

2018-19 Federal Budget Summary

This document provides a summary of the main announcements in the 2018-19 Federal Budget. If there is a specific item that has not been covered below but you would like further information then please contact AAMRI's Director of Policy and Operations, Dr Peter Thomas (petre.thomas@aamri.org.au),

1 Summary

The highlights of the Federal Budget were the multiple Medical Research Future Fund announcements, with new funding areas announced and significant funds committed. From now until 2020-21 around \$2 billion will be expended on new projects in a wide range of areas including genomics, research translation, brain cancer, and clinical trials, plus many other areas. There were no changes to the capitalisation of the fund, and it is still on track to reach the full \$20 billion by 2020-21

There was also good news for research infrastructure with just under \$400 million of new funding announced to implement the National Research Infrastructure Roadmap.

While the sector had been fearing the worst with respect to changes to the R&D tax incentive there was some good news in an exemption being granted to clinical trials.

There were no significant changes to NHMRC, ARC or university research block grant funding, and there were a few other smaller announcements of note.

- MRFF still on track to reach \$20 billion by 2020-21
- \$2 billion of MRFF funding announced
- New funding for national research infrastructure
- Clinical trial exemption for changes to the R&D tax incentive
- No significant change to NHMRC, ARC or university research block grant funding

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2 Medical Research Future Fund

2.1 MRFF Funding announcements

The Budget provided details on the \$2 billion medical research investment from that is set to be made by the MRFF from 2017-18 onwards.

There were two broad streams of funding announcements: investing in health and medical research, and the National Health and Medical Research Industry Growth Plan

(1) Investing in Health and Medical Research

- A total of \$275.4M will be invested over the forward estimates including:
 - **Mental health** - \$125M over 10 years from 2017-18 for a *Million Minds* Mental Health Research Mission to support priorities under the fifth Mental Health and Suicide Prevention Plan
 - **AHRTCs** - \$75M over 4 years from 2017-18 to extend the Rapid Applied Research Translation program that supports Advanced Health Research Translation Centres and Centres for Innovation in Regional Health
 - **Preventative health** - \$18.1M over four years from 2017-18 for a *Keeping Australians Out of Hospital* program to support preventive health, behavioural economics and reduce avoidable presentations to hospital
 - **Health systems research** - \$39.8M over four years from 2017-18 for a *Targeted Health System and Community Organisation Research* program with a focus on comparative effectiveness studies and consumer-driven research
 - **Women's Health** - \$17.5M over four years from 2017-18 for research into Women's Health and research into Maternal Health and First 2,000 Days to address the underlying social determinants of health that impact on a child's early days in life.

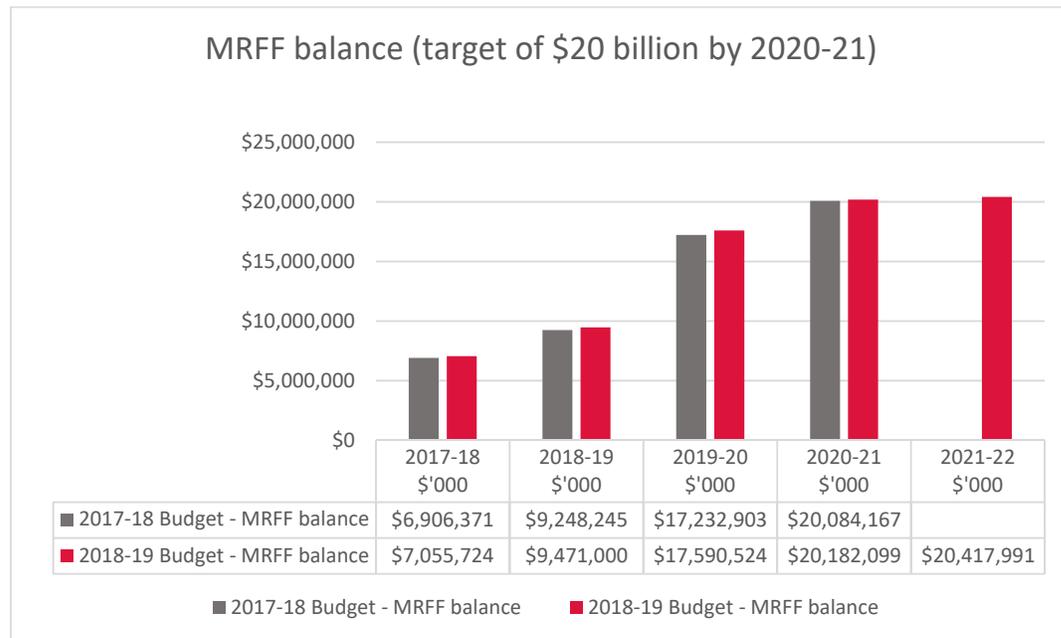
(2) National Health and Medical Industry Growth Plan

