

I make this submission in relation to the terms of reference on how best to manage Australia's research funding.

Fellowship funding is granted on a competitive and peer reviewed basis, as it should be. The current system also correctly rewards fellows based on their track record. If we believe that our current funding criteria gives us the best scientists why should we not improve the system so that it rewards long and successful scientists who choose to remain in Australia? It is in the mid-term of a fellow's career and beyond that many long term fellows could do with a cash injection allowing them to set up a new technique, add a crucial differently skilled member to their team or simply re-new equipment that may be 20+ years old. This extra funding to a long term fellow could be the difference from being a successful scientist who is struggling to having a competitive advantage in their field of expertise. I suggest that the success of the superannuation program for the Australian community could be a model for such a system. By putting away a small premium each year per fellow, the government, at minimum cost, could provide the often modest sum of money that can make all the difference to a fellow's career. The plan could also be used as an incentive to increase the number of fellows to return to Australia following an overseas appointment which is often referred to as 'stopping the brain drain'. The use of investment as a tool will minimise the need of funding input for future governments. While I make no pretence to be a financial expert I have provided some figures in the following worksheets for your consideration. While I have provided one possibility of managing the scheme I am sure that with expert opinion it could be modified and improved to obtain an optimal result. Finally I believe with a little creative thought, minimal funding and prudent investment the NHMRC can make a real and significant contribution at the right time of a fellow's career that would aid his or hers international competitiveness and improve Australia's health outcomes.

Each Year

Payment - In

The premium is paid by the NHMRC into a superannuation type managed fund.

Payment - Out

Payment:

10 y = premium + interest / (no of fellows*) x 1

15 y = premium + interest / (no of fellows*) x 1.5

20 y = premium + interest / (no of fellows*) x 2

25 y = premium + interest / (no of fellows*) x 2.5

30 y = premium + interest / (no of fellows*) x 3

* based on number of fellows in first appointment

All funds must be spent on research related expenses according to NHMRC rules of the day.

At the end of each fellowship

If fellow gains re-appointment

5 years

The money stays in the fund.

10 years or more

After a number of appointments (2?, 3?, 4?), access to funds is permitted. All or part of the funds can be retained in the program until penultimate appointment (i.e. prior to retirement).

If fellow fails to gain re-appointment

5 years

No money returned

10 years or more

The incentive, (or part thereof?), could remain in the fund until re-appointment or the fellow's share of the fund could be accessed. For example, if a fellow had alternate funding, they could continue until re-appointment in the fellowship scheme with most of their incentive intact.

Voluntary exit of the system

If the fellow chooses to leave, the fellow's share of the pool can be spent: _____ as an extension to the finishing appointment, _____ or kept in the fund to be redeemed in the future, _____ or if re-appointed, continue less monies already spent. This would have the advantage of, say a fellow took an overseas appointment, their money would gain interest in the bank without premiums having to be paid, while giving incentive to return (i.e. help reverse the "brain drain").

