trials grants
Figure 6: NHMRC funding snapshot 2017–18

We invested in our future researchers with:

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<th>Type</th>
<th>Amount</th>
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<td>Postgraduate Scholarships</td>
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<td>Early Career Fellowships</td>
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</table>

We worked with partners through:

<table>
<thead>
<tr>
<th>Type</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Partnership Projects</td>
<td>$42.4m</td>
</tr>
<tr>
<td>Partnership Centre</td>
<td>$7.7m</td>
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</table>

The table and diagram detail the funding allocations and partnerships for research and development grants.
# Funding snapshot

Table 2: NHMRC funding summary 2017–18

<table>
<thead>
<tr>
<th>Funding Initiative</th>
<th>New Grants</th>
<th>Total Commitments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project Grants</td>
<td>550</td>
<td>$471,478,982</td>
</tr>
<tr>
<td>Program Grants</td>
<td>8</td>
<td>$102,816,880</td>
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<tr>
<td>Partnership Projects</td>
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<td>$42,358,166</td>
</tr>
<tr>
<td>Centres of Research Excellence</td>
<td>16</td>
<td>$39,917,589</td>
</tr>
<tr>
<td>Development Grants</td>
<td>19</td>
<td>$13,799,595</td>
</tr>
<tr>
<td>Partnership Centre: Systems Perspective on Preventing Lifestyle-related Chronic Health Problems</td>
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<td>$7,672,589</td>
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<tr>
<td>Research Fellowships</td>
<td>76</td>
<td>$57,738,355</td>
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<tr>
<td>Early Career Fellowships</td>
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<td>Career Development Fellowships</td>
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<td>$26,660,345</td>
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<tr>
<td>Practitioner Fellowships</td>
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<td>Postgraduate Scholarships</td>
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<tr>
<td>Translating Research into Practice Fellowships</td>
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<td>$2,149,416</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>998</strong></td>
<td><strong>$818,142,803</strong></td>
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**Targeted Calls for Research**

<table>
<thead>
<tr>
<th>Targeted Calls for Research</th>
<th>NHMRC—beyondblue Targeted Call for Research into depression, anxiety and suicide among elderly Australians</th>
<th>7</th>
<th>$5,036,455</th>
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</thead>
<tbody>
<tr>
<td><strong>Total</strong></td>
<td><strong>7</strong></td>
<td><strong>$5,036,455</strong></td>
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**International Collaborations**

<table>
<thead>
<tr>
<th>International Collaborations</th>
<th>Global Alliance for Chronic Diseases: Prevention and Management of Mental Disorders</th>
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<th>$4,928,836</th>
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</thead>
<tbody>
<tr>
<td>A*STAR Joint Call for Research in Novel Molecular Mechanisms of Obesity and Metabolic Diseases</td>
<td>6</td>
<td>$2,001,513</td>
<td></td>
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<tr>
<td>NHMRC—European Union Collaborative Research Grants</td>
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<tr>
<td>NHMRC—NIHR Collaborative Research Grant</td>
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<tr>
<td><strong>Total</strong></td>
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<td><strong>$10,026,492</strong></td>
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**Infrastructure Support**

<table>
<thead>
<tr>
<th>Infrastructure Support</th>
<th>Independent Research Institutes Infrastructure Support Scheme</th>
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<th>$30,845,317</th>
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<tbody>
<tr>
<td><strong>Total</strong></td>
<td><strong>68</strong></td>
<td><strong>$36,545,317</strong></td>
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</table>

**Boosting Dementia Research**

<table>
<thead>
<tr>
<th>Boosting Dementia Research</th>
<th>Boosting Dementia Research Leadership Scheme</th>
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<tr>
<td></td>
<td>Targeted Call for Research into Dementia in Indigenous Australians</td>
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<tr>
<td></td>
<td>Boosting Dementia Research Priority Round 1: Implementation of Dementia Research into Clinical Practice and Care</td>
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<td></td>
<td>Boosting Dementia Research Priority Round 2: European Union Joint Programme for Neurodegenerative Diseases</td>
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<td></td>
<td>Boosting Dementia Research Priority Round 3: National Dementia Network</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>52</strong></td>
<td><strong>$73,078,451</strong></td>
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</tbody>
</table>

**Total**

1. The Targeted Call for Research into Dementia in Indigenous Australians is reported under ‘Boosting Dementia Research’.
2. Co-funded with beyondblue.
3. Includes Targeted Calls for Research and International Collaborations that were supported by the Boosting Dementia Research initiative.
NHMRC’s Research Excellence Awards

NHMRC promotes excellence in health and medical research through the Annual NHMRC Awards. These awards recognise individuals and teams that have made an outstanding contribution to the advancement of health through research.

The Rising Star Award

The Rising Star Award is given to the top-ranked application by an Indigenous Australian researcher in the Early Career Fellowship scheme.

Dr Lisa Whop
Menzies School of Health Research

Grant title: Reducing disparities in cervical cancer incidence for Aboriginal and Torres Strait Islander women through screening and vaccination

Significant inequalities persist in cervical cancer rates among Indigenous Australian women, despite a national prevention program through cervical screening and human papillomavirus (HPV) vaccination.

This early career fellowship builds on Dr Whop’s PhD research and focuses on two priority areas: improving the uptake of screening among under- or never-screened Indigenous women, and maximising uptake and completion of HPV immunisation among Indigenous adolescents. The research program has a strong focus on overcoming knowledge deficits and the translation of new information into key policy and practice improvements.

‘We as First Nations peoples continue to face the legacy of colonisation and exclusion. As a result, many First Nations people are challenged by health inequalities in a system which excludes us. Providing an evidence base through research is a means to challenge these systems and provide our own solutions. The work we do in our team every day positively impacts on me as a Torres Strait Islander woman, my family and my community.’
The Gustav Nossal Award

This award is named in honour of Sir Gustav Nossal and his pioneering work in the field of immunology. It is awarded to the highest ranked applicant for an NHMRC Postgraduate Scholarship in the field of medical and dental research.

Dr Amanda Gwee
University of Melbourne

Grant title:
Improving the treatment of neonatal sepsis through vancomycin pharmacokinetic and pharmacodynamics modelling

One of the common treatments for babies with serious infections is an antibiotic called vancomycin. Dr Gwee’s study is the first to compare two different ways of dosing vancomycin in babies to determine which is the most effective and safe way to give vancomycin.

She is also studying the levels of vancomycin we need in the blood to treat the bugs that cause infections in babies.

She is developing an online tool so the dose of vancomycin can be customised to individual babies, ensuring each baby gets the best possible treatment for their infection.

‘Many bacteria are becoming resistant to antibiotics and some of our treatments for infections no longer work. I want to use this vancomycin model to not only improve the treatment of infections but also see if, just by improving dosing, we could potentially keep using our first-line antibiotics even when treating resistant bacterial infections,’ says Dr Gwee.

‘I think that antimicrobial resistance is among the biggest health challenges facing Australians, particularly with the spread of multi-drug resistant organisms.’
Frank Fenner Early Career Fellowship

This fellowship is awarded to the highest ranked Early Career Fellow whose research reflects Professor Fenner’s achievements in international health.

Dr Matthew Field
James Cook University

Grant title:
Developing Core Bioinformatics Capacity at the Australian Institute of Tropical Health and Medicine

Biology has entered a data-rich era due to the decreased cost and increased volume of sequence data. The increasing availability of cost-effective next generation sequencing means the research bottleneck for many projects is shifting from data generation to analysis.

To address this, we need local bioinformatics teams that are up to date with the latest developments in the fast-moving field of bioinformatics algorithm development. This research plan details how to construct a bioinformatics team that will support and drive research projects within the Australian Institute of Tropical Health and Medicine at James Cook University.

On the basis of work to develop infrastructure to find the genetic cause of diseases, clinicians in the public health system are increasingly able to make more informed treatment decisions specific to individual patients.

‘We are using sequencing technology to identify pathogens responsible for tropical diseases—aiming to develop precise patient treatments. We are also investigating how Indigenous Australians may respond differently to expensive cancer treatments due to large differences in their genomes.’
Project Grants

Project Grants support the creation of new knowledge by funding the best investigator-initiated research project in any area relevant to human health.

Marshall and Warren Award

The award is named after Australian Nobel Laureates Professors Barry Marshall and Robin Warren, who were awarded the 2005 Nobel Prize in Physiology or Medicine. The award is made to the applicant with the most highly innovative and potentially transformative Project Grant application.

Associate Professor James Bourne
Monash University

Grant title:
The pulvinar is instrumental in the development of visual cortical networks

Brain disorders, injury and disease continue to have a major impact on individuals, their families and our society, affecting people of all ages. However, despite escalating research effort in this area our knowledge of how the brain works is still relatively limited because of the sheer complexity of this organ.

It is unclear how circuits in the areas of the brain that are involved in vision develop and establish to allow us to seamlessly interact with our environment. Associate Professor Bourne’s group was the first to discover a new pathway linking the eye to the brain and demonstrate that it is responsible for integrating specific types of visual information that are critical for visually-guided behaviours early in life. This pathway enables us to accurately grasp objects of different shapes. Understanding these brain circuits has significant implications for a number of developmental brain disorders that usually arise in early childhood.

Children who have a visual brain injury often recover function better than adults with a similar injury. The knowledge we gain provides important clues as to how we could better treat patients of all ages who have had a brain injury. This research will also help children who start to show early signs of movement and vision problems.
by explaining why they may be experiencing those problems and how we might help them in overcoming these challenges.

‘My goal is to discover how and why these complex and unique visual pathways in the brain have the ability to repair themselves in young children but are not as likely to repair in the adult brain.’

‘I hope to be able to clarify the involvement of these pathways in learning, language or movement disorders and specifically in childhood blindness.’

Project Grant Award

This award is given to the highest ranked applicant in NHMRC’s Project Grant scheme.

Professor Stephen Nutt
The Walter and Eliza Hall Institute of Medical Research

Grant title:
Determining the essential regulators of antibody production

Our immune system plays a critical role in maintaining our health, through the prevention of infection. The goal of this research is to decipher how, at the level of individual molecules and genes, the immune system achieves this feat. A key issue is to understand how cells make decisions. Cellular decisions can take many forms, from signals that initiate the formation of immune cells from rare blood stem cells, through to strategic responses in the body about whether to attack foreign organisms. Understanding how immune cells normally work tells us what is going wrong in disease settings and highlights new approaches to treat diseases such as autoimmunity and allergy.

‘In my field of immunology, the biggest challenge is the diseases resulting from an over-active immune system, including autoimmune diseases such as lupus and multiple sclerosis, as well as allergies and asthma. The prevalence of many of these conditions has grown markedly in the community and it is critical to find new treatments and most importantly preventions or cures for these conditions. We hope that our research into the regulation of key control mechanisms that occur in our immune systems will lead to a greater understanding as to why the process goes awry in these diseases.’
Program Grants

Program Grants support teams of high-calibre researchers to pursue broad-based, multidisciplinary and collaborative research activities. The award is made to the highest ranked applicant in NHMRC’s Program Grant scheme.

Professor Jamie Craig
Flinders University

Grant title:
*Translating genetic determinants of glaucoma into better diagnosis and treatment*

Professor Craig’s research has focused on understanding why people develop glaucoma, the leading cause of irreversible blindness in the world. He has made great advances by studying genes to understand why some individuals go blind from glaucoma, and why some families are at high risk of developing glaucoma. This enables clinicians to develop strategies for early detection, so that the next generation in these families can be treated early to prevent visual loss. Outcomes can be much better in the future with improved quality of life for affected individuals.

Glaucoma is a complex and highly heritable eye disease. Professor Craig’s program brings together three synergistic themes. Firstly, he will accelerate gene discovery by expanding the world’s only biobank of patients with advanced glaucoma. Secondly, innovative gene expression studies using patient-derived eye tissue and stem cells will be used to dissect genetic causes of glaucoma. Finally, he will be pioneering evidence-based strategies to manage early glaucoma patients, incorporating genetic testing into risk stratification. Savings will accrue as we treat fewer low-risk cases and treat high-risk cases earlier and more aggressively to prevent blindness.

‘In my clinical work, I see first-hand the amazing advances that have led to significantly longer lives for Australians. I think the biggest health challenge now is to make sure that quality of life is preserved as well as longevity. This means being able to think, see, hear and mobilise. Retaining eye and brain function into old age requires neuroprotective strategies and I think this will be a major challenge for the next decades of health research.’

Annual Report 2017–18
Development Grants

Development Grants support the commercial development of a product, procedure or service that would result in improved health care or disease prevention or provide health cost savings. The award is given to the highest ranked applicant in NHMRC’s Development Grant scheme.

Professor Shudong Wang
University of South Australia

Grant title:
Development of a novel and highly selective CDK4/6 inhibitor for treating cancer

It is estimated that more than 134,000 new cases of cancer were diagnosed in Australia in 2017, an average of 367 diagnoses each day. There is a significant unmet need for effective treatment. Our goal is to discover new targeted anti-cancer drugs and to rapidly advance their use in cancer treatment. The launch of this new drug candidate, with its novel structure, better clinical safety and enhanced treatment responses, will represent an improvement on current therapies, offering new hope for many Australians living with the killer disease.

Cyclin-dependent kinase 4 (CDK4) is an enzyme that is vital for survival and proliferation of cancer cells. Blocking the enzymatic activity of CDK4 kills cancer cells. We have identified and patented a novel drug candidate that can effectively kill a range of cancer cells by targeting CDK4. We have demonstrated its effectiveness against cancers of the breast, ovaries, colon and prostate, as well melanoma and leukaemia. In this project, we will further determine the anti-cancer efficacy and safety of this new drug with the aim of securing investment from the pharmaceutical industry to accelerate its development as a cancer therapy.

‘The population is ageing, Australians are living longer and the incidence and burden of cancer are increasing. Breakthrough research focusing on new and more effective therapies is of paramount importance to the health of Australians today.’
Research Fellowships

Research Fellowships support leading health and medical researchers in full-time research. The award is given to the highest ranked applicant in NHMRC’s Research Fellowship scheme.

**Professor Melissa Little**
Murdoch Children’s Research Institute

**Grant title:**
*Regenerating the kidney using an understanding of normal development.*

This research in kidney development and stem cell differentiation aims to improve diagnosis of kidney disease, improve our understanding of the disease mechanism, build platforms for drug screening and potentially develop approaches for kidney regeneration.

With 3.2 million patients worldwide receiving treatment for kidney disease, and a reducing availability of organs for transplantation, there is a need for alternative therapies for treatment. Professor Little has pioneered a protocol whereby induced pluripotent stem cells (iPSC) can be directed to form mini-kidneys containing all the major cell types expected in the human kidney. This protocol is reproducible and can be applied to any iPSC line. This breakthrough opens the door to personalised modelling of genetic kidney disease.

‘Within this research program, we aim to better understand kidney development, direct human stem cells to kidney tissue, model kidney disease and regenerate the kidney.’
Elizabeth Blackburn Fellowships

These fellowships are named after Australian–American Nobel Laureate Elizabeth Blackburn, who was awarded the 2009 Nobel Prize in Physiology or Medicine. The fellowships promote and foster the career development of female researchers. The award is made to the highest ranked female applicant in each of the biomedical, clinical and public health pillars of the Research Fellowship Scheme.

Elizabeth Blackburn Fellowship—Biomedical

Highest ranked Research Fellowship winner Professor Melissa Little is also a recipient of the Elizabeth Blackburn Fellowship—Biomedical.

Professor Melissa Little
Murdoch Children’s Research Institute

Elizabeth Blackburn Fellowship—Clinical

Professor Leanne Togher
University of Sydney

Grant title:
Advancing life participation outcomes following traumatic brain injury by improving communication skills: From the bedside to the barbeque

This fellowship will enable Professor Togher to transform health care services for the 70 per cent of brain injury cases who suffer loss of communication following their injury. The ability to communicate underpins all aspects of our lives, and thus a sudden loss can lead to devastating life-changing difficulties, including inability to work or study, relationship breakdown, social isolation and poor quality of life.
Under this fellowship, Professor Togher believes she can achieve real improvements in the lives of people with brain injury in two ways. First, she can evaluate sophisticated innovative treatments for communication problems, which are informed by current theories of neural repair, cognitive processing and models of learning. Second, once evaluated, the best treatments will be easily accessible to all people with brain injury, through the use of e-health technology. People with brain injury will have improved outcomes, such as return to work, avoidance of relationship breakdown and improved quality of life.

‘Following my first successful case of helping a young person to regain her communication after a serious brain injury, I could see that being able to communicate is central to every aspect of recovery. This particular case taught me that specialist treatment can lead to restoration of communication after a brain injury, the importance of including family in all the treatment (which in this case was her young husband of three weeks) and also the need to focus on everyday life activities when developing treatment plans. After I helped her get back to work and return to her normal life, I knew that this was the field of research I wanted to pursue.’

Elizabeth Blackburn Fellowship—Public Health

Professor Rebecca Ivers
The George Institute for Global Health

Grant title: Reducing the global burden of injury through effective prevention and trauma care

Injury is the leading killer of children and people of working age globally. Ultimately, Professor Ivers aims to reduce the global burden of injury, and address inequities evident in injury. There is a strong socioeconomic gradient in injury in every setting, which she hopes to address through this research.

Professor Ivers will generate new evidence for the prevention and management of injury, including road injury, burns, falls and drowning, with a particular focus on Aboriginal and Torres Strait Islander people and those from low- and middle-income countries. She will work in partnership with governments, global agencies—including the World Health Organization—and the community and clinicians to ensure the effective translation of research into practice.

‘My work has led to implementation of programs that reduce injury in communities in Australia and in low- and middle-income countries around the world. This includes programs harnessing the strengths of Aboriginal people to address injury in their communities, for road crashes, falls in older people and burns in children. I have also worked with clinicians to identify effective treatments to manage burns and fractures in resource-poor settings.’
Practitioner Fellowships support research that results in the translation of evidence into improved clinical practice and health policy, delivering improvements in health and healthcare to Australians. The award is given to the highest ranked applicants in NHMRC’s Practitioner Fellowship scheme. This year there were three equally ranked awardees.

**Professor Gemma A. Figtree**
University of Sydney

*Grant title:*
*Improving the care for heart attack patients, using knowledge of redox signalling and molecular biology to develop methods of identifying those at highest risk of adverse outcome, and discovering novel therapies to prevent and treat events*

Globally there are growing numbers of people with coronary artery disease despite showing minimal risk factors. Working with large biobanks of patient data, Professor Gemma Figtree is searching for genetic markers and signs that people may be at risk of coronary complications.

A major focus will be using multi-‘omics’ and bioinformatics approaches to unravel new markers and mechanisms in patients who present with heart attacks despite minimal standard risk factors. Professor Figtree’s work will also translate her fundamental discoveries into novel methods for cardiovascular diagnosis, risk stratification and therapy.

‘I would like to discover a marker that integrates the host response to various modifiable cardiovascular risk factors, allows us to identify patients at high risk of atherosclerosis in its early phase, and allows aggressive therapy to prevent progression.’

National Health and Medical Research Council
Professor Sharon Lewin
University of Melbourne

Grant title: The future of HIV care—long-term remission and eliminating co-morbidities

Excellent treatment is now available for people living with HIV. Antiviral treatment can control the virus and allow the immune system to recover, leading to a near normal life span for people living with HIV. However treatment is life-long and there is no cure. Under this fellowship Professor Lewin will continue to lead a large multidisciplinary team to develop novel tools to understand where the virus hides in people living with HIV on treatment, identify new drugs to wake the virus up from its hiding place and test these drugs alone and in combination in clinical trials.

The research will also identify new ways to increase the body’s own immune response to HIV using drugs that have recently been licensed to treat cancer. These anti-cancer drugs work by activating the immune system to recognise and kill the cancer cell.

This research will see whether the drugs do the same thing to HIV. It will also specifically address the damaging effects on the liver of being infected with both HIV and hepatitis B virus and determine new ways to reduce liver disease in individuals who are.

‘I hope one day to find a way to allow people living with HIV to safely stop treatment and stay well and no longer transmit the virus to other people. I also hope to find new ways to manage the damaging effects on the liver that occur when someone is infected with both HIV and hepatitis B virus.’

Professor Stephen Tong
University of Melbourne

Grant title: Translating new therapeutics and diagnostics for major pregnancy complications

Stillbirth is a tragedy that abruptly ends the lives of over 3 million unborn babies a year. It takes a lasting emotional toll on women touched by this tragedy. Professor Tong’s team is trying to develop a simple blood test that identifies unborn babies at risk because the placenta is failing to work properly. The vision for this test is that, when identified, such at-risk babies could be safely delivered before a stillbirth strikes.

Professor Tong’s research is dedicated to finding safe and effective drug treatments and diagnostics for major complications that threaten the lives of mothers and babies. The sharp focus of his work is to decrease the large number of lives lost to devastating complications of pregnancy. He is working to develop simple drug options,
instead of surgery, to cure ectopic pregnancy, a condition that claims lives. As well as making treatment simpler and most cost-effective in the developed world, it could save many lives in the developing world.

Professor Tong and his team are screening drugs to find one that is effective in treating pre-eclampsia—a major pregnancy complication that is responsible for more than 60,000 maternal deaths a year across the world and far greater numbers of foetal and newborn deaths.

‘Most women expect pregnancies to happen without a hitch—a very reasonable hope. Unfortunately, this is not always the case and, for many, an unforeseen complication arises, causing concern and grief for the expectant mother.’

Career Development Fellowships

Career Development Fellowships support Australian early to mid-career health and medical researchers. They help investigators establish themselves as independent, self-directed researchers. The award is given to the highest ranked applicant in each of the biomedical, clinical, industry and population health pillars of the Career Development Fellowship scheme.

Career Development Fellowship—Clinical Level 1

Dr Trisha Peel
Monash University

Grant title:
Optimising patient outcomes following surgery: bridging the fields of antimicrobial stewardship, microbiology and infection prevention

Infections of the surgical wound are the leading cause of healthcare-associated infections and the costliest. The patient’s own skin bacteria are thought to be the main source for these infections and are the target of prevention strategies, such as surgical prophylaxis. Despite strong evidence supporting prophylaxis, critical knowledge gaps exist.
Dr Peel’s research will address four key gaps: understanding the role the skin bacteria play in infection development; assessing the best antibiotic for prophylaxis in a large multicentre randomised controlled trial; understanding the current use and appropriateness of prophylaxis; and assessing how to optimise evidence-based prophylaxis use in Australian hospitals.

‘The ultimate goals of my research are to provide high-quality, evidence-based care for patients undergoing surgery, to improve patient outcomes and antimicrobial use, and to tackle the emergence of antimicrobial resistance’, Dr Peel said.

Career Development Fellowship—Clinical Level 2

Dr Adam Deane
University of Melbourne

Grant title:
Improving ubiquitous interventions to optimise outcomes from critical illness

Each year around 130,000 Australians are admitted to an intensive care unit. Despite the considerable cost to the community, estimated to be $4,000 per patient day, outcomes remain poor, with approximately 15 per cent dying prior to hospital discharge, and in those who survive hospitalisation there is a considerable burden of life-changing morbidity. Dr Deane hopes the results of the trials he is conducting under this Career Development Fellowship will translate to fundamental changes in the administration of ubiquitous interventions in the critically ill.

‘As a clinician, I want to ensure that interventions I frequently implement at the bedside are informed by high-quality evidence and therefore improve outcomes for a large number of critically ill patients,’ said Dr Deane.

‘We hope that our research is frequently translated to clinical care that improves patient-centred outcomes and remains cost-effective.’
Career Development Fellowship—Population Health Level 1

Dr Joanne McKenzie
Monash University

Grant title:
Methodological research in meta-analysis and evidence synthesis:
An evidence-based methods approach

The focus of this research is developing and evaluating statistical methods and methodology for systematic reviews. Systematic reviews bring together research on the benefits and harms of healthcare treatments. These reviews are used by patients and doctors to inform treatment decisions, and by policy makers in deciding which medications to fund.

Statistical methods are used to combine numerical data about the effects of treatments, the results of which underpin the conclusions of systematic reviews. This research will allow us to more effectively answer clinically relevant questions and make better use of policy-relevant evidence, with the knowledge that the methods will produce valid conclusions.

‘As a biostatistician, I am especially proud of my contributions in leading the design and analysis of high-quality randomised trials and systematic reviews that have informed treatment recommendations through their inclusion in clinical practice guidelines. For example, a trial in which I led the design and analysis examined whether provision of hand sanitiser in primary schools reduced absences due to respiratory and gastrointestinal illness.

The methods research I have undertaken, or led, has contributed knowledge about how to design, analyse and report results from randomised trials and systematic reviews.’
Career Development Fellowship—Population Health Level 2

Associate Professor Germaine Wong
University of Sydney

Grant title:
A life course approach to improving the health of young people with chronic kidney disease

Kidney disease is a devastating illness in children and can lead to reduced quality of life and premature death. The program of work will aim to determine the social, biological and environmental factors during childhood and young adulthood that may affect kidney disease risk and health outcomes in later life, and to design, develop and implement new strategies to transform health in this vulnerable and disadvantaged population.

Associate Professor Wong has generated new evidence on the risk of cancer in patients suffering from kidney disease and has devised interventions and strategies for cancer screening and prevention in this at-risk population. She has shown that social inequality and poverty are the key drivers of poor health in children and young adults with kidney diseases. This work has informed the development of a life course approach to address the needs of these children and to close the health gaps, and include development of an equitable, transparent and efficient deceased donor kidney allocation algorithm that allows improved access for the young and disadvantaged.

‘I am hoping my research will generate robust evidence that will improve the understanding of the social and health problems faced by children with kidney disease and their families, provide guidance to the application of policy interventions to close the health gap between the poor and rich, and improve the health status and wellbeing of children suffering from kidney disease.’
Career Development Fellowship—Industry Level 2

Associate Professor Paulo Ferreira
University of Sydney

Grant title: Unravelling the effects of physical activity for back pain

Over the next four years Associate Professor Ferreira will elucidate the relationship between back pain and physical activity. He will examine the impact of patient-centred physical activity programs, with the support of e-health technology, to reduce the burden of back pain for urban and rural communities.

Secondly, he will bridge the gap between genetics and back pain by examining, for the first time in Australia, the relationship between physical activity and back pain in twins. This work will include a comprehensive assessment of the types and doses of physical activity that prevent and cause back pain in twins.

‘My research has helped Australians to understand which treatments work and do not work for back pain. It has also helped people to choose which types of physical activities may be beneficial or harmful for low back pain.’
R.D. Wright Career Development Fellowships

Named for pioneering surgeon and pathologist Sir Roy Douglas Wright AK, these fellowships are available for any aspect of biomedical research or fundamental research relevant to health.

R.D. Wright Career Development Fellowship—Biomedical Level 1

Dr Daniel Pellicci
University of Melbourne

Grant title:
The role of CD1-restricted T cells in health and disease

Humans are living much longer these days. As we age, we face increased complications often associated with a deteriorating immune system. We are more susceptible to infections and cancer, and allergies and autoimmune diseases are on the rise. It is important we invest in basic and clinical research to support the health of Australians.

Our current understanding of the key players within the human immune system is incomplete. The fellowship will enable Dr Pellicci to focus on understanding the role of lipid-specific T cells in human immunity. Some of these cell types are being trialled as immunotherapeutic targets in cancer and infection with encouraging results. Understanding the basic biology of lipid-specific T cells should lead to further opportunities to exploit these cells to treat human disease.
'Many of the cell types investigated in this research fellowship have been maintained through evolution to keep us free from disease. My research has uncovered important factors that regulate the development and immune function of lipid-specific T cells. This information is at an early stage in the pipeline toward clinical therapy but ultimately it may be used to regulate the numbers and functions of these T cells in diseases such as infection, cancer and allergy.