- The Government will provide \$1.3B over ten years from 2017-18 for a National Health and Medical Industry Growth Plan to improve health outcomes and develop Australia as a global destination for medical sector jobs, research and clinical trials. Investments from the Medical Research Future Fund include:
 - **Genomics** - \$500M over ten years from 2017-18 committed to the *Genomics Health Futures Mission*, including \$10.7M in 2017-18 for genomics research
 - **Frontier Health** - \$240M committed to the *Frontier Health and Medical Research Program*
 - **Clinical trials** - \$248M for rare cancers and rare diseases clinical trials programs
 - **Diabetes and heart disease research translation** - \$125M over nine years from 2018-19 to contribute to the Targeted Translation Research Accelerator for chronic conditions focussed on diabetes and heart disease
 - **Industry collaboration** - \$32M for industry-research collaboration
 - **Biomedical and medical technology programs** - \$62.3 million
 - **Data sharing** - \$30M to AIHW to improve accessibility and health information and statistics, including better data sharing capability and ICT upgrades

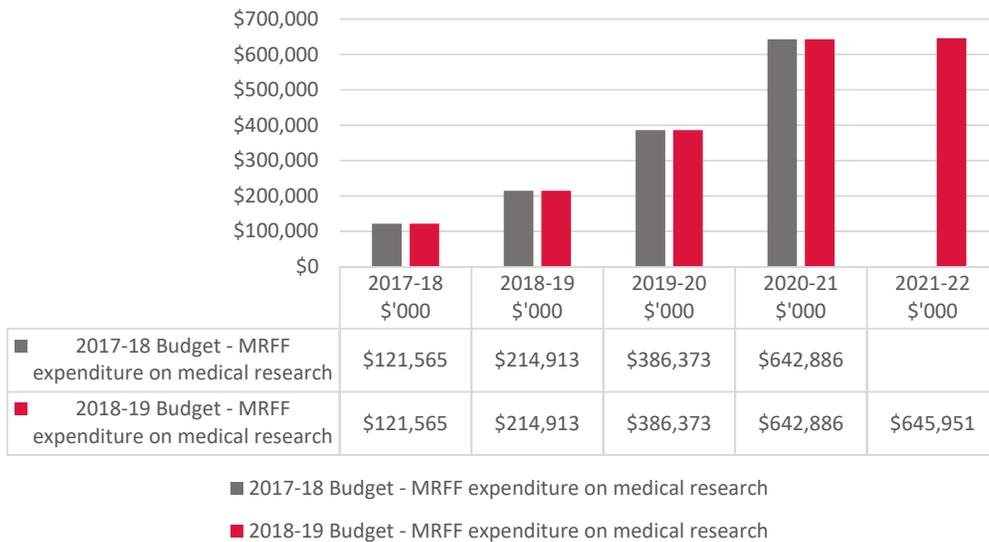
- **Priority development** - \$20M to AMRAB to develop strategies and priorities for health and medical research innovation
- **Administrative costs** - \$2.8M to the Department of Health for administrative costs associated with this measure

