

## Federal Budget 2016-17: Key medical research & innovation measures

### Medical Research Future Fund (MRFF)

- **The MRFF is projected to reach \$20 billion by 2020-21** (one year later than estimated in last year's budget).
- **Disbursements from the MRFF** for medical research/innovation have not changed since the 2015-16 Mid-Year Economic and Financial Outlook (when they were altered slightly to take into account \$250 million earmarked for the Biomedical Translation Fund), except that the \$10 million originally to be spent in 2015-16 has now been rolled over into 2016-17:
  - 2016-17: \$61million (includes \$10 million rolled over from 2015-16)
  - 2017-18: \$122 million
  - 2018-19: \$215 million
  - 2019-20: \$386 million

**Table 2.2.1.3: Medical Research Future Fund (MRFF) – Estimates of Fund Balances**

	Estimated actual 2015-16 \$'000	Budget estimate 2016-17 \$'000	Forward estimate 2017-18 \$'000	Forward estimate 2018-19 \$'000	Forward estimate 2019-20 \$'000
<b>Medical Research Future Fund <sup>(a)</sup></b>					
Opening balance	-	3,154,337	4,662,955	7,386,527	10,280,687
Investment credits <sup>(b)</sup>	3,149,351	1,401,149	2,561,000	2,689,000	8,259,000
Revenue and gains					
Investment earnings and gains	10,084	187,092	313,886	461,571	894,777
Expenses					
Management fees	(5,098)	(18,747)	(29,749)	(41,498)	(76,153)
Transfers to Portfolio Special Accounts for project payments MRFF Health Portfolio Special Account - Expense	-	(60,876)	(121,565)	(214,913)	(386,373)
<b>Closing balance</b>	<b>3,154,337</b>	<b>4,662,955</b>	<b>7,386,527</b>	<b>10,280,687</b>	<b>18,971,938</b>

(a) The MRFF consists of the MRFF Special Account and investments of the MRFF. The investments will be managed by the Future Fund Board of Guardians. The special account is used to record all transactions relating to the MRFF, including interest received and payments.

(b) Credits consist of uncommitted funds from the Health and Hospitals Fund (HHF), plus further contributions consisting of amounts equivalent to the estimated value of health function savings published in the 2014-15 Budget adjusted for any subsequent associated Government decisions, until the capital value of the MRFF reaches \$20 billion.

### NHMRC funding (through the Medical Research Endowment Account) has been mostly maintained:

- 2016-17 - \$807 million (compared with \$809 million in last year's budget)
- 2017-18 - \$819 million (compared with \$822 million in last year's budget)
- 2018-19 - \$832 million (compared with \$835 million in last year's budget)
- 2019-20 - \$847 million

## Expenditure measures<sup>1</sup>

- **\$9.4 million over four years to tackle anti-microbial resistance**, including a national GP plan to curb the over prescription, **as well as further research** and surveillance initiatives.
- **\$20.4 million over four years from 2016-17, including \$9.5 million in capital funding, to improve the regulation of therapeutic goods in Australia**. Funding will improve consumer access to therapeutic goods and introduce more flexible and timely regulatory processes.
- **\$2.4 million over two years to bring forward the opening of the Singapore and Berlin Landing Pads** to 2016-17. The pads will support emerging Australian companies in global innovation hotspots, and are part of the National Innovation and Science Agenda (NISA).
- **An estimated \$45 million in lost revenue over the forward estimates to expand the NISA tax incentives for angel investors**. In particular the government will:
  - reduce the holding period from three years to one year for investors to access the 10 year capital gains tax exemption
  - include in the definition of eligible startups, a time limit on incorporation and criteria for determining if the startup is an innovation company
  - require that the investor and innovation company are non-affiliates
  - limit the investment amount for non-sophisticated investors to \$50,000 per income year.
- **The Government has amended the NISA initiative for venture capital investment** to:
  - allow conditionally registered funds that become unconditionally registered after 7 December 2015 to access the tax offset
  - relax the requirement for very small entities to provide an auditors' statement of assets
  - extend the increase in fund size from \$100 million to \$200 million for new early-stage venture capital limited partnerships (ESVCLPs) to also apply to existing ESVCLPs
  - ensure that the venture capital tax concessions are available for FinTech, banking and insurance related activities.

## Savings measures

- **Save \$20.2 million over two years from the Entrepreneurs' Programme, the Cooperative Research Centres program, and the communications campaign for NISA** in order to extend funding for the Australian Astronomical Observatory and partially fund a communications and compliance campaign for the new Country of Origin Labelling framework.
- **ARC**: As outlined in last year's budget, funding through the ARC Discovery Program will fall in 2016-17 as fewer Fellowships are funded into the future. Funding for the ARC Discovery Program will also grow less quickly than forecast in last year's budget, with total funding \$45 million less over the next three years compared with last year's forecasts. Forward funding for the ARC Linkage program is similar to last year's budget.

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<sup>1</sup> Some of these measures have been previously announced earlier in the year, but all are new since last year's Mid-Year Economic and Financial Outlook (MYEFO).