‘Receiving this fellowship makes me feel extremely valued. It can be difficult competing for grants and fellowships each year, particularly when the percentage of grants and fellowships that are funded is quite low. It is a privilege to carry out research science in Australia.'

R.D. Wright Career Development Fellowship—Biomedical Level 2

Dr Darren Creek
Monash University

Grant title: Enhancing anti-parasitic drug discovery with metabolomics

Parasites, like bacteria, are always evolving resistance strategies to avoid being killed by antimicrobial drugs. Dr Creek hopes to develop new drugs with a well-defined mode of action that can kill multi-drug resistant parasites, and develop new testing tools to monitor and manage the spread of drug resistance in the future.

The overall goal of his fellowship is to improve the treatment of malaria and other neglected tropical diseases. The research applies metabolomics, a state-of-the-art technology that allows comprehensive measurement of the chemical fingerprint of cells, to investigate how drugs can kill malaria parasites and how the parasites gain resistance to drugs. This understanding will help to overcome resistance to current malaria drugs, and will allow development of new drugs to treat malaria and other tropical diseases.

‘Our biggest challenge is the rise of antimicrobial resistance and the lack of new antibiotics in the pipeline. If we don’t address this issue today then the potential future consequences will be disastrous,’ Dr Creek said.

‘I believe that basic biomedical research can have an enormous impact on the health of people and populations. I am also saddened by the inequities in health and development between different populations. Researching new drugs for malaria is a tangible way to make a difference to the lives of millions of families in developing countries.'
Part 2 | Annual Performance Statements

Statement by the accountable authority

I, as the accountable authority of the National Health and Medical Research Council (NHMRC), present the 2017–2018 annual performance statements of NHMRC, as required under section 39(1)(a) of the Public Governance, Performance and Accountability Act 2013 (PGPA Act). In my opinion, these annual performance statements are based on properly maintained records, accurately reflect the performance of NHMRC, and comply with section 39(2) of the PGPA Act.

Professor Anne Kelso AO
Chief Executive Officer
National Health and Medical Research Council
4 October 2018

Purposes

Our activities cover a wide range of health-related areas, from funding research to guideline development and advice.

Our overall purposes, as set out in our corporate plan, can be summarised as follows:

- **Investment**—fund high-quality health and medical research and build research capability.
- **Translation**—support the translation of health and medical research into better health outcomes.
- **Integrity**—promote the highest ethical standards in health and medical research.
## Summary of results

Table 3 summarises our performance against the targets outlined in our corporate plan and the portfolio budget statements for 2017–18.

### Table 3: Summary of results

<table>
<thead>
<tr>
<th>INVESTMENT Purpose 1: Fund high quality health and medical research and build research capability.</th>
<th>RESULT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Target 1 Allocate &gt;5% of the annual research budget to Indigenous health research</td>
<td>Achieved ✓</td>
</tr>
<tr>
<td>Target 2 Undertake two additional grant rounds to support priority research projects</td>
<td>Achieved ✓</td>
</tr>
<tr>
<td>Target 3 Introduce capping arrangements in the 2018 Project Grants Round</td>
<td>Achieved ✓</td>
</tr>
<tr>
<td>Target 4 Evaluation framework in place by 2020</td>
<td>Ongoing ( )</td>
</tr>
<tr>
<td>Target 5 Researcher profiles demonstrate outstanding leadership</td>
<td>Achieved ✓, Ongoing ( )</td>
</tr>
<tr>
<td>Target 6 Increase the success rate of women in schemes where they are statistically significantly lower</td>
<td>Achieved ✓, Ongoing ( )</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>TRANSLATION Purpose 2: Support the translation of health and medical research into better health outcomes.</th>
<th>RESULT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Target 7 Guidelines submitted to the Council and approved by the CEO meet the quality standards as articulated in the NHMRC procedures and requirements for meeting the 2011 NHMRC standard for clinical practice guidelines (or any revised version)</td>
<td>Achieved ✓, Ongoing ( )</td>
</tr>
<tr>
<td>Target 8 Case studies demonstrate the uptake of the latest scientific evidence into health policy</td>
<td>Achieved ✓, Ongoing ( )</td>
</tr>
<tr>
<td>Target 9 Showcase initiatives that demonstrate the translation of research into better clinical practices on the NHMRC website</td>
<td>Achieved ✓, Ongoing ( )</td>
</tr>
<tr>
<td>Target 10 Develop a research impact app that lists and verifies all patents linked to NHMRC funding</td>
<td>Ongoing ( )</td>
</tr>
<tr>
<td>Target 11 Create ten case studies that demonstrate the commercialisation impact of health and medical research funding via the linking, verification and analysis of patent commercialisation</td>
<td>Ongoing ( )</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>INTEGRITY Purpose 3: Promote the highest ethical standards in health and medical research.</th>
<th>RESULT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Target 12 Release the revised Australian Code for the Responsible Conduct of Research</td>
<td>Achieved ✓</td>
</tr>
<tr>
<td>Target 13 Case studies of recently completed review processes confirm that these standards have been met</td>
<td>Achieved ✓</td>
</tr>
<tr>
<td>Target 14 Good understanding of regulatory requirements is demonstrated through outcomes from inspections and six-monthly reports</td>
<td>Ongoing ( )</td>
</tr>
</tbody>
</table>
Expenses and resources

Budgeted expenses for NHMRC

The 2017–18 agency portfolio budget statements outline NHMRC’s budgeted expenses and resources as shown in the table below.

Table 4: Portfolio budget statements—NHMRC expenses and resources

<table>
<thead>
<tr>
<th>Expenses for Outcome 1</th>
<th>Budget* 2017–18 $’000</th>
<th>Actual Expenses 2017–18 $’000</th>
<th>Variation 2017–18 $’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Program 1.1: Health and medical research</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Administered expenses</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ordinary Annual Services¹</td>
<td>871,932</td>
<td>883,632</td>
<td>(11,700)</td>
</tr>
<tr>
<td>to the Medical Research Endowment Account (MREA)</td>
<td>(817,990)</td>
<td>(873,626)</td>
<td>55,636</td>
</tr>
<tr>
<td>Special Accounts</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Medical Research Endowment Account (MREA)</td>
<td>841,391</td>
<td>837,298</td>
<td>4,093</td>
</tr>
<tr>
<td>Departmental expenses</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Departmental appropriation²</td>
<td>40,505</td>
<td>43,315</td>
<td>(2,810)</td>
</tr>
<tr>
<td>Expenses not requiring appropriation in the Budget year²</td>
<td>2,300</td>
<td>2,663</td>
<td>(363)</td>
</tr>
<tr>
<td>Total for Program 1.1</td>
<td>938,138</td>
<td>893,282</td>
<td>44,856</td>
</tr>
<tr>
<td>Total expenses for Outcome 1</td>
<td>938,138</td>
<td>893,282</td>
<td>44,856</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>2016–17</th>
<th>2017–18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average staffing level (number)</td>
<td>181</td>
</tr>
</tbody>
</table>

1 Appropriation (Bill No. 1) 2017–18 and Appropriation (Bill No. 5) 2017–18. Variation is due to Appropriation (Bill No. 5) 2017–18.
2 Departmental appropriation combines ‘Ordinary annual services (Appropriation Act No. 1)’ and ‘Revenue from independent sources (section 74 of the Public Governance, Performance and Accountability Act 2013).’
3 Expenses not requiring appropriation in the Budget year are made up of depreciation expense, amortisation expense and audit fees.
Table 5: Financial year expenditure by Broad Research Area

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic Science</td>
<td>$362,069,443</td>
<td>$381,307,663</td>
<td>$339,711,638</td>
<td>$326,513,258</td>
<td>$332,233,704</td>
</tr>
<tr>
<td>Clinical Medicine and Science</td>
<td>$285,384,999</td>
<td>$303,681,801</td>
<td>$284,280,055</td>
<td>$293,765,578</td>
<td>$295,388,527</td>
</tr>
<tr>
<td>Public Health</td>
<td>$121,373,623</td>
<td>$125,365,335</td>
<td>$110,969,617</td>
<td>$114,773,175</td>
<td>$117,670,602</td>
</tr>
<tr>
<td>Health Services Research</td>
<td>$45,432,611</td>
<td>$53,733,167</td>
<td>$52,559,386</td>
<td>$49,891,734</td>
<td>$52,277,215</td>
</tr>
<tr>
<td>Other&lt;sup&gt;1&lt;/sup&gt;</td>
<td>$42,126,665</td>
<td>$39,927,311</td>
<td>$37,530,283</td>
<td>$35,546,331</td>
<td>$36,530,956</td>
</tr>
</tbody>
</table>

<sup>1</sup> Equipment Grants and Independent Research Institute Infrastructure Support Scheme (IRIISS) Grants

INVESTMENT | Funding high-quality health and medical research

NHMRC’s Corporate Plan outlines our key activities. They fall into three categories: Investment, Translation and Integrity.

**PURPOSE 1: Investment**

1.1 Fund research into Australian health that:
   - is of the highest quality and conducted by the best researchers
   - includes research that addresses the National Health Priority Areas, the Australian Government Science and Research Priority in Health and other major health issues
   - covers the full breadth of health and medical research
   - supports researchers at all career stages
   - supports gender equity in the health and medical research sector
   - reflects the research priorities of states, territories and the Australian public
   - meets the health needs of Australians.

1.2 Work with others to support the research workforce and build researcher capacity in fields relevant to health and medical research including improving gender equity in scheme success rates.

1.3 Boost dementia research:
   - Enhance research on dementia and its translation into policy and practice
   - Coordinate and foster translation of national dementia research

1.4 Support collaborative, multidisciplinary approaches to solving health problems, including supporting Australia’s participation in international research.

1.5 Participate in developing national strategies for research infrastructure investment, including collaborative, priority-driven approaches.

1.6 Support research that will provide better health outcomes for Aboriginal and Torres Strait Islander peoples.

1.7 Promote access to and use of data to improve health.

1.8 Continually improve the grant application and peer review processes and reduce red tape for researchers.
During the reporting period, we have continued to manage investment in health and medical research through investigator-initiated and priority-driven schemes. Key achievements are described below.

Implementation of NHMRC’s New Grant Program
In 2017–18, we continued work on introducing our new grant program, which has three main objectives:

• encourage greater creativity and innovation in research
• provide opportunities for talented researchers at all career stages to contribute to the improvement of human health, and
• minimise the burden on researchers of application and peer review so that researchers can spend more time producing high-quality research.

These objectives will be supported through the introduction of four new schemes: Investigator Grants, Synergy Grants, Ideas Grants and Clinical Trials and Cohort Studies Grants. During the reporting period, we developed policy and peer review processes to support each scheme. This development phase of the project involved extensive consultation and communication with the health and medical research sector, NHMRC’s Principal Committees and Council.

Supporting Australia’s participation in international research
During the reporting period, we continued to pursue strategic objectives through developing relationships with overseas funding agencies, organisations and alliances. These included the European Union—Horizon 2020, the Global Alliance for Chronic Diseases, the United Kingdom National Institute for Health Research Health Technology Assessment Programme, the United States National Institutes of Health Cancer Moonshot and BRAIN Initiatives, and the e-ASIA Joint Research Program.

On 6 December 2017, we opened a joint call for research with the National Foundation for Science and Technology Development of Vietnam (NAFOSTED). This joint call will generate new knowledge in infectious diseases, maternal/child health and public health that can be translated into health policy and practice to benefit human health and build further collaborations between Vietnamese and Australian researchers.

Advancing knowledge in targeted areas of health and medical science
Each year, we set aside funds for priority areas of research, including Targeted Calls for Research (TCRs). On 15 November 2017, we opened a Targeted Call for Research (TCR) into Social and Emotional Wellbeing (SEWB) and Mental Health and Aboriginal and Torres Strait Islander Peoples from Early Life to Young Adults. This TCR aims to identity novel and culturally sensitive research into maintaining and improving the SEWB and mental health of Aboriginal and Torres Strait Islander infants, children, adolescents and young adults. On 30 May 2018, we opened a TCR into Debilitating Symptom Complexes Attributed to Ticks (DSCATT). This TCR aims to understand the epidemiology of DSCATT and how they can be effectively diagnosed, managed and treated.
As part of the Australian Government’s response to potential per- and polyfluoroalkyl substances (PFAS) contamination on or near Commonwealth sites, a national research program into the human health effects of PFAS was established in the 2017-18 Budget. The aim is to increase the evidence and understanding of potential human health effects from prolonged exposure to PFAS. NHMRC is administering the PFAS—National Health Research Program through a TCR that will invest $11.7 million over four years.

**Working with the Australian Health Ministers’ Advisory Council to identify potential Targeted Calls for Research**

This working committee was established by NHMRC on behalf of the Australian Health Ministers’ Advisory Council (AHMAC) to identify topics that NHMRC may identify as TCRs. It included a representative from each state and territory and was chaired by Dr Kerry Chant, NSW Chief Health Officer. The working committee met three times between June 2017 and February 2018, and developed a priority list of health and medical research topics for TCRs.

**Continuous improvement of the grant application and peer review processes, and reduction of red tape for researchers**

We are working to complete the Australian Government’s Simplified and Consistent Health and Medical Research policy initiative to reduce the grant application related burden on the health and medical research community, and to deliver on the funds awarded from the Australian Government’s Modernisation Fund.

Throughout 2017–18, we progressed the development of the new grants management system, Sapphire—Supporting Research Excellence.

The project to build Sapphire operates on the following guiding principles for solution design:

- **Security:** User data will be safeguarded.
- **Usability:** The solution will be intuitive and easy to use for all users.
- **Enter Once:** Users need to enter data only once.
- **Availability:** Outside planned maintenance times, the solution will be continuously available to users.

Sapphire’s strengths lie in its interchangeable and flexible design. It is being built with the latest grants management technology, which enables the development of an intuitive interface for users. The adoption and incorporation of innovative technologies into Sapphire will modernise the way NHMRC manages grants.

Sapphire will:
- **enhance** grant administration
- **enable** enhanced reporting capability
- **support** specific grants processes
- **streamline** administrative processes.
Analysis of performance | Investment

Target 1: Support research that will provide better health outcomes for Aboriginal and Torres Strait Islander peoples, through percentage of annual research budget awarded to Indigenous health research.

Allocate >5% of the annual research budget to Indigenous health research
(NHMRC Corporate Plan p. 29, 2017–18 Portfolio Budget Statements p. 391)

ACHIEVED

NHMRC is committed to improving the health of Aboriginal and Torres Strait Islander peoples, spending at least 5 per cent of funding under the Medical Research Endowment Account (MREA) on Aboriginal and Torres Strait Islander health research each year.

In 2017–18, this target was achieved, with 5.9 per cent of MREA expenditure—approximately $49.6 million—directed to Aboriginal and Torres Strait Islander health research.

Table 6: Financial year expenditure on Aboriginal and Torres Strait Islander health research

<table>
<thead>
<tr>
<th>Year</th>
<th>Aboriginal and Torres Strait Islander health research</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013–14</td>
<td>$46,689,238</td>
</tr>
<tr>
<td>2014–15</td>
<td>$54,706,548</td>
</tr>
<tr>
<td>2015–16</td>
<td>$52,300,848</td>
</tr>
<tr>
<td>2016–17</td>
<td>$52,807,350</td>
</tr>
<tr>
<td>2017–18</td>
<td>$49,601,395</td>
</tr>
</tbody>
</table>

Target 2: Enhance research on dementia and its translation into policy and practice.

Undertake two additional grant rounds to support priority research projects
(NHMRC Corporate plan p. 30, 2017–18 Portfolio Budget Statements p. 390)

ACHIEVED

The 2014–15 Budget allocated $200 million in additional funding over five years to ‘boost dementia research’, comprising $150 million to urgently scale up dementia research and $50 million to target, coordinate and translate the national research effort through the NHMRC National Institute for Dementia Research (NNIDR).

In 2017–18, the outcomes of four Boosting Dementia Research funding rounds were announced by Ministers Hunt and Wyatt:

• Boosting Dementia Research Grants Scheme Priority Round 1: Implementation of Dementia Research into Clinical Practice and Care
• Boosting Dementia Leadership Fellowships Grant Scheme
• Boosting Dementia Research Grants Scheme Priority Round 2: JPND Call for Multinational Research Projects for Pathways Analysis Across Neurodegenerative Diseases
• Targeted Call for Research into Dementia in Indigenous Australians.
Target 3: Outcomes of the Structural Review of NHMRC’s Grant Program are effectively implemented.

Introduce capping arrangements in the 2018 Project Grants round
(NHMRC Corporate Plan p. 30)

ACHIEVED

An over-arching review of our grant program was undertaken in 2016–17, under the guidance of an Expert Advisory Group and involving extensive external consultation. The review was completed in May 2017, and key recommendations are being phased in with a view to full implementation in 2019.

Minimising the burden on applicants and peer reviewers

One of the key objectives of the new grant program is to minimise the burden on researchers during the application and peer review processes so that researchers can spend more time producing high-quality research.

To address this objective and begin the adjustment to increased capping under the new grant program, we introduced interim capping arrangements in the 2018 Project Grant funding round. This resulted in a decrease in applications submitted of approximately 12 per cent.

Mechanisms have also been put in place in the new grant program to reduce application numbers over time, including capping the number of applications and grants that can be held for the Investigator, Ideas and Synergy Grant schemes. We have also consolidated research and salary support in the Investigator Grant scheme, so researchers need to submit only one application instead of two or more to receive salary and research support.

A combination of these measures, and reforms to the peer review of grant applications, will contribute to decreasing the burden on the research sector.

Peer review in the new grant program

Peer review underpins the research community’s confidence in NHMRC’s grant program. The design of peer review assessment and processes for the new grant schemes was a significant undertaking involving stakeholder input through:

• a public consultation paper (113 submissions received)
• six national roadshows involving more than 1000 people across major cities
• a targeted workshop with leading researchers and peak bodies, and
• working groups focused on the assessment of innovation, diversity and track record.

In response to the feedback received, we streamlined peer review for the new grant program by:

• implementing a new assessment framework that specifically takes into account a researcher’s outputs, impact and leadership
• decreasing the number of assessor ‘touchpoints’ per application
• increasing the number of expert assessments per application to improve rigour, and
• reducing the time taken for peer review.

The peer review processes were announced by our Chief Executive Officer on 26 April 2018.
Target 4: Outcomes of the Structural Review of NHMRC’s Grant Program are effectively implemented.

**Evaluation framework in place by 2020**
(NHMRC Corporate Plan p. 30)

**WORK ONGOING**

As a result of the review of NHMRC’s grant program undertaken in 2016–17, key recommendations are being phased in with a view to full implementation in 2019. RAND Australia will develop an evaluation framework to establish the extent to which the new grant program meets its objectives. Work is underway to define metrics for the evaluation.

The new grant program is a large change for the sector and will require monitoring for any unintended effects. It is expected to evolve over time.

Target 5: NHMRC funding supports the development of outstanding leadership in health and medical research.

**Researcher profiles demonstrating outstanding leadership**
(NHMRC Corporate Plan p. 30)

**ACHEIVED / WORK ONGOING**

We have produced a number of informative case studies on People Support grant recipients. The case studies are published on the NHMRC website as part of the In Focus web page.5

A project is underway to develop case studies illustrating the pipeline to research impact. People Support grant recipients will be included in these case studies, which will also be published on the new NHMRC website.

An example of the case studies can be found on our website.

Target 6: NHMRC policies and processes foster gender equity in research funding.

**Increase the success rates of women in schemes where they are statistically significantly lower**
(NHMRC Corporate plan p. 29, 2017–18 Portfolio Budget Statements p. 391)

**ACHEIVED / WORK ONGOING**

Table 7 shows the number of applications received, and the number of grants awarded, by gender, for NHMRC funding schemes in 2017–18.

NHMRC is concerned about the lower success rates for female Chief Investigator A recipients (CIAs) compared to male CIAs in the Project Grant scheme, as this is NHMRC’s largest scheme and these differences have been statistically significant every year since 2008.

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For example, the difference in success rates between male and female CIAs in 2016 was 4.2 percentage points.

In 2017, NHMRC funded an additional 34 Project Grants led by women. This increased the success rate for women to 15.2 per cent, reducing the difference in the success rate by gender to 1.9 percentage points. The success rate for men remained unchanged at 17.1 per cent.

The opportunity to lead research has a positive impact on a researcher’s career path, and should better support the retention and progression of women in health and medical research.
Table 7: 2017–18 outcomes by scheme and CIA gender for competitive grants

<table>
<thead>
<tr>
<th>Scheme</th>
<th>Female CIA</th>
<th>Male CIA</th>
<th>Not Stated</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Applications</td>
<td>Funded</td>
<td>Funded Rate</td>
</tr>
<tr>
<td>A*STAR Joint Call for Research in Novel Molecular Mechanisms of Obesity and Metabolic Diseases</td>
<td>6</td>
<td>1</td>
<td>16.7%</td>
</tr>
<tr>
<td>NHMRC—European Union Collaborative Research Grants</td>
<td>2</td>
<td>2</td>
<td>100.0%</td>
</tr>
<tr>
<td>Boosting Dementia Research Priority Round 1—Implementation of Dementia Research into Clinical Practice and Care</td>
<td>28</td>
<td>10</td>
<td>35.7%</td>
</tr>
<tr>
<td>Boosting Dementia Research Priority Round 2—European Union Joint Programme for Neurodegenerative Diseases</td>
<td>1</td>
<td>1</td>
<td>100.0%</td>
</tr>
<tr>
<td>Boosting Dementia Research Leadership Scheme</td>
<td>46</td>
<td>17</td>
<td>37.0%</td>
</tr>
<tr>
<td>Boosting Dementia Research Priority Round 3—National Dementia Network</td>
<td>2</td>
<td>1</td>
<td>50.0%</td>
</tr>
<tr>
<td>Boosting Dementia Research Targeted Call for Research—Dementia in Indigenous Australians</td>
<td>8</td>
<td>4</td>
<td>50.0%</td>
</tr>
<tr>
<td>Career Development Fellowships</td>
<td>208</td>
<td>32</td>
<td>15.4%</td>
</tr>
<tr>
<td>Centres of Research Excellence</td>
<td>50</td>
<td>8</td>
<td>16.0%</td>
</tr>
<tr>
<td>Scheme</td>
<td>Female CIA</td>
<td></td>
<td>Male CIA</td>
</tr>
<tr>
<td>---------------------------------------------</td>
<td>------------</td>
<td>----------</td>
<td>----------</td>
</tr>
<tr>
<td></td>
<td>Applications</td>
<td>Funded</td>
<td>Funded Rate</td>
</tr>
<tr>
<td>Development Grants</td>
<td>34</td>
<td>6</td>
<td>17.6%</td>
</tr>
<tr>
<td>Early Career Fellowships</td>
<td>291</td>
<td>60</td>
<td>20.6%</td>
</tr>
<tr>
<td>GACD—Prevention and Management of Mental Disorders</td>
<td>7</td>
<td>2</td>
<td>28.6%</td>
</tr>
<tr>
<td>NHMRC–NIHR Collaborative Research Grant</td>
<td>1</td>
<td>1</td>
<td>100.0%</td>
</tr>
<tr>
<td>Partnership Projects—2nd call for 2016</td>
<td>27</td>
<td>11</td>
<td>40.7%</td>
</tr>
<tr>
<td>Partnership Projects—1st call for 2017</td>
<td>9</td>
<td>5</td>
<td>55.6%</td>
</tr>
<tr>
<td>Partnership Projects—2nd call for 2017</td>
<td>11</td>
<td>5</td>
<td>45.5%</td>
</tr>
<tr>
<td>Partnership Projects—3rd call for 2017</td>
<td>15</td>
<td>10</td>
<td>66.7%</td>
</tr>
<tr>
<td>Postgraduate Scholarships</td>
<td>156</td>
<td>51</td>
<td>32.7%</td>
</tr>
<tr>
<td>Practitioner Fellowships</td>
<td>20</td>
<td>4</td>
<td>20.0%</td>
</tr>
<tr>
<td>Program Grants</td>
<td>4</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Project Grants</td>
<td>1220</td>
<td>186</td>
<td>15.2%</td>
</tr>
<tr>
<td>Research Fellowships</td>
<td>114</td>
<td>27</td>
<td>23.7%</td>
</tr>
<tr>
<td>Translating Research into Practice Fellowships</td>
<td>59</td>
<td>11</td>
<td>18.6%</td>
</tr>
</tbody>
</table>
TRANSLATION | Support the translation of health and medical research into better health outcomes

### PURPOSE 2: Translation

| 2.1 | Support translational research, including research focused on the National Health Priority Areas, the Australian Government Science and Research Priority in Health and other major health issues. |
| 2.2 | Provide national leadership in promoting translation of knowledge created through research into clinical practice, health policy, health services and systems and public health and expand Australia’s capabilities in research translation. |
| 2.3 | Maintain a leadership role in the development of public and environmental health and clinical advice designed to prevent illness, improve health, enhance clinical care and support the states and territories in achieving consistent standards. |
| 2.4 | Work with others to remove barriers to commercialisation and innovation in health and enhance NHMRC funding schemes and strategic projects to forge stronger links with industry. |

### Analysis of performance | Translation

**Target 7: Approve high-quality clinical, public and/or environmental health guidelines prepared by NHMRC or third parties.**

Guidelines submitted to the Council and approved by the CEO of NHMRC meet the quality standards as articulated in the NHMRC procedures and requirements for meeting the 2011 NHMRC standard for clinical practice guidelines (or any revised version) (NHMRC Corporate Plan p. 31, 2017–18 Portfolio Budget Statements p. 392)

**ACHIEVED**

All clinical practice guidelines developed by third parties met the 2016 NHMRC standards for guidelines and the NHMRC procedures and requirements for meeting the NHMRC standard for clinical practice guidelines.

The guidelines approved by NHMRC are:

- Clinical guidelines for stroke management (Stroke Foundation)
- Clinical practice guidelines for the prevention, early detection and management of colorectal cancer (Cancer Council Australia)
- Pregnancy care guidelines (Department of Health)
- Mental health care in the perinatal period: Australian clinical practice guideline (Centre of Perinatal Excellence)
- Evidence-based clinical practice guideline for deprescribing cholinesterase inhibitors and memantine (University of Sydney)
- Australian Immunisation Handbook (Australian Technical Advisory Group on Immunisation)
• International evidence-based guideline for assessment and management of polycystic ovary syndrome (Australian Polycystic Ovary Syndrome Alliance)

• A guideline for the assessment and diagnosis of autism spectrum disorders in Australia (Cooperative Research Centre for Living with Autism)

• Guideline for the management of knee and hip osteoarthritis (Royal Australian College of General Practitioners).

NHMRC released the NHMRC Public Statement 2017—Water Fluoridation and Human Health in Australia on 9 November 2017.


NHMRC published Water Fluoridation and Human Health in Australia: Questions and Answers, to support the release of the 2017 Public Statement. This suite of resources provides nationally consistent messages on water fluoridation to the public, policy makers and water utilities.

As part of the Australian Drinking Water Guidelines rolling review, NHMRC released a new chemical fact sheet on Lanthanum in October 2017.

WORK ONGOING

Infection Control Guidelines

NHMRC is updating the Australian guidelines for the prevention and control of infection in healthcare (2010). In May 2018, the draft revised guidelines underwent public consultation.

The guidelines provide a nationally accepted approach to infection prevention and control, focusing on core principles and priority areas for action. They provide a basis for healthcare workers and healthcare facilities to develop detailed protocols and processes for infection prevention and control specific to local settings.

These updated guidelines are piloting a new ‘living’ format of guideline—via an online information technology platform called MAGICapp. This new approach represents an innovation in developing recommendations following comprehensive evidence synthesis advised by NHMRC expert committees.