2.2 MRFF building the fund to \$20 billion

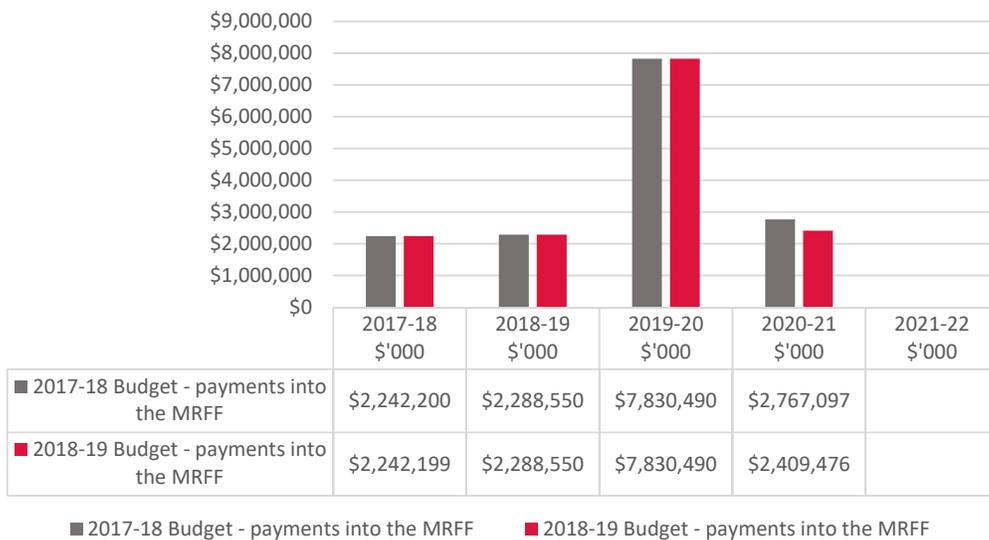
The Government has maintained its commitment to build the fund to \$20 billion by 2020-21. Payments into the fund are in line with previous forecasts with no significant difference.