Fellowship Incentive Plan

No of Fellows	Premium \$	Interest Rate %	Years	Fellowship Year	Premium \$	Premium \$	Interest \$	End Of Year	Start Of Next Year	Total Spent \$	Bonus \$	Years	Avg/year \$	% leaving	People Leaving	Total Incentive Payout (30 years)	Money available in fund (30 years)	NHMRC Contribution (30 years)
405	10,000.00	5												100.00	405	\$86,113,521.53	\$38,914,122.09	\$62,775,000.00
			1	1	10,000.00	4,050,000.00	202,500.00	4,252,500.00	8,302,500.00	4,050,000.00		1						
			2	2	10,000.00	4,050,000.00	415,125.00	8,717,625.00	12,787,625.00	8,100,000.00		2						
			3	3	10,000.00	4,050,000.00	638,381.25	13,406,006.25	17,456,006.25	12,150,000.00		3						
			4	4	10,000.00	4,050,000.00	872,800.31	18,328,806.56	22,378,806.56	16,200,000.00		4						
			5	5	10,000.00	4,050,000.00	1,118,940.33	23,497,746.89	26,737,746.89	20,250,000.00	58,019.13	5	-\$1,297,549.38	20.00	81.00		\$0.00	
			6	1	10,000.00	3,240,000.00	1,336,887.34	28,074,634.24	31,314,634.24	23,490,000.00		6						
			7	2	10,000.00	3,240,000.00	1,565,731.71	32,880,365.95	36,120,365.95	26,730,000.00		7						
			8	3	10,000.00	3,240,000.00	1,806,018.30	37,926,384.24	41,166,384.24	29,970,000.00		8						
			9	4	10,000.00	3,240,000.00	2,058,319.21	43,224,703.46	46,464,703.46	33,210,000.00		9						
			10	5	10,000.00	3,240,000.00	2,323,235.17	48,787,938.63	41,460,350.90	36,450,000.00	120,464.05	10	-\$501,035.09	20.00	81.00		\$9,757,587.73	
			11	1	10,000.00	2,430,000.00	2,073,017.55	43,533,368.45	45,963,368.45	38,880,000.00		11						
			12	2	10,000.00	2,430,000.00	2,298,168.42	48,261,536.87	50,691,536.87	41,310,000.00		12						
			13	3	10,000.00	2,430,000.00	2,534,576.84	53,226,113.71	55,656,113.71	43,740,000.00		13						
			14	4	10,000.00	2,430,000.00	2,782,805.69	58,438,919.40	60,868,919.40	46,170,000.00		14						
			15	5	10,000.00	2,430,000.00	3,043,445.97	63,912,365.37	46,358,655.76	48,600,000.00	236,712.46	15	\$149,422.95	20.00	81.00		\$19,173,709.61	
			16	1	10,000.00	1,620,000.00	2,317,932.79	48,676,588.55	50,296,588.55	50,220,000.00		16						
			17	2	10,000.00	1,620,000.00	2,514,829.43	52,811,417.97	54,431,417.97	51,840,000.00		17						
			18	3	10,000.00	1,620,000.00	2,721,570.90	57,152,988.87	58,772,988.87	53,460,000.00		18						
			19	4	10,000.00	1,620,000.00	2,938,649.44	61,711,638.32	63,331,638.32	55,080,000.00		19						
			20	5	10,000.00	1,620,000.00	3,166,581.92	66,498,220.23	40,708,932.14	56,700,000.00	328,386.27	20	\$799,553.39	20.00	81.00		\$26,599,288.09	
			21	1	10,000.00	810,000.00	2,035,446.61	42,744,378.75	43,554,378.75	57,510,000.00		21						
			22	2	10,000.00	810,000.00	2,177,718.94	45,732,097.68	46,542,097.68	58,320,000.00		22						
			23	3	10,000.00	810,000.00	2,327,104.88	48,869,202.57	49,679,202.57	59,130,000.00		23						
			24	4	10,000.00	810,000.00	2,483,960.13	52,163,162.70	52,973,162.70	59,940,000.00		24						
			25	5	10,000.00	810,000.00	2,648,658.13	55,621,820.83	42,121,365.62	60,750,000.00	343,344.57	25	\$745,145.38	10.00	40.50		\$13,905,455.21	
			26	1	10,000.00	405,000.00	2,106,068.28	44,227,433.90	44,632,433.90	61,155,000.00		26						
			27	2	10,000.00	405,000.00	2,231,621.70	46,864,055.60	47,269,055.60	61,560,000.00		27						
			28	3	10,000.00	405,000.00	2,363,452.78	49,632,508.38	50,037,508.38	61,965,000.00		28						
			29	4	10,000.00	405,000.00	2,501,875.42	52,539,383.80	52,944,383.80	62,370,000.00		29						
			30	5	10,000.00	405,000.00	2,647,219.19	55,591,602.99	38,914,122.09	62,775,000.00	411,789.65	30	\$795,362.60	10.00	40.50		\$16,677,480.90	