Vitamin K Administration Joint Statement

NHMRC is updating the 2010 NHMRC Joint statement and recommendations on vitamin K administration to newborn infants to prevent vitamin K deficiency bleeding in infancy. The Joint Statement provides nationally consistent advice on newborn infant vitamin K prophylaxis, providing recommendations on the dosage and method of administration of vitamin K. This advice forms the basis of state and territory health policy advice. In 2017–18 NHMRC was reviewing the evidence on this topic with the advice of an expert committee.
Australian Drinking Water Guidelines (rolling review)

NHMRC is updating Chapter 5 Microbial Quality of Drinking Water to include a section on a quantitative microbial health-based target.

NHMRC developed a drinking water guideline value for per- and poly-fluoroalkylated substances (PFAS) for inclusion in the Australian Drinking Water Guidelines. This was approved by the Council of NHMRC in June 2018, for publishing in the next reporting year. NHMRC is also drafting guidance on PFAS for recreational water, which will require public consultation prior to finalising and publishing.

Guidelines for Guidelines

NHMRC is progressively updating its methodological advice for guideline developers in modular format. Nine modules were released for public consultation, including advice on engaging stakeholders, identifying and managing conflicts of interest, independent review, consumer involvement and considering equity in guidelines. The Guidelines for Guidelines website will be launched late in 2018.

Target 8: NHMRC’s guidelines and advice will support consistent standards in public and environmental health.

Case studies demonstrate the uptake of the latest scientific evidence into health policy (NHMRC Corporate plan p. 31)

ACHIEVED / WORK ONGOING

In November 2017, NHMRC approved the following reviews under the NHMRC Nutrient Reference Values for Australia and New Zealand (2006) through our third-party guideline process: sodium (Suggested Dietary Target and Upper Level of intake for adults) and fluoride (Adequate Intake and Upper Level of intake for children eight years of age or younger).

In June 2018, the Council of NHMRC recommended publication of a fact sheet for the NHMRC Australian Drinking Water Guidelines (2011) on per and poly-fluoroalkyl substances (PFAS), specifically perfluorooctane sulfonate, perfluorooctanoic acid and perfluorohexane sulfonate.

WORK ONGOING

NHMRC is updating the Australian guidelines to reduce health risks from drinking alcohol (2009).

In 2017–18 NHMRC hosted a public call for evidence and an evidence evaluation on the health effects of alcohol consumption. In May–June 2018 four new systematic reviews were commissioned that will feed into the revision of the guidelines.

The revised guidelines will underpin and contribute to a range of public health policy activities about reducing risks from alcohol consumption for men and women, and important subgroups including adolescents and pregnant/breastfeeding women.
Target 9: Recognise and promote leading collaborations between health care organisations, academia and research institutions.

Showcase initiatives that demonstrate the translation of research into better clinical practices on the NHMRC website
(NHMRC Corporate Plan p. 32, Portfolio Budget Statements p. 392)

NHMRC’s Advanced Health Research and Translation Centre (AHRTC) initiative, and its regional counterpart, the Centre for Innovation in Regional Health (CIRH) initiative, recognise the leading centres of collaboration in health and medical research, research translation, research-infused education and training, and outstanding health care. The first four AHRTCs were recognised in 2015. NHMRC recognised a further three AHRTCs, and the first two CIRHs, in 2017.

ACHIEVED / WORK ONGOING

Our Annual Research Translation Symposium provides a national stage for leaders in research translation. At the 6th Annual Symposium co-hosted with the Lowitja Institute in November 2017, one of the first Centres for Innovation in Regional Health, the Central Australia Academic Health Science Centre, shared its aspirations and mission as an Aboriginal-led collaboration to drive impact against community, research and translation priorities.

We interviewed the President of the Australian Health Research Alliance in May 2018 about how the centres are working together nationally on health system priorities. The interview is featured on NHMRC’s website.

Documenting the progress of the AHRTCs and CIRHs (the Centres) is important to demonstrate their role in the translation of research into better clinical practices. This year, we have worked with representatives of the Centres to help develop a reporting framework, with the first progress reports to be submitted in 2018–19.

We will continue to communicate the work of the Centres in 2018–19 on the new NHMRC website and social media channels.

Target 10: Improve the capability to report on the impact of the research funded by NHMRC.

Develop a research impact app that lists and verifies all patents linked to NHMRC funding
(NHMRC Corporate Plan p. 32)

WORK ONGOING

NHMRC is committed to, and has received Australian Government funding for, development of a software application (app) to enhance and accelerate outcome and impact reporting.

The app leverages off reliable open access data sets, such as patents, publications and publicly available metadata.
This app will:

- automate discovery and reporting of outcomes from NHMRC grants
- allow NHMRC and its stakeholders to compile case studies that demonstrate impact and outcomes, including any commercial outcomes, arising from their research.

Partnerships have been formed with IP Australia, the Australian National Library and the Australian National Data Service. These partnerships are fundamental to establishing high-value and quality data sets that will link up and provide data directly to the Outcome Reporting Accelerator.

**Target 11: Improve the capability to report on the impact of the research funded by NHMRC.**

*Create ten case studies that demonstrate the commercialisation impact of health and medical research funding via the linking, verification and analysis of patent commercialisation*  
(NHMRC Corporate Plan p. 32)

**WORK ONGOING**

Case studies are in development and are informing us on better ways to report on impact and outcomes of work that has led to patents and to public health and clinical outcomes.
Rebecca Davies AO

A community voice for diabetes research

I’ve been involved with NHMRC for around six years at a formal level, variously as a member of the Research, Australian Health Ethics, Health Innovation Advisory and Consumer and Community Advisory Committees, and a number of working groups. But informally, our relationship goes back a long way, which gives me an opportunity to reflect on how much has changed in that time, particularly in my area of patient and community involvement with research.

My daughter Emily was diagnosed with type 1 diabetes when she was two years old. She’s now 26. Not long after, I became involved with the Juvenile Diabetes Research Foundation (JDRF), the leading non-government funder of research into type 1 diabetes around the world and a long-term co-funder with NHMRC.

I’m not a scientist; I trained and worked as a lawyer. But I figured I could add some of my skills to the decision-making process of choosing what research to fund and to being a voice for Emily and all the others affected by this disease.

My first encounter with NHMRC was about 20 years ago at a review of grants jointly funded by JDRF and NHMRC. The review panel comprised eminent scientists from overseas and locally—and me! It was part of JDRF’s DNA to have lay people involved in the process of grant decision making and I already had a reasonable amount of experience on JDRF International grant review panels.

But when I was introduced to my fellow panellists at this Australian meeting, the suspicion was palpable. I reckon some of them were just trying hard to be polite (I did, after all, represent the 50 per cent funder!).

The review continued. I know that my contribution in these settings is not going to be about questioning technical scientific issues, research protocols or assessing whether the research is really cutting edge. But I remember one grant hadn’t obtained ethics approval—no-one else had noticed. I found that I could ask questions about how the research might develop down the track if all went well, and how it might advance the field. Did the team have the necessary management back-up to achieve the goals they were setting themselves? Did they have a track record of over-promising and under-delivering or the opposite? At the end of the review, which went for several days, my sense was that the hostility had eased somewhat.

Fast-forward to today, and the role of lay people having a voice when it comes to medical research is much better accepted. Ideally there should be a partnership between researchers and members of the community—each understanding the important role the other plays, and respecting each other’s strengths and value to ensure we spend our research dollars as effectively as possible.

My advice to young researchers? Obviously follow the areas you are passionate about. But in choosing your path, always think about the people who may be impacted by your work—maybe soon, maybe a long time into the future. Get involved with community and patient groups in your area of research—they will almost certainly be a source of inspiration, encouragement and friendship.
INTEGRITY | Promote the highest ethical standards in health and medical research

### PURPOSE 3: Integrity

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<tr>
<th>3.1</th>
<th>Retain high ethical standards in health and medical research and health care and promote trust in research.</th>
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<tr>
<td>3.2</td>
<td>Strengthen the process for managing research misconduct and raise awareness of issues of ethics and integrity in the research sector.</td>
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<tr>
<td>3.3</td>
<td>Continue review of research ethics, standards and guidelines.</td>
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#### Analysis of performance | Integrity

**Target 12:** Release the revised *Australian Code for the responsible conduct of research 2007* and monitor implementation.

(NHMRC Corporate Plan p. 33, 2017–18 Portfolio Budget Statements p. 392)

**ACHEVED**

In June 2018, NHMRC, the Australian Research Council and Universities Australia (the co-authors) issued the *Australian Code for the Responsible Conduct of Research, 2018* (the 2018 Code) and the *Guide to Managing and Investigating Potential Breaches of the Code, 2018* (the Investigation Guide).

The 2018 Code provides clear, practical, relevant and contemporary guidance that can be applied to a range of different research contexts. The 2018 Code is a principles-based document that sets out eight principles of responsible research (P1–P8) and 29 specific responsibilities for institutions (R1–R13) and researchers (R14–R29).

The new Investigation Guide will assist institutions to manage, investigate and resolve complaints about potential breaches of the Code.

Information about the release is on our website.\(^6\)

**Target 13:** Ethical statements, codes and guidelines are up to date and reflect best practice.

**Case studies of recently completed review processes confirm that these standards have been met**

(NHMRC Corporate Plan p. 32)

**ACHEVED**

NHMRC’s approach to developing and reviewing ethics guidelines and codes is driven by the goal of producing documents that reflect best practice and are highly regarded by end users. Two recent review processes provide examples of how our approach works.

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**Indigenous research ethics guidelines**

NHMRC recently released two revised ethics guidelines about research with Aboriginal and Torres Strait Islander people and communities. *Ethical conduct in research with Aboriginal and Torres Strait Islander Peoples and communities: Guidelines for researchers and stakeholders* provides a set of principles to ensure research is safe, respectful, responsible, high-quality and of benefit to Aboriginal and Torres Strait Islander people and communities. *Keeping research on track II* was developed to provide advice on how these values and principles can be put into practice in research. Both of these guidelines support the *National Statement on Ethical Conduct in Human Research*.

We established an Indigenous Research Ethics Guidelines Review Working Committee to undertake this revision. This working committee included ten members with expertise in research with Aboriginal and Torres Strait Islander people and communities. The committee revised the original guidelines based on an evaluation that had been undertaken previously. This evaluation was extensive and included focus groups in all states and territories to gather community feedback which was used to make recommendations as to how best to update the guidelines.

Public consultation on the revised guidelines was undertaken in 2017. The public consultation submissions, which came from a wide variety of individuals and organisations, showed an overall positive response to the revisions and gave important feedback that helped to further refine the revised guidelines. The working committee analysed the submissions and assessed whether changes were required to the documents.

These guidelines are available on our website, along with additional information and resources to help researchers and human research ethics committees to implement them.7

**Australian Code for the Responsible Conduct of Research, 2018**

The 2007 Code has served as an important point of reference to researchers and administrators about the requirements for responsible research and the framework for managing and investigating potential breaches of the code. Because NHMRC undertakes regular reviews of its guidelines to ensure they are up to date and reflect best practice, it was decided in 2013 that a review of the 2007 Code was required. In 2013, NHMRC—together with the Australian Research Council and Universities Australia (the co-authors)—set out to determine the level of guidance required by the sector, identify the strengths and weaknesses of the current research integrity system in Australia, understand the legal context in which research institutions operate and examine approaches being taken internationally. Two expert committees were set up to provide advice to NHMRC on these issues. Members were selected to ensure appropriate expertise in the key areas of research integrity, administration and management across a range of different research institutions and research disciplines.

After extensive consultation with the sector, which comprised targeted and public consultation, and based on the advice of the two expert committees, the co-authors streamlined the 2007 Code into a principles-based document that will be supported by supplementary guidance documents that will provide detailed, topic-specific advice. The co-authors developed the first of these documents, namely the Guide to Managing and Investigating Potential Breaches of the Code 2018, which was released together with the 2018 Code in June 2018.

Together, these two case studies confirm that the review processes have effectively engaged key stakeholders and experts and reflect best practice in a way that should ensure that these documents will be highly regarded by end users.

**Target 14: Stakeholders demonstrate good understanding of the regulatory requirements under the RIHE Act and PHCR Act.**

**Good understanding of regulatory requirements is demonstrated through outcomes from inspections and six-monthly reports**

(NHMRC Corporate Plan p. 33)

**WORK ONGOING**

Analysis of the two sets of licence holder six-monthly reports received in September 2017 and March 2018 indicates that licence holders are aware of the regulatory requirements under the Research Involving Human Embryos Act 2002 (RIHE Act) and the Prohibition of Human Cloning for Reproduction Act 2002 (PHCR Act).

Experienced licence holders demonstrate better understanding of the requirements than less experienced licence holders. Inspectors appointed under the RIHE Act continue to provide advice and explanation of the requirements as opportunities arise.

Assessment of the six-monthly reports allows inspectors to schedule licence inspections using a risk-based approach which includes consideration of the level of activity under each licence. Under this strategy inspectors did not conduct any inspections during 2017-18 but will inspect each active licence during the first quarter of 2018-19.
Professor Ingrid Scheffer AO

FRS MBBS PhD FRACP FAA FAES
Royal Society Fellow, Physician Scientist and Epileptologist

Professor Ingrid Scheffer is a child neurologist and epilepsy specialist whose outstanding career as a clinical scientist led to her election as a Fellow of the Royal Society this year.

She is the first to admit her success was not an overnight one, and points out to young clinical practitioners interested in research careers that from her time as a medical student to achieving her PhD spanned 21 years.

‘To achieve the best from your career as a clinical scientist you need to enjoy the journey,’ she says. ‘Don’t worry about the end point—enjoy each step and make the most of it.’

‘You do have to train longer to be a clinical scientist, but what I get to do each day is intellectual fun, and makes a difference to patients. Our role as clinician scientists brings special skills that all of medicine needs. We get to recognise the illness and translate the research findings back to the clinic,’ she said. We need more clinician scientists.

Professor Scheffer was one of six inaugural recipients of an NHMRC Practitioner Fellowship in 2000. Practitioner Fellowships were established in response to a recognised need for clinical scientists to undertake research and translate the research back into a clinical environment.

She and her colleague and former clinical supervisor for her PhD, Professor Samuel Berkovic, identified that the diagnosis of autism is part of the clinical picture for a significant number of childhood epilepsies. Together, they were the recipients of the Prime Minister’s Prize for Science in 2014 for their contribution to the study of epilepsy, its diagnosis, management and treatment. They are embarking on new research to find out if there is a genetic element to this dual diagnosis with an NHMRC Project Grant, awarded in 2016.

Professor Scheffer works with the International League Against Epilepsy with clinical scientists and researchers from around the world, collaborating on research projects and mentoring younger clinical scientists, researchers and practitioners.

‘It’s more than crossing borders,’ she says of her international work. ‘You’re building a global community by advancing medicine with research in practice and in the laboratory. There are 30 or 40 different countries involved in a particular study,’ she said.

Professor Scheffer is motivated by both a sense of altruism and her need for intellectual stimulation, and regardless of accolades or honours, of which she has both, her greatest life’s work is her two boys, one of whom has a great interest in academic medicine and research.
Part 3 | Operating environment

Legislative framework

NHMRC is an independent statutory authority, established under the National Health and Medical Research Council Act 1992 (NHMRC Act). The NHMRC Act defines NHMRC as the Chief Executive Officer (CEO), the Council of NHMRC and committees, and staff.

The CEO, Council and Principal Committees (committees established under section 35 of the NHMRC Act) are appointed by the responsible minister, who also provides guidance on NHMRC’s strategic priorities.

The Minister for Health, the Hon Greg Hunt MP, was the minister responsible for NHMRC over the period.

NHMRC operates on a triennium basis, with the Council and Principal Committees reappointed every three years. The triennium ran from July 2015 until June 2018.

The CEO is accountable to the minister under the NHMRC Act, the Public Service Act 1999 and the Public Governance, Performance and Accountability Act 2013 (PGPA Act). The CEO’s functions are prescribed by section 7 of the NHMRC Act as to:

• inquire into, issue guidelines on, and advise the community on matters relating to:
  – the improvement of health
  – the prevention, diagnosis and treatment of disease
  – the provision of health care
  – public health research and medical research
  – ethical issues relating to health

• advise and make recommendations to the Australian Government (the Commonwealth), the states and the territories on the matters referred to above

• make recommendations to the minister about expenditure on public health research and training, and medical research and training.

We also administer, and have statutory obligations under, the Prohibition of Human Cloning for Reproduction Act 2002, the Research Involving Human Embryos Act 2002 and the Medical Research Future Fund Act 2015.
Corporate governance

Our robust corporate governance and compliance framework applies rigour and discipline to the way in which we deliver our work (Figure 7). The framework ensures transparent, ethical and accountable decision making, and helps manage risk and stakeholder relations.

Governance bodies form a key part of our assurance processes. These include the Council and the following Principal Committees:

- Research Committee
- Australian Health Ethics Committee
- Health Translation Advisory Committee
- Health Innovation Advisory Committee.

These committees enable us to work collaboratively with the research community to ensure the desired results are achieved.

Figure 7: NHMRC governance structure

Council

The Council of NHMRC is established under section 20 of the NHMRC Act.

The functions of the Council are to:

- provide advice to the CEO in relation to the performance of his or her function
- perform any other function conferred on the Council in writing by the Minister after consulting with the CEO
- perform any other function conferred on the Council by the NHMRC Act, the regulations or any other law.
The Council advises the CEO on a wide range of matters relating to public health research and medical research, public health and clinical practice, ethics in health and in research involving humans and animals, research integrity, and workforce training and development.

Meetings
The Council met four times in 2017-18. Key items discussed at each meeting are outlined below:

- first meeting:
  - NHMRC strategic priorities and the Medical Research Future Fund
  - Clinical guidelines for stroke management 2017
  - Clinical practice guidelines for the prevention, early detection and management of colorectal cancer
  - Publication of Lanthanum Fact Sheet in Australian Drinking Water Guidelines

- second meeting:
  - Advanced Health Research and Translation Centres and Centres for Innovation in Regional Health
  - Clinical trials and cohort studies
  - Best practice methodology in the use of animals for scientific purposes
  - Pregnancy care guidelines
  - Mental health care in the perinatal period: Australian clinical practice guideline
  - Evidence-based clinical practice guideline for deprescribing cholinesterase inhibitors and memantine
  - Guidelines for Guidelines
  - Water fluoridation and human health in Australia

- third meeting:
  - NHMRC Corporate Plan
  - Peer review for NHMRC’s New Grant Program
  - NHMRC Gender Equality Strategy
  - Australian Drinking Water Guidelines
  - NHMRC’s role with Human Research Ethics Committees
  - National Statement Section 3 review
  - Australian Code for the responsible conduct of research 2018
- Indigenous research ethics guidelines: revision of *Ethical conduct in research with Aboriginal and Torres Strait Islander Peoples and communities: Guidelines for researchers and stakeholders* and *Keeping research on track*
- *Competencies for Australian Academic Clinical Trialists*
- Public consultation on the *Revised Australian guidelines for the prevention and control of infection in healthcare*

  • fourth meeting:
    - Progress report against 2018-19 strategic priorities
    - Evaluation of the Boosting Dementia Research Initiative
    - Publication of per- and poly-fluoroalkyl substances (PFAS) fact sheet in the *Australian Drinking Water Guidelines*
    - *A guideline for the assessment and diagnosis of autism spectrum disorders in Australia*
    - *International evidence-based guideline for the assessment and management of polycystic ovary syndrome 2018*
    - *Guideline for the management of knee and hip osteoarthritis*

**Membership**

Council members are appointed under section 41 (1) of the NHMRC Act for a triennium (three years).

The Council was appointed for the triennium from 1 July 2015 to 30 June 2018.

The Council consists of:

- the Chair
- the Chairs of the Principal Committees
- the Chief Medical Officer for the Australian Government
- the Chief Medical Officer or Chief Health Officer for each state and territory
- an expert in Aboriginal and Torres Strait Islander health needs
- a person with expertise in consumer issues
- at least six, but no more than 11, members with relevant expertise as outlined in the NHMRC Act.
National Health and Medical Research Council members 2015–2018

Professor Bruce Robinson AM—Chair

Professor Robinson is an endocrinologist whose research has focused on identifying genetic changes which either predispose people to or directly cause endocrine tumours. His career highlights include the formation of an international consortium to study medullary thyroid carcinoma and phaeochromocytoma. His current clinical research involves trials of new agents in endocrine tumours. Professor Robinson has been head of the Cancer Genetics Unit at the Kolling Institute of Medical Research, Royal North Shore Hospital, since 1989, and practises at the hospital.

Professor Robinson was the Dean of Sydney Medical School from 2007 until 2016. Since 2001, he has been Chairman of Hoc Mai Foundation, a major program in medical and health education and exchange with Vietnam. He is also Chair of the Australian Government’s taskforce of expert clinicians charged with reviewing the Medicare Benefits Schedule. Professor Robinson has supervised 37 PhD students and has published more than 300 research publications. He was appointed as a Member of the Order of Australia in 2012 for services to medicine in the field of endocrinology as a clinician, researcher and university administrator, and through the establishment and leadership of the Hoc Mai Australia–Vietnam Medical Foundation.

He is on the boards of Cochlear, Mayne Pharma and Q-Biotics.

Professor Sharon Lewin

Chair of the Health Translation Advisory Committee Professor Sharon Lewin is the inaugural Director of the Peter Doherty Institute for Infection and Immunity, a joint venture between the University of Melbourne and Royal Melbourne Hospital. She is also a consultant infectious diseases physician at the Alfred Hospital, Melbourne, and a Practitioner Fellow of NHMRC.

Professor Lewin is an infectious diseases physician and basic scientist. She leads a large, multidisciplinary research team focused on understanding and finding a cure for HIV infection. She was the local co-chair of the International AIDS Conference held in Melbourne in July 2014, which was the largest health conference ever held in Australia. In 2014, she was named Melburnian of the Year by the City of Melbourne for being an inspirational role model who has made an outstanding contribution to the city in their chosen field.

Professor Lewin is active internationally in advocating for increased investment in HIV cure research. She is a member of the governing council of the International AIDS Society, representing the Asia-Pacific region, and co-chairs the Scientific Advisory Board for the society’s Strategy Towards an HIV Cure. She chairs the Ministerial Advisory Committee on Blood Borne Viruses and Sexually Transmitted Infections, which is the peak advisory body on HIV infection to the Australian Minister for Health.
**Professor Ian Olver AM**

Professor Ian Olver is Chair of the Australian Health Ethics Committee, the Director of the University of South Australia Cancer Research Institute and a former Chief Executive Officer of the Cancer Council Australia. A renowned oncologist, cancer researcher and bioethicist, he has held senior positions in Australia and abroad.

With research interests in anti-cancer drug studies, symptom control, bio-ethics and psycho-oncology, Professor Olver is the author of more than 290 journal articles and is a regular commentator on cancer issues in Australia and internationally.

He was appointed a Member of the Order of Australia for service to medical oncology as a clinician, researcher, administrator and mentor, and to the community through leadership roles with cancer control organisations.

**Professor Kathryn North AM**

Chair of the Research Committee Professor Kathryn North is the Director of the Murdoch Children's Research Institute and the David Danks Professor of Child Health Research at the University of Melbourne.

Professor North is a physician, neurologist and clinical geneticist and leads national and international networks focused on the integration of genomic medicine into clinical practice for prevention and early intervention.

Her awards include Member of the Order of Australia for service to medicine in the field of neuromuscular and neurogenetics research in 2012, the GSK Australia Award for Research Excellence (2011), and the Ramaciotti Medal for Excellence in Biomedical Research (2012).

Professor North is Vice Chair of the Global Alliance for Genomics and Health, Chair of the International Advisory Board of the Great Ormond Street Institute for Child Health (UK), and a member of the Board of the Victorian Comprehensive Cancer Centre. She was appointed as a foundation Fellow of the Australian Academy of Health and Medical Sciences in 2014.

**Professor Graeme Samuel AC**

Professor Graeme Samuel is Chair of the Health Innovation Advisory Committee and a Professorial Fellow in Monash University’s Business School and School of Public Health and Preventative Medicine. He is also a Councillor of the Australian National University and Chair of its Finance Committee, President of Dementia Australia, Chair of the Dementia Australia Research Foundation, Chair of the South Eastern Melbourne Primary Health Network, Chair of Lorica Health Pty Ltd, a CMCRC company, Chair of Airlines for Australia and New Zealand (A4ANZ), Member of the Committee for the Economic Development of Australia’s Council of Economic Policy, and Chair of the Board of the NHMRC National Institute for Dementia Research. He was a member of the Australian Prudential Regulation Authority Panel, which conducted a prudential Inquiry into the culture, governance and accountability of Commonwealth Bank of Australia. He is currently conducting a review for the Australian Government of the Food and Grocery Code of Conduct.
Professor Samuel has held a number of roles in public life, including Chairman of the Australian Competition and Consumer Commission, Associate Member of the Australian Communications and Media Authority and President of the National Competition Council.

He was appointed an Officer of the Order of Australia in 1998. In 2010 he was elevated to a Companion of the Order of Australia ‘for eminent service to public administration through contributions in the area of economic reform and competition law, and to the community through leadership roles with sporting and cultural organisations.’

Ms Karen Carey

Ms Karen Carey has represented consumers for over a decade at all levels of the health care system. She is the Chair of the NHMRC Community and Consumer Advisory Group, the immediate past chair of the Consumers Health Forum, and a former chair of the Health Consumers Council of Western Australia.

Ms Carey’s focus is on building a health care system and research sector in which consumers can meaningfully partner with researchers and service providers to deliver safe, effective and cost-effective care, from individual patient episodes to system-wide strategic planning and design.

Professor Sandra Eades

Professor Eades is Associate Dean (Indigenous) for the Faculty of Medicine, Dentistry and Health Sciences, Centre for Epidemiology and Biostatistics within the Melbourne School of Population and Global Health at the University of Melbourne.

Sandra, whose family are Noongar from the Minang, Goreng and Kaniyang clans in south-west Western Australia, has made outstanding contributions to the epidemiology of Indigenous child health in Australia, as well as national leadership in Indigenous health research.

In 2003, Sandra was Australia’s first Aboriginal medical doctor to be awarded a Doctorate of Philosophy, at the Telethon Institute for Child Health Research in Perth. That same year, she was recognised as NSW Woman of the Year for her work in paediatric and perinatal epidemiology, identifying links between social factors, such as housing, and infant health.

Sandra leads a new NHMRC Centre of Research Excellence focused on Aboriginal child and adolescent health, and is a Fellow of the Australian Academy of Health and Medical Sciences.

Professor Jonathan Carapetis AM

Professor Jonathan Carapetis is the Director of the Telethon Kids Institute in Western Australia, holds a clinical position with the Princess Margaret Hospital for Children and is a professor at the University of Western Australia.

Professor Carapetis’s research interests include rheumatic fever and rheumatic heart disease, other group A streptococcal diseases, vaccine-preventable disease, Indigenous child health, child development and education, youth health and education, and skin sores and scabies.
His previous positions include Director of the Menzies School of Health Research; Director of the Centre for International Child Health, University of Melbourne; Theme Director at the Murdoch Children’s Research Institute; and Clinical Fellow in Paediatric Infectious Diseases at the Hospital for Sick Children, Toronto, Canada.

**Professor Brendan Crabb AC**

Professor Brendan Crabb is the Director and CEO of the Burnet Institute and Chair of the Victorian chapter of the Association of Australian Medical Research Institutes.

Professor Crabb is a molecular biologist with particular interests in infectious diseases and in health issues of the developing world. His personal research is the development of a vaccine and identification of new treatments for malaria.

Professor Crabb holds professorial appointments at the University of Melbourne and Monash University and is a Fellow of the Australian Academy of Health and Medical Sciences.

He was appointed a Companion of the Order of Australia in 2015, for eminent service to medical science.