MRFF expenditure on health and medical research



Payments into the MRFF

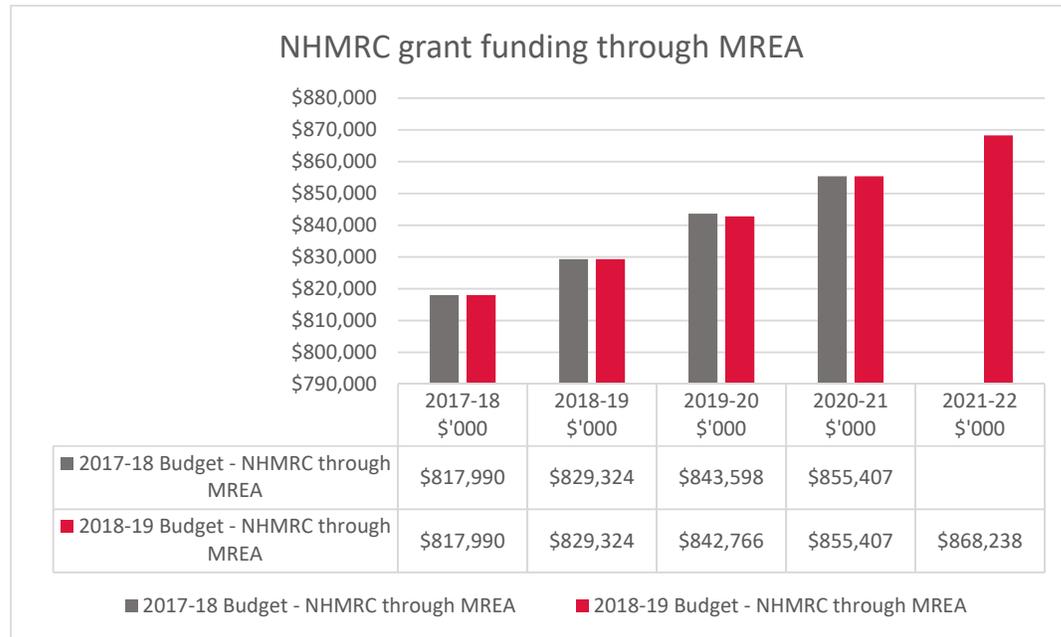


Note – as the MRFF will reach its target of \$20 billion in 2020-21 no further capitalisation is forecast

3 Research Council Funding

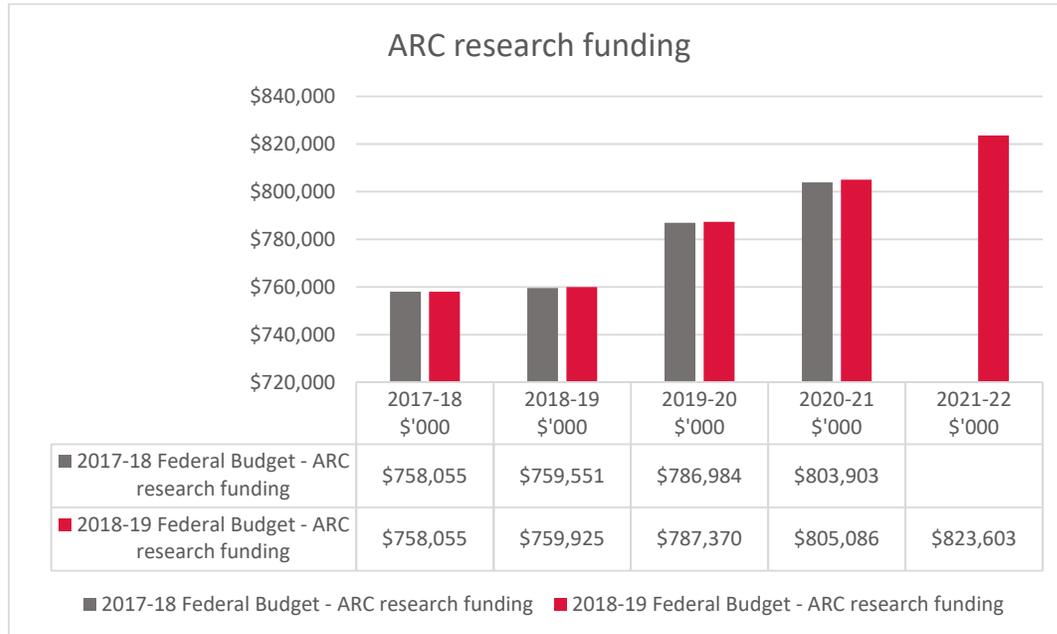
3.1 National Health and Medical Research Council

There were no significant changes to medical research funding through the NHMRC Medical Research Endowment Account. Slight inflationary increases are provided for in the coming years.



3.2 Australian Research Council

Australian Research Council funding will grow at a very slightly increased rate compared to the previous budget.



4 Notable expenditure, savings and revenue measures

4.1 Research infrastructure

The Government has announced an addition \$1.9 billion over 12 years from 2017-18 (\$393.3 million over five years) to implement the Research Infrastructure Investment Plan, informed by the 2016 National Research Infrastructure Roadmap. Further details are provided below in the NCRIS section.

4.2 Investment in supercomputing infrastructure

The Government will provide \$70.0 million in 2017-18 to replace and upgrade Australia's computing and data capability at the Pawsey Supercomputing Centre, which is a critical component of the national research and innovation system.

4.3 R&D tax incentive

There will be major changes made to the R&D tax incentive in response to the recommendations of the 2016 *Review of the R&D Tax Incentive*. The changes will apply for income years starting on or after 1 July 2018.

