

2014-15 FEDERAL BUDGET SUMMARY FOR MEDICAL RESEARCH

DEPARTMENT OF HEALTH

NHMRC – funding maintained

- **Medical Research Endowment Account (MREA) funding:**
2014-15: \$859 M; 2015-16: \$799 M; 2016-17: \$813 M; 2017-18: \$828 M.
- There will be a decrease in funding for NHMRC staff from 217 to 208 in 2014-15.

NEW FUNDING

- **New \$20 B Medical Research Future Fund (MRFF)**
 - 1 Jan 2015 – \$1 B investment to start fund from uncommitted funds of the Health & Hospitals Fund.
 - Every dollar of savings from health reforms in this and future budgets will be directly invested into the MRFF up to a total of \$20 B; this includes revenue from the \$7 Medicare co-contribution initiative, changes to the Pharmaceutical Benefits Scheme and other changes to the health budget.
 - By 2020, MRFF expected to be \$20 B.
 - Dividend payments to medical research (including through the NHMRC) to start in 2015-16 – estimated at \$19.9 M in 2015-16, \$77 M in 2016-17 and \$179.3 M in 2017-18.
 - By 2023-24, MRFF will provide an additional \$1 B p.a. for medical research, doubling the government's investment in medical research within a decade.
 - This is a permanent revenue stream with annual dividends dedicated solely to funding medical research.
 - Fund to be capital protected in perpetuity and managed by the Future Fund Board of Guardians.
 - Subject to the passage of health savings legislation.

- **Dementia research** – additional \$200 M over 5 years.

Of the \$160 M additional of funding provided in the first 4 years, \$134 M will be provided via the NHMRC and \$26 M via the ARC. Medical scientists and researchers will be supported by increasing the number of available research grants, scholarships and fellowships for dementia related research. Additional assistance will be provided to the Clem Jones Centre for Ageing Dementia Research.

Funding will help establish a **National Institute for Dementia Research** to identify and coordinate research priorities and translate existing dementia research into policy and practice.

- **Simplified and consistent health & medical research** – \$9.9 M over 5 years.

To develop a nationally consistent approach to the way clinical research trials are overseen and conducted, and to streamline and simplify National Health and Medical Research Council grant application and assessment processes.

- **Headspace Program** – additional \$14.9 M over 4 years to establish 10 new headspace sites.

- **Establishment of National Centre of Excellence in Youth Mental Health** – \$18 M over 4 years to Orygen Youth Health Research Centre.

SAVINGS

- **Abolishment of Australian National Preventative Health Agency** – \$6.4 M saving over 5 years.
Ongoing functions of the agency will be integrated into the Department of Health, including administration of social marketing activities and provision of grants.
- **Abolishment of Health Workforce Australia** – \$142 M saving over 5 years.
Functions will be consolidated into the Department of Health. Savings will be achieved through administrative efficiencies, ceasing the planned expansion of the Clinical Training Funding Program which is currently managed by Health Workforce Australia, and redirecting uncommitted funds in the Health Workforce Fund.
- **Rationalisation of Indigenous Affairs Programs** – \$534.4 M saving over 5 years.
Rationalisation of programs, grants and activities administered by the Prime Minister and Health portfolios. Health funding will be refocused under the Indigenous Australians Health Program. Programs under the Department of the Prime Minister and Cabinet will be consolidated into a new Indigenous Advancement Strategy.
- **Cessation of National Partnership Agreement on Preventative Health** – \$367.9 M saving over 4 years.
- **Cessation of National Partnership Agreement on Public Hospital Services** – \$201 M saving over 3 years from 2015-16.

OTHER

- **Primary Health Networks**
Medicare Locals will be replaced with Primary Health Networks from 1 July 2015. The Primary Health Networks will establish Clinical Councils, with a significant GP presence, and local Consumer Advisory Committees that are aligned to Local Hospital Networks, to ensure primary health care and acute care sectors work together to improve patient care.
- **Merging of the National Blood Authority with the Australian Organ and Tissue Donation and Transplantation Authority**
- **Health Productivity and Performance Commission** – In the second half of 2014 the Government will consider, in consultation with the States, further rationalisation of government bodies, including the potential merging of six health care bodies to create a Health Productivity and Performance Commission. As part of its deliberations the Government will take into account the findings of the National Commission of Audit.

TREASURY

SAVINGS

- **R&D Tax Incentive** – \$620 M saving over 4 years by reducing rate by 1.5 percentage points
Consistent with the Government's commitment to cut the company tax rate from 1 July 2015, the Government will preserve the relative value of the Research and Development Tax Incentive by reducing the rates of the refundable and non-refundable offsets by 1.5 percentage points, effective from 1 July 2014.