**Professor Michael Kidd AM**

Professor Michael Kidd is a general practitioner, primary care researcher, medical educator and author. He has professorial appointments with Flinders University, the Murdoch Children's Research Institute and the University of Toronto. His research interests include global primary health care, digital health, mental health, the education of health professionals, and the primary care management of HIV, viral hepatitis and sexually transmissible infections.

Professor Kidd was previously Executive Dean of the Faculty of Medicine, Nursing and Health Sciences at Flinders University and Professor of General Practice at the University of Sydney. He is the immediate past president of the World Organization of Family Doctors, and a past president of the Royal Australian College of General Practitioners. He is an elected Fellow of the Australian Academy of Health and Medical Sciences.

**Professor Ingrid Scheffer AO**

Professor Ingrid Scheffer is a paediatric neurologist and laureate professor at the University of Melbourne, honorary senior principal research fellow at the Florey Institute of Neuroscience and Mental Health and an NHMRC Practitioner Fellow.

Professor Scheffer’s clinical research has helped to transform the diagnosis and treatment of epilepsy with a focus on genetics, classification and translation to improve patient care through precision medicine approaches. Her research interests also encompass autism spectrum disorders and speech and language disorders. She leads the International League Against Epilepsy’s new classification of the epilepsies. She is a founding fellow and Vice-President of the Australian Academy of Health and Medical Sciences and is also a Fellow of the Australian Academy of Science. In 2018, she was elected as a Fellow of the Royal Society.

Professor Scheffer was appointed as an Officer of the Order of Australia in 2014 for distinguished service to medicine in the field of paediatric neurology as a clinician, academic and mentor, and to research into the identification of epilepsy syndromes and genes.
**Professor David Story**

Professor David Story is Foundation Chair of Anaesthesia at the University of Melbourne and Head of the Anaesthesia, Perioperative and Pain Medicine Unit. He is also Director of the Melbourne Clinical and Translational Science research support platform. David is a senior investigator with the Clinical Trials Network of the Australian and New Zealand College of Anaesthetists (ANZCA) and is a member of the ANZCA Research Committee and ANZCA Safety and Quality Committee.

His main research interest is clinically and cost-effective approaches to reduce perioperative risk, complications, disability and mortality. David is committed to integrating research evidence and methodology into safety and quality in health care. His clinical work involves perioperative care for most surgical specialties, including liver transplantation.

**Professor Elizabeth Sullivan**

Professor Elizabeth Sullivan is a public health physician, medical epidemiologist and health services researcher. She is a Distinguished Professor of Public Health and Assistant Deputy Vice-Chancellor (Research) at the University of Technology Sydney. In addition, she is Director of the Australian Centre for Public and Population Health Research and Discipline Head of Public Health in the Faculty of Health at the University of Technology Sydney. She is highly committed to gender equity in research and has led the Athena SWAN pilot and is Chair of the Self-Assessment Team at the University of Technology Sydney. Her previous positions include Professor of Perinatal and Reproductive Health and Director, Australian Institute of Health and Welfare National Perinatal Epidemiology and Statistics Unit, University of New South Wales, and Head of Research, Family Planning New South Wales.

Professor Sullivan’s research focuses on vulnerable reproductive populations, justice and Aboriginal health, and health inequality among mothers and their infants.

**Professor Brendan Murphy**

Professor Brendan Murphy is the Chief Medical Officer for the Australian Government and is the principal medical adviser to the Minister and the Department of Health. He also holds direct responsibility for the Department of Health’s Office of Health Protection and the Workforce Division.

As well as chairing, co-chairing and participating in many committees, he is the Australian Member on the International Agency for Research on Cancer (IARC) Governing Committee and represents Australia at the World Health Assembly.

Prior to his appointment as Chief Medical Officer, Professor Murphy was the Chief Executive Officer of Austin Health in Victoria.

**Dr Kerry Chant PSM**

Dr Kerry Chant is the Chief Health Officer in New South Wales and leads the NSW Ministry of Health’s Population and Public Health Division, which is responsible for a broad portfolio of issues, including tobacco control, reduction of risky drinking and obesity, the promotion of physical activity, end-of-life care and organ donation. She has a particular interest in the response to HIV, hepatitis C and hepatitis B and Aboriginal health.
**Professor Charles Guest**

Chief Health Officer for Victoria

Professor Charles Guest has worked in government and academic public health medicine in Australia and overseas, and served as the Chief Health Officer of the Australian Capital Territory in 2005 and from 2007 to 2011. Professor Guest originally trained at the University of Melbourne and holds academic appointments there and at Monash University and the Australian National University.

**Dr Hugh Heggie**

Dr Hugh Heggie is the Chief Health Officer of the Northern Territory and Executive Director of Public Health and Clinical Excellence. As a member of the Executive Management Team for the Northern Territory Department of Health, his responsibilities include the Centre for Disease Control, Environmental Health Branch, Clinical Safety and Governance, the Clinical Senate and Territory Pathology.

Dr Heggie has been a research pharmacologist and a rural general practitioner for 40 years. He has advanced skills in obstetrics, emergency medicine and Aboriginal health, and has worked in remote settings in Central Australia and the Top End.

Dr Heggie has been in a number of leadership roles over the last 10 years, participates in a wide variety of local forums, and has been deeply involved in digital health and public health reforms across the Northern Territory. He represents the Northern Territory on a number of national committees and advisory groups.

**Dr Paul Kelly**

Chief Health Officer for the Australian Capital Territory

Dr Paul Kelly is Deputy Director General (Population Health) with the ACT Government Health Directorate. He is a professor at the Australian National University.

Dr Kelly has worked in government and academic public health in four Australian jurisdictions and in several other countries. He is a member of two World Health Organization committees.

He has a particular research interest and expertise in respiratory infectious diseases, including tuberculosis and influenza, health services research, and systems approaches to chronic disease prevention.

**Professor Anthony Lawler**

Professor Anthony Lawler is the Chief Medical Officer for Tasmania, and Director of Acute Planning and Strategy within the Tasmanian Department of Health and Human Services. He is also Professor in Health Services at the University of Tasmania and a member of the Australian Medical Council’s Special Education Accreditation Committee.

Professor Lawler is a Specialist Emergency Physician and Immediate Past President of the Australasian College for Emergency Medicine. He is a Director of HealthDirect Australia and the Postgraduate Medical Education Council of Tasmania.

His previous appointments include Medical Advisor to the Tasmanian Minister for Health, Deputy Head of the Tasmanian School of Medicine and President of the Tasmanian Branch of the Australian Medical Association.
Professor Paddy Phillips PSM

Chief Medical Officer and Chief Public Health Officer for South Australia Professor Phillips has held senior clinical academic posts at the University of Melbourne, Oxford University and Flinders University and is adjunct professor at the University of Adelaide and Duke University, USA. His interests are in building a better health system through innovation, collaboration and leadership. He remains clinically active in acute general medicine.

Professor Phillips was awarded the Public Service Medal in June 2011 for outstanding public service in the area of health services.

Dr Jeannette Young PSM

Dr Young is the Chief Health Officer for Queensland and a Deputy Director General in the Queensland Department of Health. She has worked in a range of positions in New South Wales and Queensland and has specialist qualifications as a Fellow of the Royal Australasian College of Medical Administrators and as a Fellow by Distinction of the Faculty of Public Health of the Royal College of Physicians of the United Kingdom. She is an adjunct professor at Queensland University of Technology, Griffith University and the University of Queensland.

Dr Young is a member of numerous state and national committees and boards, including the Council of the QIMR Berghofer Medical Research Institute, the Australian Health Protection Principal Committee, the Jurisdictional Blood Committee, National Screening Committee and the Queensland Clinical Senate.

She was awarded the Public Service Medal in 2015 for outstanding public service to Queensland Health.

Principal Committees

Our Principal Committees are established under section 35 of the NHMRC Act. Each Principal Committee reports to the Council.

In 2017–18, NHMRC had the following Principal Committees:

- Research Committee (required under the NHMRC Act)
- Australian Health Ethics Committee (required under the NHMRC Act)
- Health Translation Advisory Committee
- Health Innovation Advisory Committee.

The terms of reference for the Principal Committees were gazetted by the Minister for Health on 29 June 2015.

The Embryo Research Licensing Committee is also a Principal Committee of NHMRC but it is established under the Research Involving Human Embryos Act 2002 and it operates under different arrangements to the other Principal Committees.
Research Committee

Research Committee recommends the awarding of grants on the basis of scientific quality as judged by peer review across health, medical and public health research. It also advises on research support through a variety of mechanisms, including support for individual research projects, broad programs of research, training awards and fellowships, and special research units.

The functions of the Research Committee, as set out in section 35(2) of the NHMRC Act, are:

• to advise and make recommendations to the Council on the application of the Medical Research Endowment Account (MREA)
• to monitor the use of assistance provided from the MREA
• to advise the Council on matters relating to medical research and public health research, including the quality and scope of such research in Australia
• such other functions as the Minister from time to time determines in writing after consulting with the CEO
• any other functions conferred on the committee by the National Health and Medical Research Council Act 1992 (NHMRC Act), the regulations or any other law.

During the 2016-18 triennium the Research Committee met 21 times. Its major activities included:

• providing advice to the Council on funding expenditure
• advising the CEO on strategic matters including:
  – the implementation of NHMRC’s new grant program
  – development of peer review processes for NHMRC’s new grant program
  – strategic priorities
  – strategic funding framework
  – international engagement strategy
  – Aboriginal and Torres Strait Islander health
  – Targeted Calls for Research
  – clinical trials
  – gender equality.

Members of Research Committee have clinical and/or research expertise and cover the spectrum of health and medical research.
Members
Professor Kathryn North AM (Chair)
Professor Warren Alexander
Associate Professor James Bourne
Professor Jeffrey Braithwaite
Professor Peter Ebeling AO
Professor Timothy Hughes
Professor Maria Kavallaris
Professor Bronwyn Kingwell
Professor Peter Leedman
Associate Professor Daniel McAullay
Professor Sandy Middleton
Professor Ben Solomon
Professor Nicholas Talley AC
Professor Helena Teede
Professor Rosalie Viney
Professor Patsy Yates

Australian Health Ethics Committee
The functions of the Australian Health Ethics Committee (AHEC), as set out in section 35(3) of the NHMRC Act, are:

• to advise the Council on the ethical issues relating to health
• to develop and give the Council human research guidelines under subsection 10(2) of the NHMRC Act
• any other functions conferred on the committee in writing by the Minister after consulting the CEO
• any other functions conferred on the committee by the NHMRC Act, the regulations or any other law.

AHEC consults extensively with individuals, community organisations, health professionals and governments, and undertakes formal public consultation when developing guidelines. AHEC may also provide advice on international developments in health ethics issues.
During 2017–18, AHEC’s major activities included:

• finalisation of guidance: *Safety monitoring and reporting in clinical trials involving therapeutic goods*, and supplementary guidance on:
  - Data Safety Monitoring Boards
  - Risk-based Management and Monitoring of Clinical Trials involving Therapeutic Goods
  - Reporting of Serious Breaches of Good Clinical Practice or the Protocol for Trials Involving Therapeutic Goods

• revision of section 3 of the *National statement on ethical conduct in human research, 2007* (National Statement), and consequential changes to section 5 and the glossary. The revised section 3 includes new guidance on xenotransplantation

• finalisation of the guidelines *Ethical conduct in research with Aboriginal and Torres Strait Islander Peoples and communities: Guidelines for researchers and stakeholders and Keeping research on track II*

• input into the review of the *Australian Code for the Responsible Conduct of Research, 2007* and the development of the *Guide to Managing and Investigating Potential Breaches of the Code*, including through AHEC cross-membership on the Code Review Committee

• development of a draft document on *Payment of Participants in Research: information for researchers and reviewers of research*, for targeted consultation

• advice on ethical issues raised by new technologies as outlined in the discussion paper *Consideration of Emerging Technologies in light of the Prohibition of Human Cloning for Reproduction Act 2002* and the *Research Involving Human Embryos Act 2002*

• development of an issues paper for the review of section 4 of the National Statement and planning for the Review of section 5 of the National Statement.

The composition of AHEC is specified in the NHMRC Act. Members draw on expertise in philosophy, the ethics of medical research, public health and social science research, clinical medical practice and nursing, disability, law, religion and health consumer issues. Under section 36(2) of the NHMRC Act, AHEC’s membership must include individuals who, collectively, have membership of all the other Principal Committees.
Members
Professor Ian Olver AM (Chair)
Associate Professor Mark Arnold
Ms Rebecca Davies AO
Emeritus Professor Anne Edwards AO
Professor Helen Edwards OAM
Associate Professor Clara Gaff
Professor Louisa Jorm
Associate Professor Karen Liu
Associate Professor Daniel McAullay
Reverend Kevin McGovern
Professor Dianne Nicol
Professor Peter Procopis
Dr Sarah Winch
Professor Ingrid Winship

Embryo Research Licensing Committee

These Acts prohibit certain practices, including human cloning for reproduction. They also regulate use of excess human embryos created through assisted reproductive technology, the creation of embryos by other means and use of such embryos for research purposes. It is an offence to use an excess assisted reproductive technology embryo unless the use is an exempt use or is authorised by a licence issued by the ERLC.

The ERLC assesses applications for licences to conduct research involving human embryos. Licences can be issued only if the proposed research complies with the legislation.

The ERLC is also responsible for monitoring compliance with the legislation and licence conditions. If necessary, the committee can take enforcement action, including cancelling or suspending licences. There are strong penalties for non-compliance.

The ERLC met four times in 2017–18. It considered and approved 15 applications to vary existing licences. One licence was issued during the reporting period. Eight licences were current at 30 June 2018.

The RIHE Act requires the ERLC to table regular reports to Parliament describing its activities. The reports include information about licences issued under the RIHE Act. The report for 1 March 2017 to 31 August 2017 was tabled on 7 December 2017. The report for 1 September 2017 to 28 February 2018 was tabled on 20 June 2018. All reports are available from our website.
We are committed to ensuring that individuals and licence-holder organisations comply with the PHCR Act and RIHE Act. Under the legislation, the Chair of ERLC appoints inspectors who conduct a range of monitoring and compliance activities. During 2017–18, the inspectors did not conduct any inspections to ensure compliance with licence conditions. However, the inspectors provided information to prospective licence holders and other stakeholders about compliance with the legislation.

The composition of the ERLC is specified in the RIHE Act. Committee members must include a member of AHEC and people with expertise in specified areas, such as research ethics, assisted reproductive technology, related research, law, embryology, and consumer health issues.

**Members**

Professor Constantine Michael AO (Chair)
Professor Dianne Nicol
Professor Sheryl de Lacey
Professor Martin Pera
Associate Professor Bernadette Richards
Mr Robert Pask
Ms Kay Oke OAM
Professor Patrick Tam

**Health Translation Advisory Committee**

The Health Translation Advisory Committee (HTAC) has provided valuable advice to NHMRC on support for research translation and implementation across the health and medical research sector.

The functions of HTAC, as gazetted by the Minister, are to advise the CEO and the Council on:

- major challenges, current issues and trends in health and health care, including those specific to Aboriginal and Torres Strait Islander peoples
- priorities and strategies to address the major challenges
- strategies to promote the translation of research into practice and policy
- dissemination and implementation of research findings and NHMRC-issued guidelines
- any other matter referred to it by the CEO.
During 2017–18, HTAC provided advice on:

- measuring and reporting the impact of NHMRC-funded research
- NHMRC’s role in improving the clinical trials environment in Australia
- NHMRC’s data strategy and research translation strategy
- NHMRC’s research translation activities in Indigenous health
- strengthening the dissemination and implementation of research findings and clinical practice guidelines
- the implementation of NHMRC’s new grant program.

Members of the Health Translation Advisory Committee have clinical or research expertise and experience in areas such as clinical practice, health services, new technologies including genomics, public health, health economics, evidence evaluation and Indigenous health.

**Members**

Professor Sharon Lewin (Chair)
Professor Sam Berkovic AC
Professor Yvonne Cadet-James
Professor Rosemary Calder AM
Associate Professor Clara Gaff
Mr Toby Hall
Professor Michael Nilsson
Professor Vlado Perkovic
Professor John Prins
Professor Steve Webb
Professor Steve Wesselingh

**Health Innovation Advisory Committee**

The Health Innovation Advisory Committee (HIAC) advises the CEO and the Council on current and emerging issues related to the development, commercialisation and uptake of innovative technologies and practices arising from health and medical research.

The functions of HIAC, as gazetted by the Minister, are to advise the CEO and the Council on:

- strategies to foster the development and uptake of innovative technologies and practices to improve human health, including the health of Aboriginal and Torres Strait Islander peoples
- strategies to promote collaboration between the health and medical research and commercial sectors
- creating a culture of commercialisation for the translation of research into health outcomes
- any other matter referred by the CEO.
During 2017–18, HIAC’s major activities included:

• improving commercial literacy in the research sector through assisting with the development of content for NHMRC’s innovation web page, including information and resources for researchers (particularly early and mid-career researchers) on the innovation/commercialisation pathway

• achieving greater investment in research with the highest commercialisation potential through policy changes to NHMRC’s Development Grant scheme

• determining how best to evaluate and assess the innovation potential of the research described in NHMRC grant applications

• identifying opportunities for NHMRC to partner with the philanthropic sector

• advising on innovation elements of the new grant program.

Members of HIAC have demonstrated knowledge and expertise in areas such as emerging technologies, commercialisation and intellectual property development and protection.

Members
Professor Graeme Samuel AC (Chair)
Professor Matthew Cooper
Emeritus Professor Edwina Cornish AO
Ms Rebecca Davies AO
Dr Kerry Hegarty
Associate Professor Kelvin Kong
Dr Buzz Palmer
Dr Chris Roberts AO
Dr Dean Moss

Working committees

Under division 3, section 39 of the NHMRC Act, the CEO may establish working committees to assist in carrying out the functions of the CEO, the Council or a Principal Committee. The CEO determines the functions of the committees, and appoints members to the committees. Key working committees established by the CEO are outlined below.

Community and Consumer Advisory Group

The Community and Consumer Advisory Group (CCAG), through its Chair, advises the CEO of significant issues of relevance to the Australian community and consumers of health care or medical research.

Membership comprises consumer and community leaders in Australia who represent the perspectives of the community and health consumers in their provision of advice.
During 2017–18, CCAG’s major activities included:

- development of guidance documents on consumer involvement in, and expectations of, health and medical research
- providing a health consumer perspective on the ‘Guidelines for Guidelines’ modules including the ‘Involving consumers in Guideline Development’ module
- considering consumer participation in the peer review of grants conducted on behalf of the NHMRC National Institute for Dementia Research
- advising on:
  - the review of Indigenous research ethics guidelines
  - the review of the Australian Code for Responsible Conduct of Research.

**Members**
Ms Karen Carey (Chair)
Ms Rebecca Davies AO
Mr Todd Harper
Mr David Jack
Mr Demos Krouskos
Ms Anne McKenzie AM
Ms Kay Oke AM
Mr Glenn Rees AM
Mr John Stubbs
Dr Moira Watson

**Mental Health Research Advisory Committee**

The Mental Health Research Advisory Committee (MHRAC) was established to provide expert advice to NHMRC’s CEO on NHMRC’s investment in mental health research, including the development of priority-driven research initiatives. MHRAC’s role is also to identify significant knowledge gaps and emerging issues in mental health and to advise on research needs.

Membership comprises mental health experts including consumer representation.

During 2017–18, MHRAC’s major activities included its analysis of mental health priorities and the development of advice on future mental health research needs.

**Members**
Professor Jane Gunn (Chair)
Professor Pat Dudgeon
Professor Philip Boyce
Mr Bradley Foxlewin
Professor Philip Mitchell
Professor John McGrath
Professor Gary Robinson
Professor Jane Pirkis
Professor Cherrie Galletly
Women in Health Science Committee

The Women in Health Science Committee (WiHSC) was established to gain a better understanding of the issues that female researchers face in health and medical research and barriers to their career progression. The WiHSC provides advice directly to NHMRC’s CEO on strategies to address issues and overcome barriers.

The WHSC’s major activities included providing advice on:

- analysis of NHMRC data, by gender, to identify inequalities and advise on improvements
- the development of NHMRC’s new Track Record framework
- the development of NHMRC’s Gender Equality Strategy (2018–2021) and 2018 Action Plan
- strategies to reduce the difference in funded rates between male and female lead investigators for the Project Grant scheme in 2017.

Members
Professor Rosalie Viney (Chair)
Professor Caroline Homer AO
Professor Robert (Bob) Williamson AO
Associate Professor Suzanne Miller
Professor Tania Winzenberg
Professor Dawn Freshwater
Professor Deborah White
Associate Professor Geoffrey Faulkner
Professor Peter Koopman
Associate Professor Nikola Bowden

Principal Committee Indigenous Caucus

The Principal Committee Indigenous Caucus (PCIC) was established under Section 39 of the NHMRC Act. Its role is to provide advice to the Council and the CEO on issues relating to Indigenous health research.

The committee comprises Indigenous representatives currently on NHMRC Council and Principal Committees, as well as early career researchers.

Members
Professor Sandra Eades (Chair)
Associate Professor Daniel McAullay
Professor Yvonne Cadet-James
Associate Professor Kelvin Kong
Dr Yvette Roe
Mr Ali Drummond
Dr Simon Graham
In 2017–18, PCIC’s major activities included:

- finalising *Road Map 3: A strategic framework for improving Aboriginal and Torres Strait Islander health through research* and associated Action Plan and 2017 Report Card
- reviewing the guidelines *Ethical conduct in research with Aboriginal and Torres Strait Islander Peoples and communities: Guidelines for researchers and stakeholders* and *Keeping research on track II*
- advising on two Targeted Calls for Research:
  - Social and Emotional Wellbeing and Mental Health for Aboriginal and Torres Strait Islander Peoples from Early Life to Young Adults
  - Healthy Ageing of Aboriginal and Torres Strait Islander Peoples
- helping to organise the 2017 Research Translation Symposium on Indigenous health co-hosted with the Lowitja Institute
- advising on the renewal of the Tripartite Agreement on international Indigenous health with the Canadian Institutes of Health Research and the Health Research Council of New Zealand
- working on strengthening the capacity of Aboriginal and Torres Strait Islander health researchers, culminating in a workshop in May 2018 whose outcomes will be taken forward next triennium
- advising on profiling of many Aboriginal and Torres Strait Islander researchers on the NHMRC website, illustrating the diverse pathways into a research career
- helping to organise a Torres Strait Islander researcher yarning workshop.

**Ministerial advisory committees**

The CEO represented NHMRC on the following ministerial advisory committees:

- Australian Medical Research Advisory Board
- Engagement and Impact Steering Committee.
Sapphire— Supporting Research Excellence

Sapphire will be the new, intuitive tool to apply for, assess and administer grants when it is launched, and will replace the current Research Grants Management System (RGMS).

Two reference groups were established, one external and one internal, to provide advice, testing and feedback on the performance and usability of Sapphire. The external group ensures that a wide range of users from the health and medical research community actively inform the new solution.

Sapphire will contain a number of improvements to streamline the application and assessment of grants, while providing an improved user experience. A flatter navigation structure complemented with help text on each page will assist navigation, and it includes a range of other enhancements sought by users to make it more user friendly.

Sapphire brings in additional functionality that our current system (RGMS) does not have, through the Grants Management Accelerator and the Outcome Reporting Application.

Grants Management Accelerator

The Grants Management Accelerator will use advanced analytics to mine, sort and categorise grant applications and researcher data to suggest the assignment of grant applications to reviewers, assisting the work of external assigners and NHMRC scientific staff.

Outcome Reporting Application

The Outcome Reporting Application will use structured data linkages to draw together information about research outputs from a number of key partner agencies (e.g. Australian National Library, the Australian Research Data Commons and IP Australia). This is complemented through other methods such as text analytics and data mining to track commercial journeys beyond grant acquittal. Citation and commercialisation metrics will help to demonstrate the return on investment from government investment in health and medical research grants.
External scrutiny

In addition to our accountability obligations under the PGPA Act and the NHMRC Act, we are accountable to Australian Government bodies such as the Commonwealth Ombudsman, the Australian Public Service Commission, the Office of the Australian Information Commissioner, the Australian Commission for Law Enforcement Integrity, and the Australian National Audit Office.

Judicial decisions and decisions of the Administrative Appeals Tribunal and the Australian Information Commissioner

The Office of the Australian Information Commissioner notified NHMRC in June 2016 that it had one matter for review relating to a previous freedom of information decision. There had been no outcome by the end of this reporting period. No matters relating to NHMRC went before the Administrative Appeals Tribunal in 2017–18.

Reports by parliamentary committees

No parliamentary committee reported on NHMRC in 2017–18.

Reports by the Commonwealth Ombudsman

In September 2017, the Commonwealth Ombudsman commenced an investigation into a Public Interest Disclosure concerning the Homeopathy Review conducted by NHMRC in 2015. This investigation is still underway.

Reports by the Auditor-General

The Australian National Audit Office conducts performance audits of the efficiency and effectiveness of NHMRC’s operations and financial audits of its financial statements. NHMRC participated in one external performance audit that was tabled during 2017–18.

Reportable matters under section 83

Section 83 of the NHMRC Act requires us to report on certain matters referred to the organisation by the minister, and guidelines and recommendations made by the CEO, during the reporting period.
Two matters were referred by the Minister to the CEO under section 5D of the NHMRC Act in 2017–18:

- a targeted call for research into tick-borne and Lyme-like illnesses, and
- the establishment of an expert advisory group on proton beam therapy.

No matters were referred by the Minister to the CEO, the Council or a Principal Committee under section 5E of the NHMRC Act in 2017–18.

In 2017–18 the CEO made no regulatory recommendations under section 9 of the NHMRC Act, and no interim regulatory recommendations under section 14 of the NHMRC Act.
Compliance and assurance

Audit

The NHMRC Audit Committee was established in accordance with the *Public Governance, Performance and Accountability Act 2013* (PGPA Act).

The Audit Committee provides independent assurance and advice to the CEO on our risk, control and compliance framework and on our external accountability responsibilities. The Audit Committee charter specifies that the committee will review, monitor and advise the CEO on risk management. This is included in the committee’s annual work plan.

Section 17AG of the *Public Governance, Performance and Accountability Rule 2014* (PGPA Rule) requires that we advise of any significant issues reported to the Minister in relation to non-compliance with the finance law. No such reports were required to be made in the 2017–18 reporting year.

The Audit Committee comprises an independent Chair, a Chartered Accountant, a member of the Council or a Principal Committee, a member with relevant knowledge of the health and medical research sector, and the General Manager of the Office of NHMRC.

The Audit Committee met on four occasions in 2017–18. The committee members are:

- Ms Gayle Ginnane (independent Chair)
- Mr Geoff Knuckey (Chartered Accountant)
- Dr Jeannette Young PSM (Council member)
- Professor Matthew Gillespie (member with relevant knowledge of the health and medical research sector)
- Mr Tony Kingdon (General Manager).

Participating observers include representatives from the Australian National Audit Office and the internal audit staff, including contractors (Deloitte and McGrathNicol), as well as the Chief Financial Officer and the Executive Director of the Research Quality and Priorities Branch.

The 2017–18 Annual Internal Audit Work Plan agreed to by the Audit Committee, and approved by the CEO, included compliance and assurance audits designed to augment the internal audit themes initiated in previous years to manage whole-of-agency key risks. Audit focus areas included: peer review, grants management, and related ICT systems.
Risk management

In support of NHMRC’s mission and strategic objectives, we are committed to managing risks both strategically and systematically. In the period covered by this report, the NHMRC Risk Management Policy and Framework 2017–18 (RMF) provided the foundations and organisational arrangements for designing, implementing, monitoring, reviewing and continually improving risk management throughout NHMRC. The RMF was developed in accordance with the international standard on risk management AUS/NZS/ISO 31000:2009 Risk Management Principles and Guidelines and is consistent with the requirements of the PGPA Act.