For companies with aggregated annual turnover below \$20 million, the refundable R&D offset will be a premium of 13.5% above a claimant's company tax rate. Cash refunds from the refundable R&D tax offset will be capped at \$ million per annum. R&D tax offsets that cannot be refunded will be carried forward as non-refundable tax offsets to future income years.

Importantly, refundable R&D tax offsets from R&D expenditure on clinical trials will not count towards the cap.

4.4 Biomedical Translation Fund

Combined Government and private sector funding of \$500 million will continue to be invested in the Biomedical Translation Fund (note this is not new or additional funding, and has been previously announced).

4.5 Better data to track innovation

The Government will provide \$1.0 million over two years from 2018-19 to support a review of existing and international measures of innovation. The review will inform the development of new metrics that will ensure innovation is accurately measured in Australia.

4.6 Building Australia's Artificial Intelligence capability to support business

The Government will provide \$29.9 million over four years from 2018-19 to strengthen Australia's capability in Artificial Intelligence (AI) and Machine Learning (ML). The measure will support business innovation in sectors such as digital health, digital agriculture, energy and cybersecurity. This will include \$25.0 million allocated to the CRC programme to support programs in this area (see below).

4.7 Encouraging more women to pursue STEM education and careers

The Government will provide \$4.5 million over four years from 2018-19 to encourage more women into STEM education and careers. The funding will progress the Women in Science Strategy; a decadal plan for women in science; work on the new Women in STEM

Ambassador; the development of a STEM Choices resources kit to address the under-representation of girls in STEM education.

4.8 Data sharing and release arrangements

The Government will provide \$20.5 million over four years from 2018-19 for the implementation of new data governance arrangements in line with the recommendations of the Productivity Commission's 2017 Report on *Data Availability and Use*.

A data sharing and release framework, underpinned by legislation, will be developed and administered by a newly established National Data Commissioner (NDC).

4.9 Protecting Intellectual Property

The Government will provide \$0.6 million in 2018-19 to fund the development of a detailed business case to modernise IP Australia's patents management system.

4.10 Removal of customs tariffs from placebos and clinical trial kits

The Government will remove customs tariffs from placebos and clinical trial kits that are imported into Australia from 1 July 2018.

4.11 Supporting Australian Innovation in Asia

The Government will provide \$20.0 million over four years from 2018-19 to establish the Asian innovation Strategy. This funding will include an extension for the Australia-India Strategic Research Fund for an additional four years.

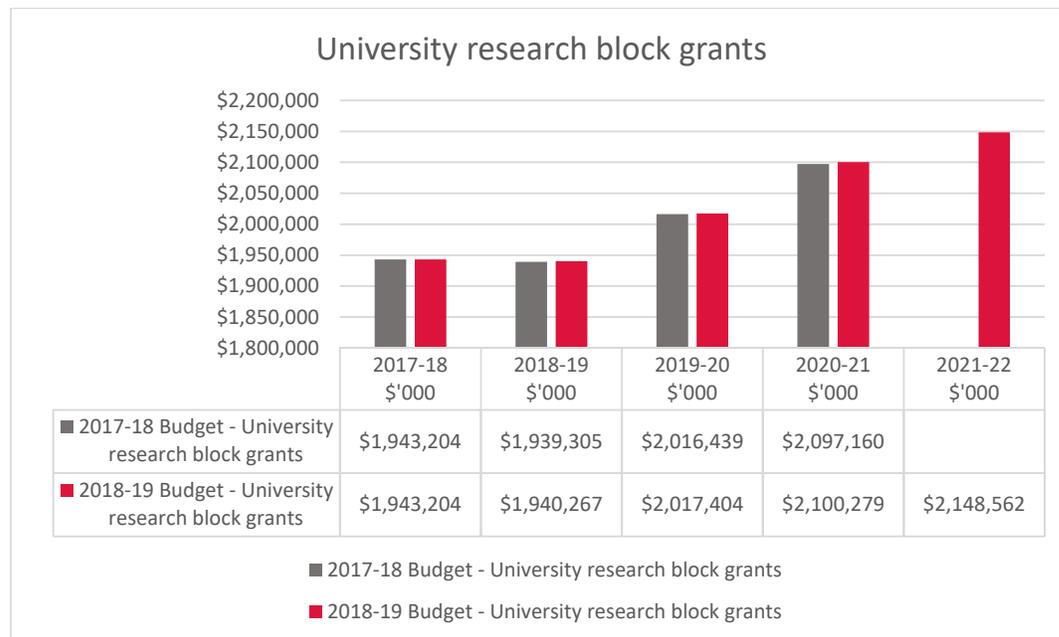
4.12 Funding Radioactive Waste Management and Decommissioning Projects