DEPARTMENT OF EDUCATION

NEW FUNDING

- **Future Fellowships** – \$139.5 M over 4 years to continue scheme.
This will provide up to 100 four year fellowships per year. The scheme will now be limited to Australian researchers only.
- **National Collaborative Research Infrastructure Strategy (NCRIS)** – \$150 M in 2015-16 to fund the operation and maintenance of critical existing research facilities.
- **Primary Connections and Science by Doing** – additional \$5 M over 4 years to continue.
- **Australian Research Alliance for Children and Youth** – \$1 M per annum from 2014-15 for operational support and to undertake research.
- **Australian Institute of Tropical Health and Medicine (JCU)** – \$42 M over 4 years through the ARC's Linkage Program to support the expansion of the Australian Institute of Tropical Health and Medicine.

SAVINGS

- **Australian Research Council (ARC)** – savings of \$74.9 M over 3 years from 2015-16 by applying a one-off 3.25% efficiency dividend in 2015-16 to the ARC's administered funding.
- **Research Training Scheme** – saving of \$173.7 M over 3 years from 2015-16.
Postgraduate research students (including PhD and Masters students) will now be expected to make a contribution to their course costs. Higher education providers will be able to introduce fees at the rate of \$3,900 per full time student for high cost courses, and \$1,700 for low cost courses. Eligible students will be able to pay these fees using the HELP system.

DEPARTMENT OF INDUSTRY

NEW FUNDING

- **Establishment of Entrepreneurs' Infrastructure Program** – \$484.2 M over 5 years from 2013-14.
The program will implement the government's new approach to industry policy. It will focus on supporting the commercialisation of good ideas, job creation and lifting the capability of small business, the provision of market and industry information, and the facilitation of access to business management advice and skills from experienced private sector providers and researchers. The program will be delivered through a single agency model by the Department of Industry to achieve efficiencies and reduce red tape. **(See abolishment of existing programs below.)**
- **Australia-China Science and Research Fund** – \$10 M over 4 years to continue.
- **Science for Australia's Future** – \$28 M over 4 years to continue
 - \$5.5 M for the Prime Minister's Prizes for Science
 - \$13.4 M for National Science Week and the Strategic Science and Communication Program

- \$9.1 M for the Questacon Smart Skills National Technology Learning Program and Equity of Access Program.
- **Establishment of Growth Fund** – \$100.6 M over 6 years from 2013-14 to establish a \$155 M fund.

To support new jobs, investment and economic growth in South Australia and Victoria following announcements by vehicle manufacturers that they will cease vehicle manufacturing in Australia by the end of 2017. The remaining funding will be provided by the Victorian and South Australian governments, Holden and Toyota. Along with other initiatives, the Growth Fund includes \$35.8 M over 5 years to establish the Next Generation Manufacturing Investment Program to support investment in high-value manufacturing in Victoria and South Australia.

SAVINGS

- **Cessation of commercialisation / industry assistance programs (from 1 Jan 2015)** – \$845.6 M saving over 5 years
 - Australian Industry Participation
 - Commercialisation Australia
 - Enterprise Solutions
 - Innovation Investment Fund
 - Industry Innovation Councils
 - Enterprise Connect
 - Industry Innovation Precincts
 - Textile, Clothing and Footwear Small Business and Building Innovative Capability.
- **Cooperative Research Centres (CRCs) & Clean Technology (Investment and Innovation) Programs** – \$124.7 M reduction in funding over 5 years.
- **Science and Research Agencies** – reduced funding to save \$146.8 M over 4 years
 - CSIRO – \$111.4 M reduction
 - Australian Nuclear Science and Technology Organisation – \$27.6 M reduction
 - Australian Institute of Marine Science – \$7.8 M reduction.

DEPARTMENT OF FINANCE

- **Infrastructure Growth Package – Asset Recycling Fund; includes cessation of the Education Investment Fund (EIF)**

The Government will establish the Asset Recycling Fund (ARF) on 1 July 2014 as a dedicated vehicle to provide funding and financial incentives to States, Territories and other bodies to invest in new productivity enhancing infrastructure, including through the Asset Recycling Initiative. The ARF will start from 1 July 2014 with an initial size of approximately \$5.9 B, with contributions from:

- uncommitted funds currently in the Building Australia Fund (BAF) (around \$2.4 B)
- uncommitted funds currently in the Education Investment Fund (EIF) (around \$3.5 B).

Subsequent contributions to the ARF will come from the proceeds of the sale of Medibank Private and any future privatisations. Establishment of the ARF will be subject to the passage of legislation through the Parliament.