In accordance with the Risk Management Framework (RMF):

- the CEO, General Manager and Executive Directors are accountable for the effective implementation of the RMF and responsible for fostering a culture of positive engagement with and management of risk across the agency
- all Directors are required to integrate the RMF into activities for which they are accountable
- all employees are required to maintain awareness of the risks that relate to their work and to support and contribute actively to the management of those risks
- the Audit Committee is to advise the CEO on risk management and all matters that could present an unacceptable risk for the agency.

We maintain a Strategic Risk Register which identifies risks facing and potentially preventing us from achieving our strategic objectives. For each identified risk, the register details the potential sources of the risk, the current controls mitigating the risk and the residual severity of the risk given the controls. It also identifies further mitigation strategies to implement if the current controls become ineffective and the severity of the risk increases. During 2017–18 the register was monitored and discussed monthly by the General Manager and Executive Directors.

In February 2018, we participated in Comcover’s annual risk management benchmarking survey. This annual practice provides us with an opportunity to review and benchmark our RMF, practices and processes against those of comparable agencies. We set our target risk maturity at ‘integrated’, which was achieved. The average maturity level of all survey participants in 2018 was also ‘integrated’.
Fraud prevention

In accordance with the NHMRC Fraud Control Framework 2017–19 and the NHMRC Fraud Control Plan 2017–19, we have processes in place to help detect fraud, including post-award compliance monitoring, data-mining analysis, post-transaction reviews, and internal and external audits.

As the NHMRC Accountable Authority, the CEO has a non-delegable duty under section 16 of the PGPA Act to establish and maintain systems relating to risk and control. It is also a requirement of the PGPA Rule that the CEO take all reasonable measures to prevent, detect and deal with fraud.

To assist the CEO to meet these obligations, a senior executive officer has been appointed as the NHMRC Fraud Control Officer. The Fraud Control Officer is a referral point for all allegations of fraud, and is responsible for maintaining a fraud incident register and undertaking a preliminary assessment to determine whether reported behaviour is potentially fraudulent in nature.

Through its funding agreements with administering institutions, NHMRC requires compliance with the Australian Code for the Responsible Conduct of Research (2018), which supports and encourages reporting allegations of research misconduct across the Australian health and medical research sector.

NHMRC systematically reviews its internal processes and control systems, including the Research Grants Management System, to identify gaps and strengthen internal controls. In September 2017, we finalised a review of our fraud control policies and our biennial fraud risk assessment. Only minor updates were required which were approved by the Audit Committee and CEO.

In October 2017, in accordance with section 10 of the PGPA Rule, the Commonwealth Fraud Control Policy, and the Department of Finance Resource Management Guide No. 201, we reported fraud data to the Australian Institute of Criminology for 2017–18. For the relevant period, NHMRC reported no instances of fraud.

Officers of NHMRC are expected to act with integrity and fairness and uphold the values of the Australian Public Service in their dealings with the Minister and all stakeholders.

Privacy

All documents held by NHMRC containing personal information are handled in accordance with the provisions of the Privacy Act 1988, which sets standards for the collection, storage, use and disclosure of, and access to and correction of, that personal information.

In accordance with Australian Privacy Principle 1.3, our Privacy Policy supports the open and transparent management of personal information by identifying how we collect, store, use and disclose personal information. We provide an environment in which all personal information is handled securely and efficiently. No reports were served on NHMRC by the Office of the Australian Information Commissioner (OAIC) under section 30 of the Privacy Act 1988 in 2017–18. No determinations were served on NHMRC by the OAIC under section 52 of the Privacy Act 1988 in 2017–18.
With the commencement of the Notifiable Data Breaches scheme on 22 February 2018, NHMRC issued its *Response Plan for data breaches involving personal or sensitive information*.

**Freedom of information**

Agencies subject to the *Freedom of Information Act 1982* (FOI Act) are required to publish information to the public as part of the Information Publication Scheme (IPS). This requirement is in Part II of the FOI Act and has replaced the former requirement to publish a Section 8 statement in agency annual reports. Our website contains the plan for the information we publish in accordance with the IPS requirements.

We publish information to which access has been granted under the FOI Act in our Freedom of Information Disclosure Log, which is available via the ‘Freedom of Information’ link on the homepage of our website.

**Table 8: Freedom of information requests 2017-18**

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<td>Requests finalised</td>
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<tr>
<td>Requests finalised</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>OAIC matters</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Matters on hand at 1 July 2017</td>
<td>1</td>
</tr>
<tr>
<td>Requests received</td>
<td>0</td>
</tr>
<tr>
<td>Requests finalised</td>
<td>1</td>
</tr>
<tr>
<td>Outstanding at 30 June 2018</td>
<td>0</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Administrative Appeals Tribunal matters</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Matters on hand at 30 June 2018</td>
<td>0</td>
</tr>
</tbody>
</table>
Disability reporting

Since 1994, non-corporate Commonwealth entities have reported on their performance as policy adviser, purchaser, employer, regulator and provider under the Commonwealth Disability Strategy. In 2007–08, reporting on the employer role was transferred to the Australian Public Service Commission’s State of the Service reports and the APS Statistical Bulletin. These reports are available at www.apsc.gov.au.

From 2010–11, we have no longer been required to report on these functions. The Commonwealth Disability Strategy has been overtaken by the National Disability Strategy 2010–2020, which sets out a 10-year national policy framework to improve the lives of people with disability, promote participation and create a more inclusive society. A high-level, two-yearly report will track progress against each of the six outcome areas of the strategy and present a picture of how people with disability are faring.

The first of these progress reports was published in 2014, and can be found on the Department of Social Services website at www.dss.gov.au.

Research integrity

Notifications of research misconduct matters

In line with NHMRC policy, institutions must notify NHMRC of any research misconduct findings or breaches of the Australian Code for the Responsible Conduct of Research (the Code) related to NHMRC funding.

It is the responsibility of the relevant institution to investigate allegations of research misconduct, consistent with the Code. In response to findings of research misconduct, NHMRC may take action in relation to the institution or the researcher. Actions may include, for example, recovery of research funding from an institution or restrictions on a researcher’s applications for funding for a period of time.
Annual Report of the Australian Research Integrity Committee

This is the 2017–18 annual report of the Australian Research Integrity Committee (ARIC) to the CEO of NHMRC.

ARIC was jointly established by NHMRC and the Australian Research Council (ARC) in 2011 and reports to both agencies. As a result of the joint NHMRC and ARC appointment, ARIC reports separately to the ARC on cases that arise in the jurisdiction created under the ARC’s legislation. Information on those activities can be found in the ARC’s Annual Report.

ARIC provides a review system of institutional processes to respond to allegations of research misconduct.

This system is intended to ensure that institutions investigate such allegations and observe due process in doing so, consistent with the Code.

The framework under which ARIC operates applies to both NHMRC and ARC matters and is designed to contribute to quality assurance and public confidence in the integrity of Australia’s research effort. ARIC is chaired by Mr Ron Brent and the members are Dr Kerry Breen AM, Ms Julie Hamblin, Emeritus Professor Sheila Shaver, Professor Janice Reid AC, Professor Margaret Otlowski, Emeritus Professor Alan Lawson and Mr Michael Chilcott. All members are appointed until 31 December 2019.

During the 2017–18 reporting period, ARIC was required to review four new matters and four matters remaining from 2016–17. Three of the matters from 2016–17 were finalised and ARIC reported to the NHMRC CEO on several weaknesses in the relevant institutions’ investigative processes.

The NHMRC CEO subsequently communicated with the institutions on these matters.

Of the four new matters received in 2017–18:

- two matters are being investigated
- one matter is under consideration
- one matter was not accepted as the institutional investigation had not been completed and this was determined not to relate to undue delay.

ARIC also considers the broader research integrity issues raised during the course of its reviews. ARIC contributed to the review of the 2007 Code through direct discussions with the two expert committees that developed the 2018 Code and the accompanying Guide to Managing and Investigating Potential Breaches of the Code.

Ron Brent
Chair, Australian Research Integrity Committee
Accountability

Purchasing and procurement

NHMRC performed its procurement activities in accordance with the Commonwealth Financial Framework, specifically the Commonwealth Procurement Rules (CPRs).

NHMRC’s Accountable Authority Instructions, as well as related policy and procedural manuals, support the CPRs and are periodically reviewed (last review 2018) for consistency with the CPRs and the Commonwealth Procurement Framework.

Additionally, NHMRC worked closely with other agencies undertaking cooperative procurement and contracting activities. In the whole-of-government context, NHMRC will continue to comply with coordinated procurement initiatives, which reduce tendering costs and increase savings through economies of scale.

NHMRC builds capacity within the agency by providing procurement and contract management training and circulating procurement and whole-of-government advice from the Department of Finance.

NHMRC publishes information on significant procurement activity it expects to undertake in the year ahead in its annual procurement plan, which is available on the Australian Government’s procurement information system, AusTender. Details of significant NHMRC contracts and information on expenditure consultancies are also publicly available through AusTender.

Contracts and consultancy services

NHMRC uses guidance published by the Department of Finance to distinguish between consultancy and non-consultancy contracts for annual reporting purposes.

NHMRC engages consultants where it lacks specialist expertise or when independent research, review or assessment is required. Consultants are typically engaged to investigate or diagnose a defined issue or problem; carry out defined reviews or evaluations; or provide independent advice, information or creative solutions to assist in the agency’s decision-making.

Prior to engaging consultants, NHMRC takes into account the skills and resources required for the task, the skills available internally, and the cost-effectiveness of engaging external expertise. The decision to engage a consultant is made in accordance with the PGPA Act and related regulations, including the Commonwealth Procurement Rules and relevant internal policies.

During 2017–18, nine new consultancy contracts were entered into involving total actual expenditure of $198,964.79. In addition, 7 ongoing consultancy contracts were active during 2017–18, involving total actual expenditure of $83,709.40. The total expenditure during 2017–18 was $282,674.19 as shown in Table 9.

Annual reports contain information about actual expenditure on contracts for consultancies. Information on the value of contracts and consultancies is available on the AusTender website.
Table 9: Consultancy contract expenditure from 2013–14 to 2017–18

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Expenditure</td>
<td>$660,946.15</td>
<td>$1,375,018.70</td>
<td>$575,021.33</td>
<td>$289,230.15</td>
<td>$282,674.19</td>
</tr>
<tr>
<td>against contracts awarded in previous years</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 10: Consultancy services during 2017–18 of $10,000 or more

<table>
<thead>
<tr>
<th>Consultant name</th>
<th>Description</th>
<th>Contract price</th>
<th>Selection process</th>
<th>Justification</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australian Government Solicitor</td>
<td>Legal advice—Human Resources</td>
<td>$11,000.00</td>
<td>Limited tender</td>
<td>B</td>
</tr>
<tr>
<td>Synergy Group Australia Pty Ltd</td>
<td>Benefits Realisation Services</td>
<td>$74,800.00</td>
<td>Open tender</td>
<td>B</td>
</tr>
<tr>
<td>Maddocks</td>
<td>Outcome Reporting Accelerator IP review and procurement advice</td>
<td>$12,500.00</td>
<td>Prequalified tender</td>
<td>B</td>
</tr>
<tr>
<td>Horizon Research</td>
<td>Australian Clinical Trials marketing campaign</td>
<td>$44,999.50</td>
<td>Limited tender</td>
<td>B</td>
</tr>
<tr>
<td>Maddocks</td>
<td>Legal advice to vary contract between NHMRC &amp; F1 Solutions</td>
<td>$26,000.00</td>
<td>Prequalified tender</td>
<td>B</td>
</tr>
<tr>
<td>McGrathNicol Advisory Partnership</td>
<td>Provision of internal audit services</td>
<td>$99,995.20</td>
<td>Open tender</td>
<td>B</td>
</tr>
<tr>
<td>Providence Consulting Group Pty Ltd</td>
<td>Assurance and Advice for RGMS replacement</td>
<td>$40,000.00</td>
<td>Open tender</td>
<td>B</td>
</tr>
<tr>
<td>Ngamuru Advisory Pty Ltd</td>
<td>Public Interest Disclosure—review and recommendations</td>
<td>$27,500.00</td>
<td>Open tender</td>
<td>B</td>
</tr>
<tr>
<td>Snedden Hall &amp; Gallop Pty Ltd</td>
<td>Legal Services</td>
<td>$15,000.00</td>
<td>Prequalified tender</td>
<td>B</td>
</tr>
</tbody>
</table>

1 *Explanation of selection process terms from the Commonwealth Procurement Rules*

- Open tender: involves publishing an approach to the market and inviting submissions.
- Prequalified tender: involves publishing an approach to the market inviting submissions from all potential suppliers on:
  - a shortlist of potential suppliers that responded to an initial open approach to the market; or
  - a list of potential suppliers selected from a multi-use list established through an open approach to the market; or
  - a list of all potential suppliers that have been granted a specific licence or comply with a legal requirement, where the licence or compliance with the legal requirement is essential to the conduct of the procurement.

- Limited tender: involves approaching one or more potential suppliers to make submissions, where the process does not meet the rules for open tender or prequalified tender.

2 Justification for decision to use consultancy:

- A — Skills currently unavailable within agency
- B — Need for specialised or professional skills
- C — Need for independent research or assessment.
Australian National Audit Office access clauses

NHMRC did not enter into any contracts in 2017-18 that did not provide for the Auditor-General to have access to the contractor’s premises. NHMRC’s contract templates include standard clauses providing the Auditor-General with appropriate access to a contractor’s premises.

Exempt contracts

NHMRC had no contracts or standing offers that were exempted from publication on AusTender in 2017-18.

Procurement initiatives to support small businesses

NHMRC supports small business participation in the Commonwealth Government procurement market. Small and medium enterprise and small enterprise participation statistics are available on the Department of Finance’s website.

NHMRC recognises the importance of ensuring that small businesses are paid on time. The results of the Survey of Australian Government Payments to Small Business are available on the Treasury’s website. NHMRC achieved an on-time average of 97 per cent of all payments to small businesses or individuals in 2017-18.

NHMRC employs the following initiatives or practices to support SMEs:

- using the Commonwealth Contracting Suite for low-risk procurements valued under $200,000
- following the Small Business Engagement Principles, such as communicating in clear, simple language and presenting information in an accessible format
- using electronic systems or other processes that facilitate on-time payment performance, including the use of payment cards.

NHMRC supports the Indigenous Procurement Policy; if there is an Indigenous business that can deliver any new domestic contract between $80,000 and $200,000, on a value-for-money basis, NHMRC must offer it to that business first.

Asset Management

Asset management is not a significant aspect of the strategic business of NHMRC. The agency’s assets include office fitout, computer equipment, IT systems, telephony, furniture and equipment held in Canberra and Melbourne.

NHMRC’s strategy for asset management emphasises a whole-of-life approach to the use of assets and commits the agency to responsible and cost-effective management. An annual review process minimises holdings of surpluses and underperforming assets.
Advertising and market research

Under section 311A of the *Commonwealth Electoral Act 1918*, NHMRC is required to disclose payments of $13,000 or more (inclusive of GST) for advertising and market research. These are set out in Table 11.

During 2017–18, NHMRC total expenditure for advertising and market research over the reporting threshold was $294,395.

Table 11: NHMRC expenditure on advertising and market research, 2017–18

<table>
<thead>
<tr>
<th>Organisation</th>
<th>Purpose</th>
<th>Expenditure (including GST)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Horizon Research. K&amp;G M Pty Ltd</td>
<td>Market research</td>
<td>$ 39,187</td>
</tr>
<tr>
<td>One Small Step Collective P/L ATF</td>
<td>Advertising agency services</td>
<td>$167,624</td>
</tr>
<tr>
<td>Think HQ Pty Ltd—VIC</td>
<td>Public Relations services</td>
<td>$ 64,405</td>
</tr>
<tr>
<td>Denstu X Australia</td>
<td>Media placement</td>
<td>$ 23,179</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td><strong>$294,395</strong></td>
</tr>
</tbody>
</table>

NHMRC used $294,395 to develop and commence implementation of the Australian Clinical Trials Campaign, to raise awareness of the role and value of clinical trials in Australia and boost patient recruitment.

The campaign was developed under the *Expediting Clinical Trials Reforms in Australia 2013* Budget measure, which implemented recommendations from the *2011 Clinical Trial Action Group Report*. The Budget measure enabled NHMRC and the Department of Industry, Innovation and Science, among other activities, to improve awareness of clinical trials within the community.

Further information can be found on the Australian Clinical Trials website at www.AustralianClinicalTrials.gov.au.

Advertising undertaken for this activity was consistent with the Australian Government Guidelines on Information and Advertising Campaigns by non-corporate Commonwealth entities.

Complaints

We have a complaints process for people who are dissatisfied with our decisions or actions. Generally, complaints are resolved within the area responsible for the decision or action, with an independent complaints team providing an oversight and escalation role.

On 9 February 2017, the Minister for Health appointed Mr Chris Reid as Commissioner of Complaints for a three-year term to 31 December 2019.

Mr Reid’s biography is in Appendix 1.
Commissioner’s report from Mr Chris Reid

The report is provided pursuant to section 68 of the NHMRC Act. It covers 12 months from 1 July 2017 to 30 June 2018.

During this time I finalised three complaints: two accepted in 2016–17 and one accepted in this reporting period. I also accepted five additional complaints, which have not yet been finalised.

As Commissioner, my role is to investigate complaints relating to reviewable actions, as described in section 58 of the NHMRC Act. A reviewable action is an action taken by the CEO or delegate relating to recommendations to the Minister regarding expenditure on public health and medical research and training, or an action taken by the Research Committee in relation to an application for funding made on, or after, 24 June 1993. I am required to investigate the processes that have taken place in relation to each complaint to ensure that administrative law principles such as natural justice, fairness, good faith and absence of conflicts of interest have been followed by NHMRC in reaching a decision. I am not empowered to examine the merits of a decision or recommendation of the CEO, their delegate, or the Research Committee.

After finalising the investigation of a complaint, if I conclude that an action was affected by one or more grounds of complaint listed in section 58, I report my findings to the CEO, under section 66 of the Act. Under section 67 of the Act, I also have the discretion to make recommendations in relation to my findings. This may include recommendations that the CEO reconsider actions; rectify, mitigate or alter the effects of an action; or revoke or vary a decision.

Of the three complaint investigations completed in this period:

- One related to an application that was not submitted prior to the deadline and therefore deemed ineligible under the relevant funding rules. In investigating this complaint, I conducted a review of the processes followed in reaching the decision of ineligibility. I considered all documents provided by the complainant, the requirements of the applicable NHMRC scheme and funding rules and policy. I concluded that the eligibility considerations had been applied correctly and proper processes followed by NHMRC.

- One related to a perceived bias and/or an unresolved conflict of interest of a member of the Peer Review Panel. I conducted a review of policy and procedures applied by NHMRC to this assessment for natural justice, fairness and absence of conflict of interest. I concluded that the application had been afforded natural justice and that NHMRC had acted in a procedurally fair way, without bias and had properly discharged its duties and responsibilities according to the applicable NHMRC policy.
One related to an application that had been rejected on the basis that the applicant had failed to provide adequate detail of prior funding. I concluded that NHMRC had taken into account an irrelevant consideration in reaching its decision and for quality improvement purposes recommended to the CEO that NHMRC review the wording of the relevant Funding Rules. The CEO accepted this recommendation and made changes to the relevant Funding Rule for the subsequent round.

The funding schemes that the complaints related to were:

- Practitioner Fellowships
- Centres of Research Excellence
- New Investigator, within the Project Grant scheme.

Mr Chris Reid
Commissioner of Complaints
Property and environmental management

Accommodation
We minimise our impact on the environment through the responsible and efficient consumption, use and disposal of resources. We work to:

• build a strong environmental ethos by increasing awareness of and commitment by employees and key stakeholders to meet agreed environmental targets

• integrate environmentally sustainable practices into day-to-day activities performed by our employees.

We incorporate environmental considerations such as energy and water conservation and waste and resource management in business activities in the context of achieving corporate business outcomes. Over the period we consolidated our office space from five floors to four.

Energy consumption
Our energy consumption is continually monitored and recorded. Table 12 outlines energy consumption for the Canberra office for 2017–18. Our result of 4547 megajoules (MJ) per person is well within the Energy Efficiency in Government Operations (EEGO) Policy target of no more than 7500 MJ per person per annum.

Data are not available for the Melbourne office as it was co-located with the Office of the Fair Work Ombudsman for the majority of the reporting period.

Table 12: Energy consumption for light and power, NHMRC Canberra office, in 2017–18

<table>
<thead>
<tr>
<th>Location</th>
<th>Total energy consumed (GJ)</th>
<th>2017–18</th>
<th>Energy consumed per m² (MJ)</th>
<th>People**</th>
<th>Energy consumed per person (MJ)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Canberra—16 Marcus Clarke St</td>
<td>1096</td>
<td>4709</td>
<td>233</td>
<td>241</td>
<td>4547</td>
</tr>
</tbody>
</table>

* The area outlined is an average area during the 2017–18 period, given NHMRC reduced its floor space from 5025m² to 4020m² in February 2018.

** Includes employees from NHMRC, Cancer Australia, the NHMRC National Institute for Dementia Research and onsite contractors working on behalf of the agency.

NABERS energy rating
The National Australian Built Environment Rating System (NABERS) is a national rating system that measures the environmental performance of Australian buildings, tenancies and homes. NABERS measures the energy efficiency, water usage, waste management and indoor environment quality of a building or tenancy and its impact on the environment.

In accordance with the current Green Lease Schedule for the Canberra tenancy, we are required to achieve a 4.5 star NABERS energy tenancy rating. In June 2018, we achieved a 5.5 star NABERS energy tenancy rating.
Pro
fessor Nick Talley AC

NHMRC grant recipient Professor Nick Talley is a medical researcher, educator, academic, author and administrator.

Appointed a Companion of the Order of Australia in the Australia Day honours list in 2018, his career in medical research has been, in his own words, thrilling.

‘Medical research is, in my view, one of the most thrilling careers in the world. You have a chance to uncover new truths currently unknown, and shape your field, and the opportunity to positively alter the lives of patients and the Australian community. Who else can say their career has such potential?’ he asks.

‘I trained in medicine to aid the sick, and help translate research into clinical practice; the recent advances in knowledge spearheaded by us and others (including through my current NHMRC Project Grant) have allowed this to occur more rapidly, and this is immensely satisfying.’

Coming from a medical family, Professor Talley’s first choice wasn’t to be a gastroenterologist. It was only when he was offered the chance to do his research year in gastroenterology that he changed his mind, and he says he never regretted the decision to specialise in the same field as his father.

During his gastroenterology advanced training he completed his PhD at the University of Sydney in clinical medicine and epidemiology, then further postdoctoral training at the Mayo Clinic in neurogastroenterology and epidemiology. He also worked on Helicobacter pylori in the early days after the discovery of its association with gastritis and stomach ulcers by Nobel Prize winners Professors Robin Warren and Barry Marshall.

Professor Talley’s research has identified duodenal microinflammation (and immune activation) as key events in the pathogenesis of previously unexplained common gut disorders, since confirmed globally, with triggers appearing to include food allergens, post-gastroenteritis infections and changes in the microbiome.

He remains humbled by the award of Companion of the Order of Australia.

‘This honour is not mine alone and could not have occurred without my family, who have been so very supportive over many years, and my colleagues all over the world who have worked with me for years and have become my close friends,’ he said.

To researchers just starting out he says, ‘Aim high, and always try to think outside the box; challenge current dogma (often wrong), look critically at the intersection of disciplines and you’ll open up new opportunities’.

‘The secret is to just keep going, and every time you are knocked down, such as missing out on a grant, get up and try again. Learn to do great science, and to write well too—communication is a key part of the game.’
Part 4 | People management

People are at the core of everything NHMRC does. We understand the importance of our people working to achieve a shared vision and strive to create an inclusive workplace in which diversity is valued and all employees are supported.

Guidance and support are provided to managers and employees to ensure our workforce is fully capable of supporting government, the Minister and the sector. Our leaders and employees uphold and promote the APS Values and demonstrate leadership, integrity and responsiveness.

In 2017–18, our primary areas of focus included strengthening the capabilities of our workforce, a renewed emphasis on diversity, creation of a flexible and safe workplace, and enhancing leadership capabilities.

Effectiveness

We are committed to communicating effectively to meet business needs while maintaining a safe and productive workplace where all employees are valued.

Effective communication is delivered through the following:

• staff meetings, including branch and section meetings and meetings for all staff
• regular email messages from the Chief Executive Officer
• emails and corporate newsletters
• the intranet
• The Staff Consultative Forum.

The 2017 Australian Public Service employee census found that, compared to similar entities, NHMRC received stronger results in the areas of access and use of flexible working arrangements; support to manage health and wellbeing; recognition for a job well done; accountability (people are honest, open and transparent); innovation; and job, supervisor and agency engagement.
Staffing

At 30 June 2018, we employed 192 staff, 13.5 per cent on a part-time basis, compared with 15.3 per cent at 30 June 2017. Of the total 192 employees, 186 were ongoing and 5 were non-ongoing, and 1 engaged on a casual basis as shown in Table 12 and Figure 8.

Table 12: Snapshot of our workforce from 30 June 2016 to 30 June 2018

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Staff employed on an ongoing basis</td>
<td>190</td>
<td>196</td>
</tr>
<tr>
<td>Staff employed on a non-ongoing basis</td>
<td>29</td>
<td>12</td>
</tr>
<tr>
<td>Staff employed on a casual basis</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Staff employed full-time</td>
<td>178</td>
<td>177</td>
</tr>
<tr>
<td>Staff employed part-time</td>
<td>40</td>
<td>32</td>
</tr>
<tr>
<td>Staff based in Canberra office</td>
<td>202</td>
<td>194</td>
</tr>
<tr>
<td>Staff based in Melbourne office</td>
<td>17</td>
<td>16</td>
</tr>
<tr>
<td>Female</td>
<td>152</td>
<td>146</td>
</tr>
<tr>
<td>Male</td>
<td>67</td>
<td>64</td>
</tr>
<tr>
<td>Gender ‘X’ (indeterminate/intersex/unspecified)</td>
<td>-</td>
<td>2</td>
</tr>
<tr>
<td>Staff who have identified as Aboriginal or Torres Strait Islander</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>People from diverse linguistic backgrounds</td>
<td>22</td>
<td>42</td>
</tr>
<tr>
<td>People with carer responsibilities</td>
<td>33</td>
<td>27</td>
</tr>
<tr>
<td>People with a disability</td>
<td>12</td>
<td>9</td>
</tr>
</tbody>
</table>

Workforce planning

Our Workforce Plan 2016–19 focuses on ensuring that the agency has the necessary workforce capability to deliver outcomes for the Australian Government now and in the future. A skills audit was conducted to identify the critical workforce skills we will need to deliver our activities in the coming years. This will enable us to build the right capabilities within decreasing average staff levels.

The ongoing staff turnover rate (departures) in 2017–18 was 13.0 per cent, a decrease from 15.7 per cent in 2016–17. Two positions were abolished because they were no longer required in 2017–18. This is a decrease from four positions in 2016–17, and six in 2015–16.

Staff consultation is also an integral component of workforce planning. Our Staff Consultative Forum, consisting of staff, union and management representatives, enables consultation to take place promptly on issues such as workplace change, employment and accommodation.
Figure 8: NHMRC staff snapshot

- **Our people**: 192
- **Ongoing staff**: 186
- **5 Non-ongoing staff**
- **Casual staff**: 6
- **Full-time staff**: 165
- **Part-time staff**: 27
- **Melbourne staff**: 15
- **Canberra staff**: 177
- **Staff who have identified as Aboriginal and/or Torres Strait Islander**: 2
- **People from diverse linguistic backgrounds**: 58
- **People with carer responsibilities**: 86
- **People with a disability**: 8
The forum met in 2017–18 to discuss organisation-wide matters such as:

- the proposed implementation of an organisation restructure
- Canberra office consolidation from five floors to four
- review and update of 36 people management related policies and procedures.

