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10 July 2015

Committee Secretary  
Senate Community Affairs Legislation Committee  
PO Box 6100  
Parliament House  
Canberra ACT 2600

Dear Sir/Madam,

***Inquiry into the Medical Research Future Fund Bill 2015 and the Medical Research Future Fund (Consequential Amendments) Bill 2015***

Philanthropy Australia is the national peak body for philanthropy and is a not-for-profit (NFP) membership organisation comprising around 800 Members and Associates. These include trusts and foundations, businesses, families and individuals who want to make a difference through their own philanthropy and to encourage others with their giving. Our vision is for 'A More Giving Australia' and our mission is to 'Lead an innovative, growing, influential and high performing philanthropic sector in Australia.'

Philanthropy Australia thanks the Senate Community Affairs Legislation Committee for the opportunity to make a submission to its Inquiry into the *Medical Research Future Fund Bill 2015* and the *Medical Research Future Fund (Consequential Amendments) Bill 2015*.

Philanthropy Australia supports the establishment of the Medical Research Future Fund (MRFF).

Although public funding is critical to the viability and growth of Australia's medical research sector, it will never be sufficient on its own. This is why private and philanthropic support for the medical research sector has, and will continue to play an important role in financing new research initiatives and infrastructure.

This was recognised by the *Strategic Review of Health and Medical Research – Better Health through Research* (McKeon Review), which recommended a number of actions to attract and optimise philanthropic support for medical research.<sup>1</sup>

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<sup>1</sup> Final Report of the Strategic Review of Health and Medical Research – Better Health through Research (McKeon Review), Australian Government, February 2013, Chapter 7. Available at: <http://www.mckeonreview.org.au/>

We believe that the MRFF will provide an opportunity to develop innovative approaches to funding medical research which combine and leverage both public and private funding sources.

The MRFF can also provide a vehicle to further grow these private funding sources, which include philanthropy in all its diverse forms, and the emerging pool of assets which are being directed towards ‘impact investment’.

One way that the MRFF could achieve this is through providing ‘matched funding’ for philanthropic support towards medical research. The introduction of a matching initiative was recommended by the McKeon Review.<sup>2</sup>

Such a matching initiative would involve donations towards medical research being ‘matched’ with funds from the MRFF, on a one-for-one or other appropriate basis.

Internationally, matching initiatives have been relatively common in the higher education sector, and have proven very effective at growing philanthropic support in that sector.

Research undertaken in 2004 by the Council for Advancement and Support of Education in the United Kingdom concluded that matching initiatives in the higher education sector

*. . . have proved themselves effective strategies to strengthen the capacity for raising independent income of colleges and universities, contribute to the development of a philanthropic culture that is supportive of higher education and its broader underpinning of economic development and social inclusion, and are persuasive examples of public private partnerships, which contribute significantly to the development of innovative funding models for post-secondary institutions.<sup>3</sup>*

More recently, the UK Research Partnership Investment Fund was established in 2012.<sup>4</sup> The fund is open to all UK higher education institutions and is designed to support investment in higher education research facilities by matching private sector and philanthropic investment on a one-for-two basis.

The McKeon Review points out that the UK Research Partnership Investment Fund demonstrates that matched funding is an effective means of stimulating private and philanthropic support for medical research, stating that<sup>5</sup>

*The Research Partnership Investment Fund was initially launched with a £100 million limit but was increased to £300 million due to the calibre of bids and level of interest from private and philanthropic organisations. In addition to the funding required to release government leverage, universities are also contributing an additional*

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<sup>2</sup> McKeon Review, Recommendation 18) b), p.232

<sup>3</sup> Select Government Matching Fund Programmes: An Examination of Characteristics and Effectiveness, Prepared by the Council for Advancement and Support of Education for the Sutton Trust, December 2004. Available at: <http://www.suttontrust.com/researcharchive/select-government-matching-fund-programmes-examination-characteristics-effectiveness/>

<sup>4</sup> More information is available at: <http://www.hefce.ac.uk/rsrch/ukrpif/>

<sup>5</sup> McKeon Review, p.238

*£70 million in funding to support the research initiatives, bringing the total value of the projects to £1 billion.*

If a component of the MRFF is directed towards a matching initiative, it could be directed at helping secure 'major gifts' towards medical research from high net worth individuals, businesses and trusts and foundations. This would be consistent with McKeon Review, which recommended a funding allocation of up to \$50 million per annum to match new large philanthropic donations based on leverage and alignment with medical research priorities.

A matching initiative could also be directed to growing philanthropic support for medical research within the broader community, by matching smaller donations made by members of the wider public. There is evidence to suggest that philanthropic support for medical research from the wider public is an untapped source of potential funding.<sup>6</sup>

Philanthropy Australia welcomes the amendments to the *Medical Research Future Fund Bill 2015* which the Government is proposing, which will provide for the establishment of an Australian Medical Research Advisory Board (Board). We note that the Board will determine the Australian Medical Research and Innovation Strategy (Strategy) and the Australian Medical Research and Innovation Priorities (Priorities), which will guide the provision of financial assistance from the MRFF.

In particular, Philanthropy Australia welcomes the proposed section 32E(3)(d), which provides that in determining the Priorities, the Board must take into account 'how to ensure that financial assistance provided under this Act complements and enhances other financial assistance provided for medical research and medical innovation'. We regard this as a strong indication of the Government's desire to use the MRFF to combine and leverage both public and private funding sources.

In this regard, Philanthropy Australia recommends that the Strategy and Priorities include a framework for how the MRFF can be used to grow philanthropic support for medical research.

In addition to including the matching initiative discussed above, this framework could also involve identifying a pipeline of potential projects consistent with the Priorities, which the MRFF cannot yet fund but may be in a position to scale up following further work undertaken with philanthropic support.

In order to develop this framework effectively it will be important that the Board has adequate expertise in philanthropy. Therefore, Philanthropy Australia recommends that at least one Board member with a background in philanthropy be appointed. It would also be advisable to have at least one Board member with expertise in impact investment.

In this regard, given that the Government has established the Prime Minister's Community Business Partnership in order to advise the Government on strategies to grow philanthropy in Australia, there may be merit in an initial cross appointment of a member of the Prime Minister's Community Business Partnership onto the Australian Medical Research Advisory Board.

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<sup>6</sup> Based on unpublished research undertaken for Research Australia.

Once again, Philanthropy Australia thanks the Senate Community Affairs Legislation Committee for the opportunity to make a submission to its Inquiry into the *Medical Research Future Fund Bill 2015* and the *Medical Research Future Fund (Consequential Amendments) Bill 2015*.

Philanthropy Australia hopes its comments are of assistance, and if the Committee wishes to discuss the matters raised in this submission further, please contact Krystian Seibert, Policy & Research Manager, on (03) 9662 9299.

Yours Sincerely,

Chris Wootton  
**Acting CEO**