**Workplace agreements**

In December 2016 staff endorsed a new enterprise agreement, the NHMRC Enterprise Agreement 2016–2019. Of the 205 staff eligible to vote, 171 participated in the ballot. Of staff who voted, 62 per cent voted in support of the agreement.

The enterprise agreement operates in conjunction with Commonwealth legislation and our policies and guidelines to define the terms and conditions of employment for staff. The nominal expiry date is 2 February 2020.

Remuneration and employment conditions for Senior Executive Service (SES) officers are determined under section 24(1) of the *Public Service Act 1999*. At 30 June 2018, five SES employment agreements (common law contracts) were in place.

No determinations were made under section 24(1) of the *Public Service Act 1999* in the 2017–18 reporting period.

**Remuneration**

Table 13 sets out the salary ranges available under NHMRC’s enterprise agreement and SES employment agreements.

<table>
<thead>
<tr>
<th>Classification</th>
<th>Salary range</th>
</tr>
</thead>
<tbody>
<tr>
<td>SESB2</td>
<td>$214,200 – $265,200</td>
</tr>
<tr>
<td>SESB1</td>
<td>$165,240 – $204,000</td>
</tr>
<tr>
<td>EL2</td>
<td>$117,455 – $139,062</td>
</tr>
<tr>
<td>EL1</td>
<td>$98,730 – $112,320</td>
</tr>
<tr>
<td>APS6</td>
<td>$80,111 – $90,377</td>
</tr>
<tr>
<td>APS5</td>
<td>$72,621 – $76,648</td>
</tr>
<tr>
<td>APS4</td>
<td>$66,768 – $70,546</td>
</tr>
<tr>
<td>APS3</td>
<td>$60,600 – $65,320</td>
</tr>
<tr>
<td>APS2</td>
<td>$50,995 – $55,648</td>
</tr>
<tr>
<td>APS1</td>
<td>$43,631 – $49,001</td>
</tr>
</tbody>
</table>

APS = Australian Public Service, EL = Executive Level, SESB = Senior Executive Service Band
Non-salary benefits

Non-salary benefits available to NHMRC staff in 2017-18 included:

- individual flexibility agreements
- health and wellbeing programs
- coaching and mentoring
- learning and development opportunities
- studies assistance (study leave and financial assistance)
- options for flexible hours and time off in lieu
- flexible working conditions such as part-time employment, job sharing and working from home.

Performance pay

NHMRC employees, including SES officers, do not receive performance bonuses or performance pay. Annual performance ratings determine the increase of annual remuneration for non-SES employees within the pay point increments of the enterprise agreement.

Work health and safety

We strive to provide an environment that encourages people to perform at their best, which includes providing a safe working environment free of work health and safety hazards. We are committed to creating a diverse and inclusive workplace that accepts, respects and leverages differences and explores ways to facilitate flexibility in our working arrangements.

Initiatives

The 2017-18 year saw the culmination of a number of initiatives that contributed to work health and wellbeing. They included:

- *Hazard identification and risk management*—Aligned to the Corporate Risk Strategy and Strategic Risk Register, with governance oversight through the Health and Safety Committee (HSC).

- *Reasonable workplace adjustments*—Actively promoted with early intervention across APS staff and labour hire contractors.

- *Coaching and mentoring*—Established a network of coaches and mentors to assist individual development.

- *Health and wellbeing programs*—Support was provided through activities such as: influenza vaccinations, provision of sit-to-stand desks and access to the Employee Assistance Program. In addition to recognising mental health as a key strategic health area, we built upon the question of ‘R U OK?’ by providing Mental Health First Aid Training and Mental Health Awareness Training to address the times when co-workers and colleagues are not OK.
• **Improved consultation**—The Health and Safety Committee was reformed as the primary Work Health and Safety consultative forum, supported by governance reporting in the form of cascading quarterly Work Health and Safety reporting.

### Outcomes

A consequence of strategically approaching cultural change through health and wellbeing has been improved performance in injury management cases, reflected in the downward-trending premium rate as shown in Table 14.

**Table 14: NHMRC premium rate compared to the Commonwealth Scheme Average**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>NHMRC</td>
<td>1.79%</td>
<td>1.06%</td>
<td>0.92%</td>
</tr>
<tr>
<td>Commonwealth Scheme Average</td>
<td>1.72%</td>
<td>1.23%</td>
<td>1.06%</td>
</tr>
</tbody>
</table>

One notifiable incident occurred as a result of an injury sustained by an employee that required their hospitalisation. No further regulatory interventions occurred in the reporting period.

### Learning and development

During this reporting period we have continued to implement our Learning and Development Strategy and Plan, demonstrating our commitment to the ongoing learning needs of our staff and helping us achieve our strategic goals and objectives.

Based on the 70:20:10 model of learning—which presumes that individuals gain 70 per cent of their learning through work experience, 20 per cent from interactions with others, and 10 per cent from formal training—we made training opportunities available through:

- on-the-job learning
- external training and conferences
- online learning through the Australian Government Learnhub
- Australian Public Service (APS) forums and training, such as the APS Core Skills Program
- studies assistance
- support for membership of professional development associations
- secondment opportunities, including placements in Indigenous organisations (through Jawun) and APS agencies.
Results of the 2017 APS employee census showed that our staff are more highly educated than staff across the APS as a whole: two-thirds of NHMRC respondents had attained a bachelor’s degree or higher qualification compared to just over half of APS respondents overall. Qualifications in the fields of medicine and health sciences were the most common among our staff, being held by just over a third of NHMRC staff.

**Workplace diversity**

Our Diversity Action Plan (the Plan) aims to create a more inclusive, productive, innovative and creative workplace. It commits us to improving employment outcomes for Aboriginal and Torres Strait Islander people, for people with a disability, and people from culturally and linguistically diverse backgrounds while also acknowledging the need to accommodate other areas of diversity such as gender and age. The plan recognises and celebrates key dates during the year, such as Harmony Day, National Reconciliation Week, NAIDOC Week, Wear it Purple Day, White Ribbon Day, International Day of People with Disability and World AIDS Day.

We achieved a number of milestones in workplace diversity in 2017-18, including:

- continuing to participate in the Australian Network on Disability
- ensuring all new employees access relevant online training on Respect in the Workplace (bullying and harassment) and Australian Public Service values through Learnhub and information sessions
- revising information in the eRecruit system to ensure that potential recruits are aware of our workplace adjustment policy, diversity strategies and access to a translating and interpreting service
- advertising job opportunities through Indigenous, LGBTQI and Enabled Employment recruitment providers.

In 2017–18 we made steady progress towards the final year of our 2016–2018 INNOVATE Reconciliation Action Plan (RAP). Highlights include:

- continued delivery of yarning sessions, where staff explored a question or topic to increase their understanding and appreciation of Aboriginal and Torres Strait Islander peoples, cultures, histories and achievements
- successful completion by two interns of our Indigenous Internship program
- Executive Director participation in Jawun Executive Leadership visit to inner Sydney.
Table 15 shows how diverse groups are represented in NHMRC’s workforce in recent years.

Table 15: Trends in representation of key groups in NHMRC workforce, 2015–16 to 2017–18

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Women</td>
<td>69%</td>
<td>70%</td>
<td>72%</td>
</tr>
<tr>
<td>People with a disability</td>
<td>5%</td>
<td>5%</td>
<td>4%</td>
</tr>
<tr>
<td>Aboriginal and Torres Strait Islander peoples</td>
<td>1%</td>
<td>1%</td>
<td>1%</td>
</tr>
<tr>
<td>People from diverse linguistic backgrounds</td>
<td>10%</td>
<td>21%</td>
<td>30%</td>
</tr>
<tr>
<td>People with carer responsibilities</td>
<td>15%</td>
<td>13%</td>
<td>45%</td>
</tr>
<tr>
<td>Part-time workers</td>
<td>18%</td>
<td>15%</td>
<td>14%</td>
</tr>
</tbody>
</table>

Performance management framework

We are committed to the ongoing development of staff performance and achievement. To help achieve this vision, an employee-led review of our existing performance management framework was undertaken in a bid to understand what was working, what wasn’t and, importantly, what a new approach to performance management might look like.

As a result of the review, a revised framework was implemented under the title of Workplace Conversations, with a focus on having regular, forward-looking, formal and informal workplace performance conversations. The new framework equally applies to our SES officers.

2017–18 also saw a revision of our procedures for handling breaches of the Australian Public Service Code of Conduct.
Australia Day awards

We are committed to motivating and rewarding high performance. Our reward and recognition policy aims to formally reward the achievements of teams and individuals, and support ongoing, informal recognition among colleagues.

On Australia Day 2018, we awarded medallions to eight staff members in recognition of outstanding performance in special projects or core duties.

Bronze medallions were awarded to the following individuals in 2018:

- Julie Stragalinos, Research Policy
- Sean Davis, Corporate Operations and Information
- Katerina Agrafiotis, Executive Support
- Simon Bristol, Research Administration
- James Edmeades, Parliamentary
- Jessica Moore, Grants Systems
- Heather Kirk, Environmental Health and Complementary and Alternative Medicine

The CEO congratulates 2018 Australia Day award recipients (L–R): Professor Anne Kelso AO, Katerina Agrafiotis, James Edmeades, Simon Bristol, and Sean Davis
Part 5 | Financial performance

Financial performance summary

This section highlights NHMRC’s financial performance during 2017–18 for both Departmental and Administered activities.

Financial performance—Departmental

NHMRC’s Departmental financial performance for 2017–18 is summarised in Table 16 below.

<table>
<thead>
<tr>
<th></th>
<th>30 June 2018 ($’000)</th>
<th>30 June 2017 ($’000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating expenses</td>
<td>45,978</td>
<td>42,658</td>
</tr>
<tr>
<td>Own-source income</td>
<td>(4,072)</td>
<td>(2,266)</td>
</tr>
<tr>
<td>Gains</td>
<td>1,502</td>
<td>(108)</td>
</tr>
<tr>
<td>Net cost of services</td>
<td>40,404</td>
<td>40,284</td>
</tr>
<tr>
<td>Revenue from government</td>
<td>(39,005)</td>
<td>(37,442)</td>
</tr>
<tr>
<td>Operating (deficit) / surplus</td>
<td>1,399</td>
<td>2,842</td>
</tr>
<tr>
<td>Change in asset revaluation surplus</td>
<td>-</td>
<td>(124)</td>
</tr>
<tr>
<td>Total Operating (deficit) / surplus</td>
<td>1,399</td>
<td>(2,966)</td>
</tr>
</tbody>
</table>

NHMRC’s operating result for 2017–18 was a deficit of $1.4 million. This was below the approved Department of Finance loss of $2.2 million for non-appropriated expenses for depreciation and amortisation.

Financial performance—Administered

NHMRC administered $848.7 million in expenses on behalf of Government during 2017–18. Funding through NHMRC’s Medical Research Endowment Account (MREA) amounted to $841.9 million. The remaining $6.8 million funded a range of activities related to dementia research, anti-venom research, streamlining health and medical research initiatives, and research evidence for clinical practice and policy through the Cochrane collaboration.

The increase in Administered expenses from last year ($26.9 million) largely reflects increasing commitments from the Boosting Dementia Research budget measure, project grant scheme, partnership projects and international collaborations.

The balance of the MREA was $246.8 million at 30 June 2018.
### Table 17: Agency resource statement

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$’000</td>
<td>$’000</td>
<td>$’000</td>
</tr>
<tr>
<td><strong>Ordinary Annual Services</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Departmental appropriation</td>
<td>56,381</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adjustments S74 receipts</td>
<td>529</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>56,910</strong></td>
<td><strong>48,004</strong></td>
<td><strong>8,906</strong></td>
</tr>
<tr>
<td><strong>Administered expenses</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Outcome 1</td>
<td>883,632</td>
<td>869,169</td>
<td>14,463</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>883,632</strong></td>
<td><strong>869,169</strong></td>
<td><strong>14,463</strong></td>
</tr>
<tr>
<td><strong>Total ordinary annual services</strong></td>
<td><strong>940,542</strong></td>
<td><strong>917,173</strong></td>
<td><strong>14,463</strong></td>
</tr>
<tr>
<td><strong>Other services</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Departmental non-operating</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equity injections</td>
<td>4,050</td>
<td>10,396</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>4,050</strong></td>
<td><strong>10,396</strong></td>
<td><strong>(6,346)</strong></td>
</tr>
<tr>
<td><strong>Total other services</strong></td>
<td><strong>4,050</strong></td>
<td><strong>10,396</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Total Available Annual Appropriations and payments</strong></td>
<td><strong>944,592</strong></td>
<td><strong>927,569</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Special Accounts</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Opening balance</td>
<td>198,458</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Appropriation receipts²</td>
<td>873,626</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-appropriation receipts to Special Accounts</td>
<td>12,058</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payments made</td>
<td>837,298</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Special Account</strong></td>
<td><strong>1,084,142</strong></td>
<td><strong>837,298</strong></td>
<td><strong>246,844</strong></td>
</tr>
<tr>
<td><strong>Total resourcing and payments</strong></td>
<td><strong>2,028,734</strong></td>
<td><strong>1,764,867</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Total net resourcing and payments for NHMRC</strong></td>
<td><strong>1,155,108</strong></td>
<td><strong>927,569</strong></td>
<td></td>
</tr>
</tbody>
</table>

1 Appropriation Act (No.1) 2017–18 and Appropriation Act (No.3) 2017–18. This may also include prior year departmental appropriation.
2 Appropriation receipts for 2017–18 included above.
National Health and Medical Research Council

Financial Statements
for the period ended 30 June 2018
# Part 5 | Financial performance

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INDEPENDENT AUDITOR’S REPORT

To the Minister for Health

Opinion
In my opinion, the financial statements of the National Health and Medical Research Council for the year ended 30 June 2018:

(a) comply with Australian Accounting Standards – Reduced Disclosure Requirements and the Public Governance, Performance and Accountability (Financial Reporting) Rule 2015; and

(b) present fairly the financial position of the National Health and Medical Research Council as at 30 June 2018 and its financial performance and cash flows for the year then ended.

The financial statements of the National Health and Medical Research Council, which I have audited, comprise the following statements as at 30 June 2018 and for the year then ended:

• Statement by the Accountable Authority and Chief Finance Officer;
• Statement of Comprehensive Income;
• Statement of Financial Position;
• Statement of Changes in Equity;
• Cash Flow Statement;
• Administered Schedule of Comprehensive Income;
• Administered Schedule of Assets and Liabilities;
• Administered Reconciliation Schedule;
• Administered Cash Flow Statement; and
• Notes to the financial statements, comprising a Summary of Significant Accounting Policies and other explanatory information.

Basis for Opinion
I conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of my report.

I am independent of the National Health and Medical Research Council in accordance with the relevant ethical requirements for financial statement audits conducted by the Auditor-General and his delegates. These include the relevant independence requirements of the Accounting Professional and Ethical Standards Board’s APES 110 Code of Ethics for Professional Accountants (the Code) to the extent that they are not in conflict with the Auditor-General Act 1997. I have also fulfilled my other responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.
Other Information

The Accountable Authority is responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2018 but does not include the financial statements and my auditor’s report thereon.

My opinion on the financial statements does not cover the other information and accordingly I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Accountable Authority’s Responsibility for the Financial Statements

As the Accountable Authority of the National Health and Medical Research Council the Chief Executive Officer is responsible under the Public Governance, Performance and Accountability Act 2013 for the preparation and fair presentation of annual financial statements that comply with Australian Accounting Standards – Reduced Disclosure Requirements and the rules made under that Act. The Chief Executive Officer is also responsible for such internal control as the Chief Executive Officer determines is necessary to enable the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chief Executive Officer is responsible for assessing the National Health and Medical Research Council’s ability to continue as a going concern, taking into account whether the entity’s operations will cease as a result of an administrative restructure or for any other reason. The Chief Executive Officer is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the assessment indicates that it is not appropriate.

Auditor’s Responsibilities for the Audit of the Financial Statements

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian National Audit Office Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with the Australian National Audit Office Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

• identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
• obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control;
• evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Accountable Authority;
• conclude on the appropriateness of the Accountable Authority’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity’s ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor’s report to the related disclosures in the financial statements or, if such disclosures are
inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor’s report. However, future events or conditions may cause the entity to cease to continue as a going concern; and

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Australian National Audit Office

Sean Benfield
Executive Director
Delegate of the Auditor-General

Canberra
21 September 2018
National Health and Medical Research Council

STATEMENT BY THE ACCOUNTABLE AUTHORITY AND CHIEF FINANCIAL OFFICER

In our opinion, the attached financial statements for the year ended 30 June 2018 comply with subsection 42(2) of the Public Governance, Performance and Accountability Act 2013 (PGPA Act), and are based on properly maintained financial records as per subsection 41(2) of the PGPA Act.

In our opinion, at the date of this statement, there are reasonable grounds to believe that the National Health and Medical Research Council will be able to pay its debts as and when they fall due.

Signed

Professor Anne Kelso AO FAA
Chief Executive Officer
Accountable Authority
National Health and Medical Research Council
21 September 2018

Ivan Sharma CPA
A/g Chief Financial Officer
National Health and Medical Research Council
21 September 2018
### National Health and Medical Research Council

**Statement of Comprehensive Income**

*for the year ended 30 June 2018*

<table>
<thead>
<tr>
<th>Notes</th>
<th>2018 $'000</th>
<th>2017 $'000</th>
<th>Original Budget $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>NET COST OF SERVICES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Expenses</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee benefits 1.1A</td>
<td>21,919</td>
<td>22,296</td>
<td>22,231</td>
</tr>
<tr>
<td>Suppliers 1.1B</td>
<td>20,339</td>
<td>17,409</td>
<td>18,354</td>
</tr>
<tr>
<td>Depreciation and amortisation 3.2A</td>
<td>2,555</td>
<td>2,396</td>
<td>2,200</td>
</tr>
<tr>
<td>Finance costs - unwinding of discount 14</td>
<td>10</td>
<td>10</td>
<td>20</td>
</tr>
<tr>
<td>Write-down of assets 2</td>
<td>1,151</td>
<td>547</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total expenses</strong></td>
<td>45,978</td>
<td>42,658</td>
<td>42,805</td>
</tr>
<tr>
<td><strong>Own-Source Income</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Own-source revenue</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rendering of services 3</td>
<td>4,072</td>
<td>2,266</td>
<td>1,500</td>
</tr>
<tr>
<td><strong>Total own-source revenue</strong></td>
<td>4,072</td>
<td>2,266</td>
<td>1,500</td>
</tr>
<tr>
<td><strong>Gains</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Resources received free of charge - ANAO audit fee 108</td>
<td>108</td>
<td>100</td>
<td></td>
</tr>
<tr>
<td>Other gains 1,394</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td><strong>Total gains</strong></td>
<td>1,502</td>
<td>108</td>
<td>100</td>
</tr>
<tr>
<td><strong>Total own-source income</strong></td>
<td>5,574</td>
<td>2,374</td>
<td>1,600</td>
</tr>
<tr>
<td><strong>Net cost of services</strong></td>
<td>(40,404)</td>
<td>(40,284)</td>
<td>(41,205)</td>
</tr>
<tr>
<td><strong>Revenue from Government</strong></td>
<td>39,005</td>
<td>37,442</td>
<td>39,005</td>
</tr>
<tr>
<td><strong>Total Revenue from Government</strong></td>
<td>39,005</td>
<td>37,442</td>
<td>39,005</td>
</tr>
<tr>
<td><strong>(Deficit) attributable to the Australian Government</strong></td>
<td>(1,399)</td>
<td>(2,842)</td>
<td>(2,200)</td>
</tr>
</tbody>
</table>

**OTHER COMPREHENSIVE INCOME**

| Items not subject to subsequent reclassification to net cost of services | | | |
| Changes in asset revaluation reserve | - | (124) | - |
| **Total other comprehensive (loss)** | - | (124) | - |
| **Total comprehensive (loss)** | (1,399) | (2,966) | (2,200) |

The above statement should be read in conjunction with the accompanying notes.

**Budget Variance Commentary**

1. Higher than budget, primarily due to increased costs associated with Medical Research Future Fund (MRFF) activities for Department of Health. The MRFF implications were not known at time of original budget.

2. Write down of Digital Transition project due to ageing ICT infrastructure including moving to a software as a service solution and write down of Marcus Clarke Street (level 5) fitout costs associated with the consolidation from 5 floors to 4 floors.

3. Higher than budget due to increased revenue associated with MRFF activities for Department of Health.

4. Includes a gain due to the elimination of the makegood provision negotiated through the new lease agreement for 16 Marcus Clarke Street and a gain due to the elimination of the lease payable & lease incentive provisions at the early expiration of the previous lease.
National Health and Medical Research Council
Statement of Financial Position
as at 30 June 2018

<table>
<thead>
<tr>
<th>Notes</th>
<th>2018</th>
<th>2017</th>
<th>Original Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$’000</td>
<td>$’000</td>
<td>$’000</td>
</tr>
</tbody>
</table>

**ASSETS**

**Financial Assets**

Cash and cash equivalents 814 524 409
Trade and other receivables 3.1A 12,452 12,307 12,547

Total financial assets 13,266 12,831 12,956

**Non-Financial Assets**

Plant and equipment 3.2A 4,161 3,587 3,684
Intangibles - internally developed 3.2A 10,841 4,696 8,862
Intangibles - purchased software 3.2A 29 58 -
Inventories 186 193 200
Prepayments 395 1,157 984

Total non-financial assets 15,612 9,691 13,730

Total assets 28,878 22,522 26,686

**LIABILITIES**

**Payables**

Trade creditors and accruals 3,423 1,290 3,300
Operating lease rentals 162 599 -
Other 3.3A 4,916 2,382 2,000

Total payables 8,501 4,271 5,300

**Provisions**

Employee provisions 6.1A 6,080 5,702 5,070
Provision for makegood obligations 3.4A - 903 927

Total provisions 6,080 6,605 5,997

Total liabilities 14,581 10,876 11,297

Net assets 14,297 11,646 15,389

**EQUITY**

Contributed equity 15,825 11,775 15,825
Reserves - - 124
Retained earnings (1,528) (129) (560)

Total equity 14,297 11,646 15,389

The above statement should be read in conjunction with the accompanying notes.

**Budget Variance Commentary**

1. Higher than anticipated level of spending on capital items due to the Canberra lease accommodation consolidation from 5 floors to 4 floors, and the Melbourne lease fitout. The level of this expenditure was not known at time of budget.

2. Increased level of expenditure on intangible assets, mainly due to new Grants System, Enhanced Reporting System, New Website, and Modernisation Fund assets. The level of expenditure was not known at time of budget.

3. Lower than budgeted due to timing of payments. Budget included a prepayment for lease expense which did not occur as at 30 June 2018, due to the Canberra lease being in rent free period as part of renegotiated lease.

4. Higher than budgeted level of unearned revenue, primarily due to the receipt of MRFF funds from Department of Health. Work on these revenue streams will progress during 2018-19. The June 2018 balance includes a lease incentive balance relating to the renegotiated Canberra office lease.

5. Due mainly to change in staff profile, with staff transferring in having higher leave provision balances than staff departing National Health and Medical Research Council (NHMRC).

6. The renegotiated Canberra lease excludes a makegood provision clause.
## National Health and Medical Research Council
### Statement of Changes to Equity
#### for the year ended 30 June 2018

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
<th>Original Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CONTRIBUTED EQUITY</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Opening balance</td>
<td>11,775</td>
<td>11,602</td>
<td>11,775</td>
</tr>
<tr>
<td>Balance carried forward from previous period</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Transactions with owners</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contributions by owners</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Departmental capital budget</td>
<td>171</td>
<td>173</td>
<td>171</td>
</tr>
<tr>
<td>Equity injection</td>
<td>3,879</td>
<td>-</td>
<td>3,879</td>
</tr>
<tr>
<td><strong>Total transactions with owners</strong></td>
<td>4,050</td>
<td>173</td>
<td>4,050</td>
</tr>
<tr>
<td><strong>Closing balance as at 30 June</strong></td>
<td>15,825</td>
<td>11,775</td>
<td>15,825</td>
</tr>
<tr>
<td><strong>RETAINED EARNINGS</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Opening balance</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance carried forward from previous period</td>
<td>(129)</td>
<td>2,820</td>
<td>1,640</td>
</tr>
<tr>
<td><strong>Comprehensive income</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deficit for the period</td>
<td>(1,399)</td>
<td>(2,842)</td>
<td>(2,200)</td>
</tr>
<tr>
<td><strong>Total comprehensive income</strong></td>
<td>(1,399)</td>
<td>(2,842)</td>
<td>(2,200)</td>
</tr>
<tr>
<td>Lapsed appropriations</td>
<td>-</td>
<td>(107)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Closing balance as at 30 June</strong></td>
<td>(1,528)</td>
<td>(129)</td>
<td>(560)</td>
</tr>
<tr>
<td><strong>ASSET REVALUATION RESERVE</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Opening balance</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance carried forward from previous period</td>
<td>-</td>
<td>124</td>
<td>124</td>
</tr>
<tr>
<td><strong>Comprehensive income</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Asset revaluation movements</td>
<td>-</td>
<td>(124)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total comprehensive income</strong></td>
<td>-</td>
<td>(124)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Closing balance as at 30 June</strong></td>
<td>-</td>
<td>-</td>
<td>124</td>
</tr>
<tr>
<td><strong>TOTAL EQUITY</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Opening balance</td>
<td>11,646</td>
<td>14,546</td>
<td>13,539</td>
</tr>
<tr>
<td>Balance carried forward from previous period</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Comprehensive income</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deficit for the period</td>
<td>(1,399)</td>
<td>(2,842)</td>
<td>(2,200)</td>
</tr>
<tr>
<td>Other comprehensive income</td>
<td>-</td>
<td>(124)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total comprehensive income</strong></td>
<td>(1,399)</td>
<td>(2,966)</td>
<td>(2,200)</td>
</tr>
<tr>
<td><strong>Transactions with owners</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contributions by owners</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Departmental capital budget</td>
<td>171</td>
<td>173</td>
<td>171</td>
</tr>
<tr>
<td>Equity injection</td>
<td>3,879</td>
<td>-</td>
<td>3,879</td>
</tr>
<tr>
<td><strong>Total transactions with owners</strong></td>
<td>4,050</td>
<td>173</td>
<td>4,050</td>
</tr>
<tr>
<td>Lapsed appropriations</td>
<td>-</td>
<td>(107)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Closing balance as at 30 June</strong></td>
<td>14,297</td>
<td>11,646</td>
<td>15,389</td>
</tr>
</tbody>
</table>

The above statement should be read in conjunction with the accompanying notes.
# National Health and Medical Research Council

## Cash Flow Statement

*for the year ended 30 June 2018*

<table>
<thead>
<tr>
<th>Notes</th>
<th>2018 $’000</th>
<th>2017 $’000</th>
<th>Original Budget $’000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>OPERATING ACTIVITIES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash received</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rendering of services$^1$</td>
<td>7,371</td>
<td>2,489</td>
<td>1,500</td>
</tr>
<tr>
<td>Appropriations$^2$</td>
<td>43,961</td>
<td>41,068</td>
<td>42,191</td>
</tr>
<tr>
<td>GST received</td>
<td>1,999</td>
<td>1,672</td>
<td>1,500</td>
</tr>
<tr>
<td><strong>Total cash received</strong></td>
<td>53,331</td>
<td>45,229</td>
<td>45,191</td>
</tr>
<tr>
<td>Cash used</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employees$^3$</td>
<td>(21,703)</td>
<td>(21,993)</td>
<td>(23,757)</td>
</tr>
<tr>
<td>Suppliers$^4$</td>
<td>(20,386)</td>
<td>(21,129)</td>
<td>(19,005)</td>
</tr>
<tr>
<td>Section 74 receipts transferred to OPA$^5$</td>
<td>(5,915)</td>
<td>(1,859)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total cash used</strong></td>
<td>(48,004)</td>
<td>(44,981)</td>
<td>(42,762)</td>
</tr>
<tr>
<td><strong>Net cash from operating activities</strong></td>
<td>5,327</td>
<td>248</td>
<td>2,429</td>
</tr>
<tr>
<td><strong>INVESTING ACTIVITIES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash used</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchase of plant and equipment$^2$</td>
<td>3.2A</td>
<td>(2,129)</td>
<td>(839)</td>
</tr>
<tr>
<td>Purchase of intangibles$^2$</td>
<td>3.2A</td>
<td>(8,267)</td>
<td>(2,118)</td>
</tr>
<tr>
<td><strong>Total cash used</strong></td>
<td>(10,396)</td>
<td>(2,957)</td>
<td>(6,479)</td>
</tr>
<tr>
<td><strong>Net cash used by investing activities</strong></td>
<td>(10,396)</td>
<td>(2,957)</td>
<td>(6,479)</td>
</tr>
<tr>
<td><strong>FINANCING ACTIVITIES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash received</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contributed equity$^2$</td>
<td>5,359</td>
<td>2,824</td>
<td>4,050</td>
</tr>
<tr>
<td><strong>Total cash received</strong></td>
<td>5,359</td>
<td>2,824</td>
<td>4,050</td>
</tr>
<tr>
<td><strong>Net cash from financing activities</strong></td>
<td>5,359</td>
<td>2,824</td>
<td>4,050</td>
</tr>
<tr>
<td><strong>Net increase in cash held</strong></td>
<td>290</td>
<td>115</td>
<td>-</td>
</tr>
<tr>
<td>Cash and cash equivalents at the beginning of the reporting period</td>
<td>524</td>
<td>409</td>
<td>409</td>
</tr>
<tr>
<td><strong>Cash and cash equivalents at the end of the reporting period</strong></td>
<td>814</td>
<td>524</td>
<td>409</td>
</tr>
</tbody>
</table>

The above statement should be read in conjunction with the accompanying notes.

### Budget Variance Commentary

1. Increase due to MRFF funds received from Department of Health, not known at time of budget.
2. Prior year appropriation reserves and current year equity injections utilised for capital purchases.
3. Lower than anticipated spend in employees due to reduced ASL levels, and increase in contractor engagement.
4. Increase in contractor costs associated with the MRFF revenue stream projects.
5. Section 74 receipts relating mainly to MRFF funding, the level of which was not known at time of original budget.
National Health and Medical Research Council
Administered Schedule of Comprehensive Income
for the year ended 30 June 2018

<table>
<thead>
<tr>
<th>Notes</th>
<th>2018</th>
<th>2017</th>
<th>Original Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$'000</td>
<td>$'000</td>
<td>$'000</td>
</tr>
<tr>
<td><strong>NET COST OF SERVICES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Expenses</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grants - Medical Research (MREA)(^1)</td>
<td>2.1A</td>
<td>811,815</td>
<td>794,328</td>
</tr>
<tr>
<td>Grants - Boosting Dementia Research(^2)</td>
<td>2.1B</td>
<td>30,075</td>
<td>21,201</td>
</tr>
<tr>
<td>Other expenses incurred in the provision of grants(^3)</td>
<td>2.1C</td>
<td>6,787</td>
<td>6,278</td>
</tr>
<tr>
<td>Total expenses</td>
<td></td>
<td>848,677</td>
<td>821,807</td>
</tr>
<tr>
<td>Income</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-taxation revenue</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rendering of services(^4)</td>
<td>2.2A</td>
<td>-</td>
<td>14,044</td>
</tr>
<tr>
<td>Other revenue(^5)</td>
<td>2.2B</td>
<td>9,238</td>
<td>6,531</td>
</tr>
<tr>
<td>Total non-taxation revenue</td>
<td></td>
<td>9,238</td>
<td>20,575</td>
</tr>
<tr>
<td>Total revenue</td>
<td></td>
<td>9,238</td>
<td>20,575</td>
</tr>
<tr>
<td>Total income</td>
<td></td>
<td>9,238</td>
<td>20,575</td>
</tr>
<tr>
<td>Net cost of services</td>
<td></td>
<td>(839,439)</td>
<td>(801,232)</td>
</tr>
</tbody>
</table>

The above statement should be read in conjunction with the accompanying notes.

**Budget Variance Commentary**

1. The variance in expenses are due to: (i) delays in commitments from previous rounds of Targeted Calls for Research and International Collaborations; and (ii) underspend against the estimated budgets for Project Grants, Program Grants, Research Fellowships and Centres for Research Excellence.

2. The variance is due to an underspend relating to the Boosting Dementia budget measure, caused by delays in establishing funding rounds. The funds have since been committed and transferred from Administered Funds into the Medical Research Endowment Account (special account) for grants to be paid over the next five years.

3. The variance is largely due to (i) funds received for Dementia related activities (non-Boosting Dementia) that were not committed or paid during 2017-18 and (ii) funds received for the Developing Northern Australia Budget Measure. These funds have since been committed as grants and transferred to the Medical Research Endowment Account (special account) for grants to be paid over a five year period.

4. NHMRC did not receive any Administered revenue for rendering of services during 2017-18. The budget was estimated using historical trends for revenue received from Department of Health for Partnership Projects, which was not received during 2017-18.

5. Variance is largely due to higher than anticipated grant recoveries, due to grant acquittals and relinquishments from Administering Institutions.
## National Health and Medical Research Council
### Administered Schedule of Assets and Liabilities
#### as at 30 June 2018

<table>
<thead>
<tr>
<th>Note</th>
<th>2018</th>
<th>2017</th>
<th>Original Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Notes</td>
<td>$'000</td>
<td>$'000</td>
<td>$'000</td>
</tr>
</tbody>
</table>

### ASSETS
#### Financial Assets
- **Cash and cash equivalents**¹
  - 2018: 246,906
  - 2017: 198,460
  - Original: -
- **Trade and other receivables**²
  - 2018: 2,426
  - 2017: 1,883
  - Original: 648

#### Total financial assets
- 2018: 249,332
- 2017: 200,343
- Original: 648

#### Total assets administered on behalf of Government
- 2018: 249,332
- 2017: 200,343
- Original: 648

### LIABILITIES
#### Payables
- **Grants Payable - Medical Research (MREA)**³
  - 2018: 4,010
  - 2017: 2,949
  - Original: 5,000
- **Grants Payable - Boosting Dementia Research** 4.1B
  - 2018: 69
  - 2017: -
  - Original: -
- **GST payable**⁴
  - 2018: 3,469
  - 2017: 238
  - Original: 190
- **Other payables**⁵
  - 2018: 435
  - 2017: -
  - Original: -

#### Total payables
- 2018: 7,983
- 2017: 3,187
- Original: 5,190

#### Total liabilities administered on behalf of government
- 2018: 7,983
- 2017: 3,187
- Original: 5,190

#### Net assets/(liabilities)
- 2018: 241,349
- 2017: 197,156
- Original: (4,542)

The above statement should be read in conjunction with the accompanying notes.

### Budget Variance Commentary
1. NHMRC is required to disclose MREA cash balance at the OPA, as part of cash and cash equivalents. This Financial Reporting Rule (FRR) requirement was not known at time of budget.
2. Variance is due to additional accruals in relation to service revenue earned.
3. Budget overstated due to being based on historical data/trends. Current actuals are less than anticipated.
4. GST relating to grant payments are yet to be returned to Department of Finance.
5. Higher than budgeted level of unearned revenue associated with funds received in relation to co-funding Targeted Calls for Research and a Centre of Research Excellence. Work on this revenue stream will progress during 2018-19.
## National Health and Medical Research Council
### Administered Reconciliation Schedule
#### for the year ended 30 June 2018

<table>
<thead>
<tr>
<th></th>
<th>2018 $’000</th>
<th>2017 $’000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Opening assets less liabilities as at 1 July</strong></td>
<td>197,156</td>
<td>145,930</td>
</tr>
<tr>
<td><strong>Net contribution by services</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income</td>
<td>9,238</td>
<td>20,575</td>
</tr>
<tr>
<td>Expenses</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payments to Corporate Commonwealth entities</td>
<td>(13,703)</td>
<td>(12,331)</td>
</tr>
<tr>
<td>Payments to entities other than Corporate Commonwealth entities</td>
<td>(834,974)</td>
<td>(809,476)</td>
</tr>
<tr>
<td><strong>Transfers from the Australian Government</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Appropriation transfers from Official Public Account</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Annual appropriations</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payments to entities other than Corporate Commonwealth entities</td>
<td>883,632</td>
<td>852,458</td>
</tr>
<tr>
<td><strong>Transfers (to)/from the Australian Government</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Closing assets less liabilities as at 30 June</strong></td>
<td>241,349</td>
<td>197,156</td>
</tr>
</tbody>
</table>

The above statement should be read in conjunction with the accompanying notes.

### Administered Cash Transfers to and from the Official Public Account

Revenue collected by the NHMRC for use by the Government rather than the agency is administered revenue. Collections are transferred to the OPA maintained by the Department of Finance. Conversely, cash is drawn from the OPA to make payments under Parliamentary appropriation on behalf of Government. These transfers to and from the OPA are adjustments to the administered cash held by the NHMRC on behalf of the Government and reported as such in the statement of cash flows in the schedule of administered items.
## Administered Cash Flow Statement

### for the year ended 30 June 2018

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>$’000</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### OPERATING ACTIVITIES

#### Cash received

<table>
<thead>
<tr>
<th>Description</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rendering of services</td>
<td>-</td>
<td>13,323</td>
</tr>
<tr>
<td>Other revenue</td>
<td>9,522</td>
<td>6,269</td>
</tr>
<tr>
<td>GST received</td>
<td>24,461</td>
<td>23,323</td>
</tr>
<tr>
<td><strong>Total cash received</strong></td>
<td>33,983</td>
<td>42,915</td>
</tr>
</tbody>
</table>

#### Cash used

<table>
<thead>
<tr>
<th>Description</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grants - Medical Research (MREA)</td>
<td>807,530</td>
<td>797,514</td>
</tr>
<tr>
<td>Grants - Boosting Dementia Research</td>
<td>30,006</td>
<td>21,201</td>
</tr>
<tr>
<td>Other expenses incurred in the provision of grants</td>
<td>6,732</td>
<td>6,278</td>
</tr>
<tr>
<td>GST paid</td>
<td>24,901</td>
<td>23,580</td>
</tr>
<tr>
<td><strong>Total cash used</strong></td>
<td>869,169</td>
<td>848,573</td>
</tr>
</tbody>
</table>

#### Net cash used by operating activities

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>(835,186)</strong></td>
<td></td>
<td>(805,658)</td>
</tr>
</tbody>
</table>

#### Cash and cash equivalents at the beginning of the reporting period

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>198,460</td>
<td>151,660</td>
</tr>
</tbody>
</table>

#### Cash from Official Public Account

<table>
<thead>
<tr>
<th>Description</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Appropriations</td>
<td>883,632</td>
<td>852,458</td>
</tr>
<tr>
<td><strong>Total cash from official public account</strong></td>
<td>883,632</td>
<td>852,458</td>
</tr>
</tbody>
</table>

#### Cash and cash equivalents at the end of the reporting period

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>246,906</td>
<td>198,460</td>
</tr>
</tbody>
</table>

The above statement should be read in conjunction with the accompanying notes.
Overview

Objectives of the National Health and Medical Research Council

The National Health and Medical Research Council (NHMRC) is an Australian Government controlled entity. It is a not-for-profit entity. The NHMRC is Australia’s peak body for supporting health and medical research. The aims of the NHMRC are to:

- raise the standard of individual and public health care throughout Australia;
- foster development of consistent health standards between the states and territories;
- foster medical research and training and public health research and training throughout Australia; and
- foster consideration of ethical issues relating to health.

NHMRC’s Medical Research Endowment Account (MREA) is a special account established under the National Health and Medical Research Council Act 1992. It is the mechanism through which Australian Government funding for health and medical research is managed.

The continued existence of NHMRC in its present form, and with its present programs, is dependent on Government policy and on continuing funding by Parliament for the NHMRC’s administration and programs.

The Basis of Preparation

The financial statements are general purpose financial statements and are required by section 42 of the Public Governance, Performance and Accountability Act 2013.

The financial statements have been prepared in accordance with:

a) Public Governance, Performance and Accountability (Financial Reporting) Rule 2015 (FRR) for reporting periods ending on or after 1 July 2015; and

b) Australian Accounting Standards and Interpretations - Reduced Disclosure Requirements issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

The financial statements have been prepared on an accrual basis and in accordance with the historical cost convention, except for certain assets and liabilities at fair value. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position. The financial statements are presented in Australian dollars.

Where changes are made to the presentation or classification of items in the financial statements, the comparative amounts have been reclassified for consistency and comparability between financial years.

New Accounting Standards

All new standards, amendments to standards and interpretations that were issued prior to the sign-off date and are applicable to the current reporting period did not have a material effect on the NHMRC's financial statements.

Taxation

The NHMRC is exempt from all forms of taxation except Fringe Benefits Tax (FBT) and the Goods and Services Tax (GST).

Reporting of administered activities

Administered revenues, expenses, assets, liabilities and cash flows are disclosed in the schedule of administered schedules and related notes.

Except where otherwise stated, administered items are accounted for on the same basis and using the same policies as for departmental items, including the application of Australian Accounting Standards.
Events After the Reporting Period

Departmental
No relevant events have occurred after the reporting period date that have the potential to significantly affect the ongoing structure and financial activities of the NHMRC.

Administered
No relevant events have occurred after the reporting period date that have the potential to significantly affect the ongoing structure and financial activities of the NHMRC.
1. Departmental Financial Performance

1.1 Expenses

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>$'000</td>
<td>$'000</td>
<td></td>
</tr>
<tr>
<td>Wages and salaries</td>
<td>15,347</td>
<td>15,801</td>
</tr>
<tr>
<td>Superannuation</td>
<td>1,865</td>
<td>1,924</td>
</tr>
<tr>
<td>Defined contribution plans</td>
<td>1,324</td>
<td>1,220</td>
</tr>
<tr>
<td>Defined benefit plans</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Leave and other entitlements</td>
<td>3,269</td>
<td>3,043</td>
</tr>
<tr>
<td>Separation and redundancies</td>
<td>114</td>
<td>308</td>
</tr>
<tr>
<td><strong>Total employee benefits</strong></td>
<td>21,919</td>
<td>22,296</td>
</tr>
</tbody>
</table>

Accounting Policy

Accounting policies for employee related expenses is contained in the People and Relationships section.

Note 1.1B: Suppliers

Goods and services supplied or rendered

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agency placement costs</td>
<td>10</td>
<td>98</td>
</tr>
<tr>
<td>Insurance</td>
<td>66</td>
<td>63</td>
</tr>
<tr>
<td>Committees</td>
<td>3,602</td>
<td>3,598</td>
</tr>
<tr>
<td>Conference fees</td>
<td>53</td>
<td>75</td>
</tr>
<tr>
<td>Consultants</td>
<td>371</td>
<td>440</td>
</tr>
<tr>
<td>Contractors</td>
<td>5,403</td>
<td>3,355</td>
</tr>
<tr>
<td>IT services</td>
<td>5,176</td>
<td>4,435</td>
</tr>
<tr>
<td>Office equipment</td>
<td>273</td>
<td>111</td>
</tr>
<tr>
<td>Services</td>
<td>1,677</td>
<td>1,765</td>
</tr>
<tr>
<td>Travel</td>
<td>419</td>
<td>468</td>
</tr>
<tr>
<td>Other</td>
<td>278</td>
<td>149</td>
</tr>
<tr>
<td><strong>Total goods and services supplied or rendered</strong></td>
<td>17,328</td>
<td>14,557</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goods supplied</td>
<td>404</td>
<td>213</td>
</tr>
<tr>
<td>Services rendered</td>
<td>16,924</td>
<td>14,344</td>
</tr>
<tr>
<td><strong>Total goods and services supplied or rendered</strong></td>
<td>17,328</td>
<td>14,557</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating lease rentals</td>
<td>2,577</td>
<td>2,516</td>
</tr>
<tr>
<td>Workers compensation expenses</td>
<td>434</td>
<td>336</td>
</tr>
<tr>
<td><strong>Total other suppliers</strong></td>
<td>3,011</td>
<td>2,852</td>
</tr>
<tr>
<td><strong>Total suppliers</strong></td>
<td>20,339</td>
<td>17,409</td>
</tr>
</tbody>
</table>

Leasing commitments

The NHMRC in its capacity as lessee holds leases on its Canberra and Melbourne accommodation. The Canberra lease was renegotiated during 2017-18 for a further 10 year lease, with an option for a further 5 years. Lease payments increase by 3.50% each year. The Melbourne lease commenced during 2017-18 and is for a four year period. Lease payments on this lease increase by 3.75% each year.

Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Within 1 year</td>
<td>2,203</td>
<td>3,358</td>
</tr>
<tr>
<td>Between 1 to 5 years</td>
<td>12,652</td>
<td>1,540</td>
</tr>
<tr>
<td>More than 5 years</td>
<td>12,470</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total operating lease commitments</strong></td>
<td>27,325</td>
<td>4,898</td>
</tr>
</tbody>
</table>

Accounting Policy

A distinction is made between finance leases and operating leases. In operating leases, the lessor effectively retains substantially all such risks and benefits. NHMRC does not have any finance leases as at 30 June 2018 (2017: nil).

Operating lease payments are expensed on a straight-line basis which is representative of the pattern of benefits derived from the leased assets.
### 1.2 Own-Source Revenue

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$'000</td>
<td>$'000</td>
</tr>
<tr>
<td>Note 1.2A: Rendering of Services</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rendering of services</td>
<td>4,072</td>
<td>2,266</td>
</tr>
<tr>
<td>Total rendering of services</td>
<td>4,072</td>
<td>2,266</td>
</tr>
</tbody>
</table>

#### Accounting Policy

**Own-Source Revenue**

**Rendering of Services**

Revenue from rendering of services is recognised by reference to the stage of completion of contracts at the reporting date. The revenue is recognised when:

- a) the amount of revenue, stage of completion and transaction costs incurred can be reliably measured; and
- b) the probable economic benefits associated with the transaction have flowed to the NHMRC.

The stage of completion of contracts at the reporting date is determined by reference to the proportion that costs incurred to date bear to the estimated total costs of the transaction.

**Gains**

**Resources Received Free of Charge**

Resources received free of charge are recognised as revenue when, and only when, a fair value can be reliably determined and the service would have been purchased if they had not been donated. Use of those resources is recognised as an expense. Resources received free of charge are recorded as either revenue or gains depending on their nature.

Resources received free of charge consist of Australian National Audit Office (ANAO) audit fee and the ANAO does not provide services other than financial statement audit.

**Revenue from Government**

Amounts appropriated for departmental output appropriations for the year (adjusted for any formal additions and reductions) are recognised as Revenue from Government when the NHMRC gains control of the appropriations; except for certain amounts that relate to activities that are reciprocal in nature, in which case revenue is recognised only when it has been earned. Appropriations receivable are recognised at their nominal amounts.
## 2. Income and Expenses Administered on Behalf of Government

### 2.1 Administered – Expenses

<table>
<thead>
<tr>
<th>Note 2.1A: Grants - Medical Research (MREA)</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public sector</td>
<td>$13,347</td>
<td>$12,004</td>
</tr>
<tr>
<td>Australian Government Entities</td>
<td>$654,189</td>
<td>$638,643</td>
</tr>
<tr>
<td>State and Territory Governments</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Private sector</td>
<td>$141,191</td>
<td>$141,377</td>
</tr>
<tr>
<td>Medical Research Institutes</td>
<td>$3,088</td>
<td>$2,304</td>
</tr>
<tr>
<td>Private Universities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total grants - Medical Research (MREA)</td>
<td>$811,815</td>
<td>$794,328</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Note 2.1B: Grants - Boosting Dementia Research</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public sector</td>
<td>$356</td>
<td>$327</td>
</tr>
<tr>
<td>Australian Government Entities</td>
<td>$23,294</td>
<td>$18,166</td>
</tr>
<tr>
<td>State and Territory Governments</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Private sector</td>
<td>$6,425</td>
<td>$2,708</td>
</tr>
<tr>
<td>Medical Research Institutes</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total grants - Boosting Dementia Research</td>
<td>$30,075</td>
<td>$21,201</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Note 2.1C: Other Expenses Incurred in the Provision of Grants</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goods and services supplied or rendered</td>
</tr>
<tr>
<td>Funding agreements</td>
</tr>
<tr>
<td>Subscriptions</td>
</tr>
<tr>
<td>Consultants</td>
</tr>
<tr>
<td>Contractors</td>
</tr>
<tr>
<td>Other</td>
</tr>
<tr>
<td>Total goods and services supplied or rendered</td>
</tr>
</tbody>
</table>

### Accounting Policy

NHMRC administers a number of grant schemes on behalf of the Government. Grant liabilities are recognised to the extent that (i) the services required to be performed by the grantee have been performed or (ii) the grant eligibility criteria have been satisfied, but payments due have not been made. Payables to grantees are disclosed in Note 4.1.
### 2.2 Administered – Revenue

<table>
<thead>
<tr>
<th>Note 2.2A: Rendering of Services</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rendering of services</td>
<td>-</td>
<td>14,044</td>
</tr>
<tr>
<td>Total rendering of services</td>
<td>-</td>
<td>14,044</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Note 2.2B: Other Revenue</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grant recoveries</td>
<td>9,238</td>
<td>6,531</td>
</tr>
<tr>
<td>Total other revenue</td>
<td>9,238</td>
<td>6,531</td>
</tr>
</tbody>
</table>

### Accounting Policy

All administered revenues are revenues relating to ordinary activities performed by NHMRC on behalf of the Australian Government. As such, administered appropriations are not revenues of the NHMRC that oversees distribution or expenditure of funds as directed.

#### Rendering of Services

*External contributions*

- a) joint funding contributions, which are contributions from industry and other third party funding organisations to particular project. These contributions are recognised as revenue in the period when the obligation from the third party is due;
- b) contributions from industry and third parties, which are untied to projects or a contract. These contributions are recognised as revenue on receipt; and
- c) third party contributions to a program managed by the NHMRC. These contributions are recognised when they are due, in accordance with the contractual agreement with the third party.

#### Grant recoveries

The recovery of unspent grant money is a type of contribution because NHMRC receives cash (an asset), including the right to receive it, without directly giving approximately equal value to the party, i.e. a non-reciprocal transfer (AASB 1004.13). These recoveries satisfy the definition of income in the Framework, and the recognition criteria for income when NHMRC raises a debtor invoice for these recoveries.
3. Departmental Financial Position

3.1 Financial Assets

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$'000</td>
<td>$'000</td>
</tr>
<tr>
<td><strong>Note 3.1A: Trade and Other Receivables</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Goods and services receivable</td>
<td>956</td>
<td>679</td>
</tr>
<tr>
<td>Appropriations receivable - existing programs</td>
<td>11,116</td>
<td>11,466</td>
</tr>
<tr>
<td>GST receivable from the Australian Taxation Office</td>
<td>342</td>
<td>145</td>
</tr>
<tr>
<td>Other</td>
<td>38</td>
<td>17</td>
</tr>
<tr>
<td><strong>Total trade and other receivables</strong></td>
<td>12,452</td>
<td>12,307</td>
</tr>
</tbody>
</table>

No indicators of impairment were found for trade and other receivables in 2017 or 2018.

**Accounting Policy**

Receivables for goods and services, which have 30 day terms, are recognised at the nominal amounts due less any impairment allowance account. Collectability of debts is reviewed at end of the reporting period. Allowances are made when collectability of the debt is no longer probable.

**Loans and Receivables**

Trade receivables, loans and other receivables that have fixed or determinable payments and that are not quoted in an active market are classified as ‘loans and receivables’. Loans and receivables are measured at amortised cost using the effective interest method less impairment.
3.2 Non-Financial Assets

Note 3.2A: Reconciliation of the Opening and Closing Balances of Property, Plant and Equipment and Intangibles

<table>
<thead>
<tr>
<th></th>
<th>Plant and Equipment $'000</th>
<th>Computer software internally developed$'000</th>
<th>Computer software purchased $'000</th>
<th>Total $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>As at 1 July 2017</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gross book value</td>
<td>5,788</td>
<td>11,121</td>
<td>771</td>
<td>17,680</td>
</tr>
<tr>
<td>Accumulated depreciation, amortisation and impairment</td>
<td>(2,201)</td>
<td>(6,425)</td>
<td>(713)</td>
<td>(9,339)</td>
</tr>
<tr>
<td>Total as at 1 July 2017</td>
<td>3,587</td>
<td>4,696</td>
<td>58</td>
<td>8,341</td>
</tr>
<tr>
<td>Additions</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchase of plant and equipment</td>
<td>2,129</td>
<td>-</td>
<td>-</td>
<td>2,129</td>
</tr>
<tr>
<td>Purchased or internally developed - Intangibles</td>
<td>-</td>
<td>8,267</td>
<td>-</td>
<td>8,267</td>
</tr>
<tr>
<td>Purchase or internally developed</td>
<td>2,129</td>
<td>8,267</td>
<td>-</td>
<td>10,396</td>
</tr>
<tr>
<td>Depreciation and amortisation</td>
<td>(1,466)</td>
<td>(1,060)</td>
<td>(29)</td>
<td>(2,555)</td>
</tr>
<tr>
<td>Impairment</td>
<td>(89)</td>
<td>(1,062)</td>
<td>-</td>
<td>(1,151)</td>
</tr>
<tr>
<td>Total as at 30 June 2018</td>
<td>4,161</td>
<td>10,841</td>
<td>29</td>
<td>15,031</td>
</tr>
</tbody>
</table>

Total as at 30 June 2018 represented by

<table>
<thead>
<tr>
<th></th>
<th>2018 $'000</th>
<th>2017 $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross book value</td>
<td>7,917</td>
<td>19,388</td>
</tr>
<tr>
<td>Accumulated depreciation, impairment, and amortisation</td>
<td>(3,756)</td>
<td>(8,547)</td>
</tr>
<tr>
<td>Total as at 30 June 2018</td>
<td>4,161</td>
<td>10,841</td>
</tr>
</tbody>
</table>

1. The carrying amount of computer software internally developed includes $7.6 million in Work in Progress (WIP). (2017: $2.8 million).

NHMRC has purchased new computers for staff, so old hardware will be disposed of in line with Government policy.

An assessment of impairment on Work in Progress (WIP) assets was conducted as at 30 June 2018. NHMRC’s Digital Transition Project was impaired in line with Whole of Government position on Digital Records Transformation Program (Digital Records Investment Moratorium). (2017: Nil)

Revaluations of non-financial assets

There were no revaluations of plant and equipment conducted in 2017-18. (2016-17: Nil)

On 31 March 2016, an independent valuer conducted the revaluations of plant and equipment. The next valuation will occur during 2018-19.

<table>
<thead>
<tr>
<th></th>
<th>2018 $'000</th>
<th>2017 $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contractual commitments for the acquisition of plant and equipment and intangible assets are payable as follows:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Within 1 year</td>
<td>1,518</td>
<td>1,186</td>
</tr>
<tr>
<td>Between 1 to 5 years</td>
<td>-</td>
<td>656</td>
</tr>
<tr>
<td>Total plant and equipment and intangible assets commitments</td>
<td>1,518</td>
<td>1,842</td>
</tr>
</tbody>
</table>

NHMRC has commitments in place for the purchase of a new Grants Management System.
Accounting Policy
Assets are initially recorded at cost on acquisition except as stated below. The cost of acquisition includes the fair value of assets transferred in exchange and liabilities undertaken.

Assets acquired at no cost, or for nominal consideration, are initially recognised as assets and income at their fair value at the date of acquisition, unless acquired as a consequence of restructuring of administrative arrangements. In the latter case, assets are initially recognised as contributions by owners at the amounts at which they were recognised in the transferor’s accounts immediately prior to the restructuring.

Asset recognition threshold
Purchases of plant and equipment are recognised initially at fair value of the assets transferred in exchange and the liabilities undertaken in the statement of financial position, except for information technology equipment purchases less than $500, leasehold improvements less than $50,000, and all other purchases less than $2,000. Purchases below these thresholds are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total).

The initial cost of an asset includes an estimate of the cost of dismantling and removing the item and restoring the site on which it is located. This is particularly relevant to ‘make good’ provisions in Note 3.4A taken up by the NHMRC where there exists an obligation to restore premises to condition prior to fitout. These costs are included in the value of the make good asset with a corresponding provision for the ‘make good’ recognised. The make good provision in relation to the Canberra lease was reversed during 2017-18 on signing new lease agreement, which removed the requirement for NHMRC to make good.

Revaluations
Fair values of each sub-class of assets are determined as shown below.

<table>
<thead>
<tr>
<th>Assets Sub-Class</th>
<th>Fair value measured at</th>
</tr>
</thead>
<tbody>
<tr>
<td>Office Equipment</td>
<td>Depreciated replacement cost</td>
</tr>
<tr>
<td>Furniture and fitting</td>
<td>Depreciated replacement cost</td>
</tr>
<tr>
<td>Computer equipment</td>
<td>Market selling price</td>
</tr>
<tr>
<td>Leasehold improvement</td>
<td>Depreciated replacement cost</td>
</tr>
</tbody>
</table>

Following initial recognition at cost plant and equipment are carried at fair value less subsequent accumulated depreciation and accumulated impairment losses. Valuations are conducted with sufficient frequency to ensure that the carrying amounts of assets do not materially differ from the assets’ fair values as at the reporting date. The regularity of independent valuations depended upon the volatility of movements in market values for the relevant assets.

Revaluation adjustments are made on a class basis. Any revaluation increment is credited to equity under the heading of asset revaluation reserve, except to the extent that it reverses a previous revaluation decrement of the same asset class that was previously recognised through the surplus/deficit. Revaluation decrements for a class of assets are recognised directly in the surplus/deficit except to the extent that they reverse a previous revaluation increment for that class.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the asset restated to the revalued amount.

Depreciation
Depreciable property, plant and equipment assets are written-off to their estimated residual values over their estimated useful lives to the NHMRC using, in all cases, the straight-line method of depreciation.

Depreciation rates (useful lives), residual values and methods are reviewed at each reporting date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate.

Depreciation rates applying to each sub-class of depreciable asset are based on the following useful lives:

<table>
<thead>
<tr>
<th>Assets Sub-Class</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Office Equipment</td>
<td>3 to 5 years</td>
<td>3 to 5 years</td>
</tr>
<tr>
<td>Furniture and Fitting</td>
<td>10 years</td>
<td>10 years</td>
</tr>
<tr>
<td>Computer Equipment</td>
<td>3 to 5 years</td>
<td>3 to 5 years</td>
</tr>
<tr>
<td>Leasehold Improvement</td>
<td>Lease term</td>
<td>Lease term</td>
</tr>
</tbody>
</table>

Impairment
All non-financial assets including work in progress (WIP) were assessed for impairment at 30 June 2018. Where indications of impairment exist, the asset’s recoverable amount is estimated and an impairment adjustment made if the asset’s recoverable amount is less than its carrying amount.
The recoverable amount of an asset is the higher of its fair value less costs of disposal and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset. Where the future economic benefit of an asset is not primarily dependent on the asset’s ability to generate future cash flows, and the asset would be replaced if the entity were deprived of the asset, its value in use is taken to be its depreciated.

De-recognition
An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Intangibles
Intangible assets comprise internally developed software for internal use and purchased software. These assets are carried at cost less accumulated amortisation and accumulated impairment losses.

Software is amortised on a straight-line basis over its anticipated useful life. The useful lives of the NHMRC’s software are 2 to 7 years (2017: 2 to 7 years).

All software assets were assessed for indicators of impairment as at 30 June 2018.

Significant Accounting Judgements and Estimates
In the process of applying the accounting policies listed in this note, the NHMRC has made the following judgements that have the most significant impact on the amounts recorded in the financial statements. When estimating the fair value of property plant and equipment and work-in-progress (WIP) intangibles, judgements were made about the expected useful life of the assets.
### 3.3 Payables

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$'000</td>
<td>$'000</td>
</tr>
<tr>
<td><strong>Note 3.3A: Other Payables</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salaries and wages</td>
<td>257</td>
<td>313</td>
</tr>
<tr>
<td>Superannuation</td>
<td>24</td>
<td>24</td>
</tr>
<tr>
<td>Lease incentive</td>
<td>767</td>
<td>157</td>
</tr>
<tr>
<td>Prepayments received/uneearned income</td>
<td>3,800</td>
<td>1,711</td>
</tr>
<tr>
<td>Other</td>
<td>68</td>
<td>177</td>
</tr>
<tr>
<td><strong>Total other payables</strong></td>
<td>4,916</td>
<td>2,382</td>
</tr>
</tbody>
</table>

### Accounting Policy

Financial liabilities are classified as either financial liabilities ‘at fair value through profit or loss’ or ‘other financial liabilities’. Financial liabilities are recognised and derecognised upon ‘trade date’.

### 3.4 Provision for Makegood Obligations

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$'000</td>
<td>$'000</td>
</tr>
<tr>
<td><strong>Note 3.4A: Provision for Makegood Obligations</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Provision for makegood obligations</td>
<td>-</td>
<td>903</td>
</tr>
<tr>
<td><strong>Total provision for makegood obligations</strong></td>
<td>-</td>
<td>903</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Provision for makegood</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$'000</td>
<td>$'000</td>
</tr>
<tr>
<td>As at 1 July 2017</td>
<td>903</td>
<td>903</td>
</tr>
<tr>
<td>Other movements - reversal of makegood</td>
<td>(903)</td>
<td>(903)</td>
</tr>
<tr>
<td><strong>Total as at 30 June 2018</strong></td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

The NHMRC currently has nil (2017: one) agreements for the leasing of premises which have provisions requiring the NHMRC to restore the premises to their original condition at the conclusion of the lease.
4. Assets and Liabilities Administered on Behalf of Government

4.1 Administered – Payables

| Note 4.1A: Grants Payable - Medical Research (MREA) |
|---------------------------------|--------|--------|
| Public sector                  | 2018   | 2017   |
| Australian Government Entities | $42    | $60    |
| State and Territory Governments| $2,251 | $2,707 |
| Private Sector                 |        |        |
| Medical Research Institutes    | $1,717 | $182   |
| **Total grants payable - Medical Research (MREA)** | $4,010 | $2,949 |

<table>
<thead>
<tr>
<th>Note 4.1B: Grants Payable - Boosting Dementia Research</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public sector</td>
</tr>
<tr>
<td>State and Territory Governments</td>
</tr>
<tr>
<td>Private Sector</td>
</tr>
<tr>
<td>Medical Research Institutes</td>
</tr>
<tr>
<td><strong>Total grants payable - Boosting Dementia Research</strong></td>
</tr>
</tbody>
</table>

Settlement is made according to the terms and conditions of each grant. This was usually within 30 days of grant recipients meeting their performance or eligibility criteria.
### 5. Funding

#### 5.1 Appropriations

**Note 5.1A: Annual Appropriations ("Recoverable GST exclusive")**

#### Annual appropriations for 2018

<table>
<thead>
<tr>
<th></th>
<th>Annual Appropriation(^1)</th>
<th>Adjustments to appropriation(^2)</th>
<th>Total appropriation (^3)</th>
<th>Appropriation applied in 2018 (current and prior years) (^4)</th>
<th>Variance (^5)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Departmental</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ordinary annual services</td>
<td>39,005</td>
<td>5,915</td>
<td>44,920</td>
<td>(42,089)</td>
<td>2,831</td>
</tr>
<tr>
<td>Capital Budget(^4)</td>
<td>171</td>
<td></td>
<td>171</td>
<td>(7,351)</td>
<td>(7,180)</td>
</tr>
<tr>
<td>Equity injection</td>
<td>3,879</td>
<td></td>
<td>3,879</td>
<td>(3,045)</td>
<td>834</td>
</tr>
<tr>
<td>Total departmental</td>
<td>43,055</td>
<td>5,915</td>
<td>48,970</td>
<td>(52,485)</td>
<td>(3,515)</td>
</tr>
<tr>
<td><strong>Administered</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ordinary annual services</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Administered items</td>
<td>883,632</td>
<td></td>
<td>883,632</td>
<td>(883,632)</td>
<td></td>
</tr>
<tr>
<td>Total administered</td>
<td>883,632</td>
<td></td>
<td>883,632</td>
<td>(883,632)</td>
<td></td>
</tr>
</tbody>
</table>

1. In 2017-18, no amounts of appropriation were withheld or quarantined.
2. PGPA Act Section 74 receipts.
3. In 2017-18, variances largely relate to progressing capital projects that had lagged in previous financial years.
4. Departmental Capital Budgets are appropriated through Appropriations Acts (No.1,3,5). They form part of ordinary annual services, and are not separately identified in the Appropriation Acts.

#### Annual appropriations for 2017

<table>
<thead>
<tr>
<th></th>
<th>Annual Appropriation(^1)</th>
<th>Adjustments to appropriation(^2)</th>
<th>Total appropriation (^3)</th>
<th>Appropriation applied in 2017 (current and prior years) (^4)</th>
<th>Variance (^5)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Departmental</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ordinary annual services</td>
<td>37,449</td>
<td>1,859</td>
<td>39,308</td>
<td>(43,122)</td>
<td>(3,814)</td>
</tr>
<tr>
<td>Capital Budget(^4)</td>
<td>173</td>
<td></td>
<td>173</td>
<td>(2,957)</td>
<td>(2,784)</td>
</tr>
<tr>
<td>Total departmental</td>
<td>37,622</td>
<td>1,859</td>
<td>39,481</td>
<td>(46,079)</td>
<td>(6,598)</td>
</tr>
<tr>
<td><strong>Administered</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ordinary annual services</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Administered items</td>
<td>852,458</td>
<td></td>
<td>852,458</td>
<td>(852,458)</td>
<td></td>
</tr>
<tr>
<td>Total administered</td>
<td>852,458</td>
<td></td>
<td>852,458</td>
<td>(852,458)</td>
<td></td>
</tr>
</tbody>
</table>

1. In 2016-17, $7,000 of Departmental appropriation have been withheld as part of government measure, relating to single coordinated Govlink contract.
2. PGPA Act Section 74 receipts.
3. In 2016-17, variances largely relate to progressing the Simplified and Consistent Health and Medical Research budget measure.
4. Departmental Capital Budgets are appropriated through Appropriations Acts (No.1,3,5). They form part of ordinary annual services, and are not separately identified in the Appropriation Acts.

#### Accounting Policy

Amounts appropriated which are designated as ‘equity injections’ for a year (less any formal reductions) and Departmental Capital Budgets (DCBs) are recognised directly in contributed equity in that year.
### 5.1 Appropriations (continued)

**Note 5.1B: Unspent Annual Appropriations ('Recoverable GST exclusive')**

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Departmental</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Appropriation Act (No. 1) 2017-18(^1)</td>
<td>11,096</td>
<td>-</td>
</tr>
<tr>
<td>Appropriation Act (No. 2) 2017-18 - Equity Injections</td>
<td>834</td>
<td>-</td>
</tr>
<tr>
<td>Appropriation Act (No. 1) 2016-17(^1)</td>
<td>-</td>
<td>9,848</td>
</tr>
<tr>
<td>Supply Act (No. 1) 2016-17 - Capital Budget (DCB)</td>
<td>-</td>
<td>72</td>
</tr>
<tr>
<td>Appropriation Act (No. 1) 2016-17 - Capital Budget (DCB)</td>
<td>-</td>
<td>101</td>
</tr>
<tr>
<td>Appropriation Act (No. 1) 2015-16 - Capital Budget (DCB)</td>
<td>-</td>
<td>1,969</td>
</tr>
<tr>
<td><strong>Total departmental</strong></td>
<td><strong>11,930</strong></td>
<td><strong>11,990</strong></td>
</tr>
</tbody>
</table>

1. Includes cash at bank and appropriation receivable.

### 5.2 Special Accounts

**Note 5.2A: Special Accounts ('Recoverable GST exclusive')**

<table>
<thead>
<tr>
<th></th>
<th>Medical Research Endowment Account(^1)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2018</td>
</tr>
<tr>
<td><strong>Balance brought forward from previous period</strong></td>
<td></td>
</tr>
<tr>
<td>Increases:</td>
<td></td>
</tr>
<tr>
<td>Appropriation credited to special account</td>
<td>873,626</td>
</tr>
<tr>
<td>Costs recovered</td>
<td>5,370</td>
</tr>
<tr>
<td>Other receipts</td>
<td>6,688</td>
</tr>
<tr>
<td><strong>Total increases</strong></td>
<td><strong>885,684</strong></td>
</tr>
<tr>
<td>Available for payments</td>
<td>1,084,142</td>
</tr>
<tr>
<td><strong>Decreases</strong></td>
<td></td>
</tr>
<tr>
<td>Administered</td>
<td></td>
</tr>
<tr>
<td>Payments made for medical research</td>
<td>810,734</td>
</tr>
<tr>
<td>Payments made for boosting dementia research</td>
<td>26,564</td>
</tr>
<tr>
<td><strong>Total administered</strong></td>
<td><strong>837,298</strong></td>
</tr>
<tr>
<td><strong>Total decreases</strong></td>
<td><strong>837,298</strong></td>
</tr>
<tr>
<td><strong>Total balance carried to the next period</strong></td>
<td><strong>246,844</strong></td>
</tr>
</tbody>
</table>

**Balance represented by:**

|                                    |          |          |
| Cash held in entity bank accounts  | 4        | 5,044    |
| Cash held in the Official Public Account | 246,840  | 193,414  |
| **Total balance carried to the next period** | **246,844** | **198,458** |

1. Appropriation: *Public Governance, Performance and Accountability Act 2013*; section 80

Establishing Instrument: *National Health and Medical Research Council Act 1992*; section 49

Purpose: to provide assistance (subject to the *National Health and Medical Research Council Act 1992*):

- to Departments of the Commonwealth, or of a State or Territory, engaged in medical research;
- to universities for the purpose of medical research;
- to institutions and persons engaged in medical research; and
- in the training of persons in medical research.
### 6. People and Relationships

#### 6.1 Employee Provisions

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$'000</td>
<td>$'000</td>
</tr>
<tr>
<td><strong>Note 6.1A: Employee Provisions</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Leave</td>
<td>6,080</td>
<td>5,702</td>
</tr>
<tr>
<td>Total employee provisions</td>
<td>6,080</td>
<td>5,702</td>
</tr>
</tbody>
</table>

#### Accounting Policy

**Employee benefits**

Liabilities for ‘short-term employee benefits’ and termination benefits expected within twelve months of the end of the reporting period are measured at their nominal amounts.

**Leave**

The liability for employee benefits includes provision for annual leave and long service leave. No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave taken in future years by employees of the NHMRC is estimated to be less than the annual entitlement for sick leave.

The leave liabilities are calculated on the basis of employees’ remuneration at the estimated salary rates that will be applied at the time the leave is taken, including the NHMRC’s employer superannuation contribution rates to the extent that the leave is likely to be taken during service rather than paid out on termination.

The liability for long service leave is recognised and measured at the present value of the estimated future cash flow to be made in respect of all employees at 30 June 2018. The estimate of the present value of the liability takes into account attrition rates and pay increases through promotion and inflation.

**Superannuation**

The NHMRC’s staff are members of the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS) or the PSS accumulation plan (PSSap), or other superannuation funds held outside the Australian Government.

The CSS and PSS are defined benefit schemes for the Australian Government. The PSSap is a defined contribution scheme.

The liability for defined benefits is recognised in the financial statements of the Australian Government and is settled by the Australian Government in due course. This liability is reported in the Department of Finance’s administered schedules and notes.

The NHMRC makes employer contributions to the employee’s defined benefit superannuation scheme at rates determined by an actuary to be sufficient to meet the current cost to the Government. The NHMRC accounts for the contributions as if they were contributions to defined contribution plans.

The liability for superannuation recognised as at 30 June represents outstanding contributions.

#### Significant Accounting Judgements and Estimates

In the process of applying the accounting policies listed in this note, the NHMRC has made the following judgements that have the most significant impact on the amounts recorded in the financial statements. The estimated leave provisions involve assumptions based on the expected tenure of existing staff, patterns of leave claims and payouts, future salary movements and discount rates.
6.2 Key Management Personnel Remuneration

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the NHMRC, directly or indirectly, including any director (whether executive or otherwise) of the NHMRC. The NHMRC has determined the key management personnel to be the Portfolio Minister, Chief Executive Officer, General Manager, and Executive Directors.

Key management personnel remuneration is reported in the table below:

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Short-term employee benefits</td>
<td>1,844</td>
<td>1,677</td>
</tr>
<tr>
<td>Post-employment benefits</td>
<td>276</td>
<td>268</td>
</tr>
<tr>
<td>Other long-term employee benefits</td>
<td>215</td>
<td>166</td>
</tr>
<tr>
<td><strong>Total key management personnel remuneration expenses</strong>¹</td>
<td><strong>2,335</strong></td>
<td><strong>2,111</strong></td>
</tr>
</tbody>
</table>

The total number of key management personnel that is included in the above table is 7 (2017: 6).

1. The above key management personnel remuneration excludes the remuneration and other benefits of the Portfolio Minister. The Portfolio Minister’s remuneration and other benefits are set by the Remuneration Tribunal and are not paid by the NHMRC.

6.3 Related Party Disclosures

Related party relationships

NHMRC is an Australian Government controlled entity. Related parties to the NHMRC are Key Management Personnel, including the Portfolio Minister, Chief Executive Officer, General Manager, Executive Directors, and other Australian Government entities.

Transactions with related parties

Given the breadth of government activities, related parties may transact with the government sector in the same capacity as ordinary citizens. Such transactions include the payment or refund of taxes, receipt of a Medicare rebate or higher education loans. These transactions have not been separately disclosed in this note.

The following transactions with related parties occurred during the financial year:

The NHMRC employs a close family member of a staff member who was acting in a Key Management Personnel role. Employee expenses for the close family member were $45,491 (2017: $49,175). The recruitment process was an arm’s length process, and the close family member is paid in accordance with the NHMRC’s enterprise agreement. The NHMRC employs 175 (2017: 181) staff of which there was only 1 close family member of Key Management Personnel.

Significant transactions with related parties can include:

- the payments of grants or loans;
- purchases of goods and services;
- asset purchases, sales transfers or leases;
- debts forgiven; and
- guarantees.

Giving consideration to relationships with related entities, and transactions entered into during the reporting period by the NHMRC, it has been determined that there are no other related party transactions to be separately disclosed.
7. Managing Uncertainties
7.1 Contingent Assets and Liabilities

Quantifiable Contingencies
As at 30 June 2018 the NHMRC has no contingent assets (2017: nil).
As at 30 June 2018 the NHMRC has the following contingent liabilities:

The NHMRC has in place a deed of standing offer with a panel of investigators to provide investigation services if serious breaches of the Research Involving Human Embryos Act 2002 or the Prohibition of Human Cloning for Reproduction Act 2002 are identified.

The consequence of the contingency being triggered is estimated to be a cost of approximately $150,000.

This quantifiable contingent liability was in place as at 30 June 2018.

Unquantifiable Contingencies
At 30 June 2018, the NHMRC had no unquantifiable contingencies (2017: nil).

Administered – Contingent Assets and Liabilities

Quantifiable Administered Contingencies
As at 30 June 2018, the NHMRC did not have any quantifiable administered contingent assets (2017: one).
As at 30 June 2018, the NHMRC did not have any quantifiable administered contingent liabilities (2017: nil).

Unquantifiable Administered Contingencies
At 30 June 2018, the NHMRC had no unquantifiable administered contingencies (2017: nil).

Accounting Policy
Contingent liabilities and contingent assets are not recognised in the statement of financial position but are reported in the notes. They may arise from uncertainty as to the existence of a liability or asset, or represent a liability or asset in respect of which the amount cannot be reliably measured. Contingent assets are disclosed when settlement is probable but not virtually certain and contingent liabilities are disclosed when settlement is greater than remote.
7.2 Financial Instruments

<table>
<thead>
<tr>
<th>Note 7.2A: Categories of Financial Instruments</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial Assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loans and receivables</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>814</td>
<td>524</td>
</tr>
<tr>
<td>Trade receivables</td>
<td>994</td>
<td>696</td>
</tr>
<tr>
<td>Total loans and receivables</td>
<td>1,808</td>
<td>1,220</td>
</tr>
<tr>
<td>Total financial assets</td>
<td>1,808</td>
<td>1,220</td>
</tr>
</tbody>
</table>

Financial Liabilities measured

| Financial liabilities measured at amortised cost |
|-----------------------------------------------|------|
| Accruals                                       | 3,423| 1,290|
| Total financial liabilities measured at amortised cost | 3,423| 1,290|
| Total financial liabilities                    | 3,423| 1,290|

The NHMRC did not receive any income or incur any expense related to financial assets or financial liabilities disclosed above for the period ended 30 June 2018 (2017: nil).

Accounting Policy

Loans and Receivables

The NHMRC classifies its financial assets in the following category: loans and receivables.

Trade receivables, loans and other receivables that have fixed or determinable payments and that are not quoted in an active market. Loans and receivables are measured at amortised cost using the effective interest method less impairment.

Financial Liabilities

Supplier and other payables are recognised at amortised cost. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).

7.3 Administered – Financial Instruments

<table>
<thead>
<tr>
<th>Note 7.3A: Categories of Financial Instruments</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial Assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loans and receivables</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>246,906</td>
<td>198,460</td>
</tr>
<tr>
<td>Goods and services receivable</td>
<td>2,426</td>
<td>1,883</td>
</tr>
<tr>
<td>Total loans and receivables</td>
<td>249,332</td>
<td>200,343</td>
</tr>
<tr>
<td>Total financial assets</td>
<td>249,332</td>
<td>200,343</td>
</tr>
</tbody>
</table>

Financial Liabilities

Financial liabilities measured at amortised cost

| Grants payable                               | 4,079 | 2,949 |
| Total financial liabilities measured at amortised cost | 4,079 | 2,949 |
| Total financial liabilities                  | 4,079  | 2,949 |

The NHMRC did not receive any income or incur any expense related to financial assets or financial liabilities disclosed above for the period 30 June 2018 (2017: nil).
7.4 Fair Value Measurement

The following table provides an analysis of assets that are measured at fair value.

Note 7.4A: Fair Value Measurement

<table>
<thead>
<tr>
<th>Non-financial assets</th>
<th>2018 $'000</th>
<th>2017 $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Plant and equipment</td>
<td>4,161</td>
<td>3,587</td>
</tr>
<tr>
<td>Total non-financial assets</td>
<td>4,161</td>
<td>3,587</td>
</tr>
<tr>
<td>Total fair value measurements of assets in the statement of financial position</td>
<td>4,161</td>
<td>3,587</td>
</tr>
</tbody>
</table>

1. These gains/(losses) are presented in the Statement of Comprehensive Income under Write Down and Impairment of Assets and other changes in Asset Revaluation Reserve.

Accounting Policy

NHMRC engaged the service of Australian Valuation Solutions (AVS) to conduct desktop revaluation of all Plant and Equipment (P&E) assets at 31 March 2016 and has relied upon those outcomes to establish carrying amounts. An annual assessment is undertaken to determine whether the carrying amount of the assets is materially different from the fair value. Comprehensive valuations carried out at least once every three years. AVS has provided written assurance to NHMRC that the models developed are in compliance with AASB 13.

The methods utilised to determine and substantiate the unobservable inputs are derived and evaluated as follows:

Physical depreciation and obsolescence - assets that do not transact with enough frequency or transparency to develop objective opinions of value from observable market evidence have been measured utilising the depreciated replacement cost approach. Under the depreciated replacement cost approach the estimated cost to replace the asset is calculated and then adjusted to take into account physical depreciation and obsolescence.

Physical depreciation and obsolescence has been determined based on professional judgement regarding physical, economic and external obsolescence factors relevant to the asset under consideration. For all leasehold improvement assets, the consumed economic benefit/asset obsolescence deduction is determined based on the term of the associated lease.
Appendix 1: Commissioner of Complaints 2017–2019, Mr Chris Reid

Mr Chris Reid has had a longstanding career as a solicitor and government lawyer and brings considerable experience and expertise in investigation and administrative law to the role of Commissioner.

A solicitor of more than 30 years standing, Mr Reid has been involved in administrative law work and litigation since 1988, including cases in the Administrative Appeals Tribunal, Federal Court and High Court.

Mr Reid advised on governance and conflict of interest issues many times during his career as a government lawyer. He also worked with investigators and conducted investigations across a number of Australian Government departments. Through his former position as General Counsel at the Department of Health he gained familiarity with the Health portfolio.

Mr Reid holds degrees of Bachelor of Laws, Bachelor of Arts and Master of Public Administration. He has been employed by Maddocks as a special counsel since 2016.
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<td>AHEC</td>
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<td>AHMAC</td>
<td>Australian Health Ministers’ Advisory Council</td>
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<td>AHRTC, AHRTCs</td>
<td>Advanced Health Research and Translation Centres</td>
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<td>AI</td>
<td>Administering Institution</td>
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<td>AK</td>
<td>Knight of the Order of Australia</td>
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<td>AM</td>
<td>Member of the Order of Australia</td>
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<td>AMR TCR</td>
<td>Antimicrobial Resistance Targeted Call for Research</td>
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<td>ANAO</td>
<td>Australian National Audit Office</td>
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<tr>
<td>AO</td>
<td>Officer of the Order of Australia</td>
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<td>APS</td>
<td>Australian Public Service</td>
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<td>Australian Public Service Commission</td>
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<td>ARC</td>
<td>Australian Research Council</td>
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<td>ARIC</td>
<td>Australian Research Integrity Committee</td>
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<td>ART</td>
<td>Assisted Reproductive Technology</td>
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<td>Australian Drinking Water Guidelines</td>
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<td>CDK4</td>
<td>Cyclin-dependent kinase 4</td>
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<td>CIRH, CIRHs</td>
<td>Centres for Innovation in Regional Health</td>
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<td>COAG</td>
<td>Council of Australian Governments</td>
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<td>CPA</td>
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<td>CPR</td>
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<td>CRE, CREs</td>
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<td>Employee Assistance Program</td>
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<td>Energy Efficient Government Operations</td>
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<td>Embryo Research Licensing Committee</td>
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<td>FAA</td>
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<td>FOI, FOI Act</td>
<td>Freedom of Information Act 1982</td>
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<td>FRACP</td>
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<td>HTAC</td>
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<td>International Cancer Genome Consortium</td>
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<td>IPS</td>
<td>Information Publication Scheme</td>
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<td>Abbreviation</td>
<td>Full Form</td>
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<td>IRISS</td>
<td>Independent Research Institute Infrastructure Support Scheme</td>
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<td>JPND</td>
<td>European Union Joint Program—Neurodegenerative Disease</td>
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<td>National Institute of Health Research (United Kingdom)</td>
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<td>NNIDR</td>
<td>NHMRC National Institute for Dementia Research</td>
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<td>OAIC</td>
<td>Office of the Australian Information Commissioner</td>
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<td>Risk Management Framework</td>
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<td>RMS</td>
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