The Government will provide \$7.7 million in 2018-19 to fund immediate and critical radioactive waste management and nuclear decommissioning activities to ensure the continued protection of both the community and the environment.

5 Forecast expenditure/savings in other programs relating to medical research

5.1 University research block grants

Funding for research through university research block grants will increase very slightly compared to previous forecasts. No specific measures were announced.

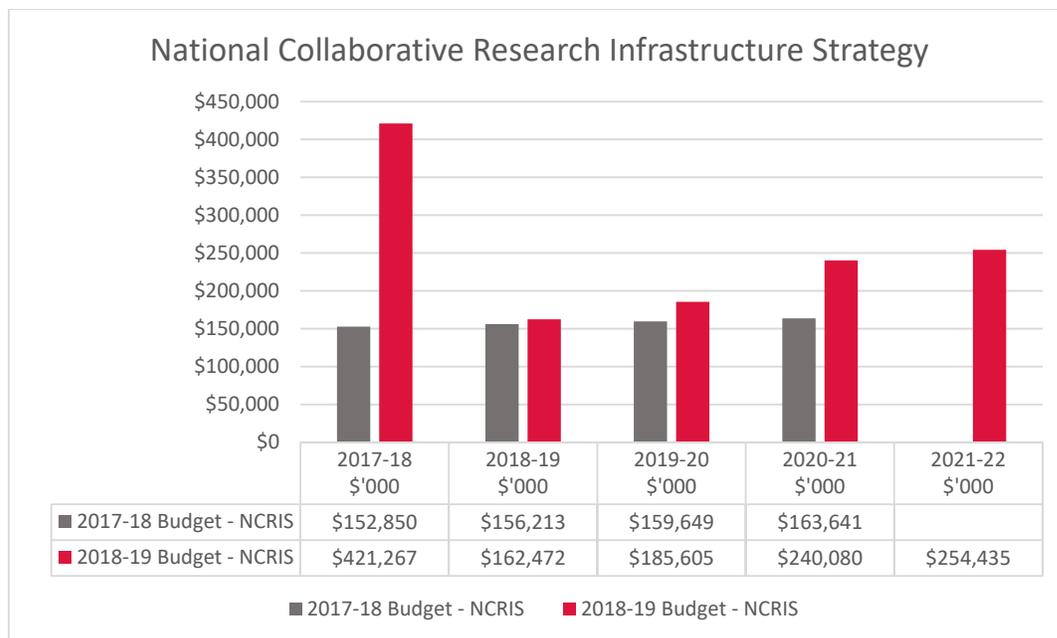


5.2 Research infrastructure and NCRIS

The Government has announced an addition \$1.9 billion over 12 years from 2017-18 (\$393.3 million over five years) to implement the Research Infrastructure Investment Plan, informed by the 2016 National Research Infrastructure Roadmap.

Implementing the plan will involve partially funding specific national research infrastructure, with the Government's contribution contingent on co-investment being secured by the project's proponents.

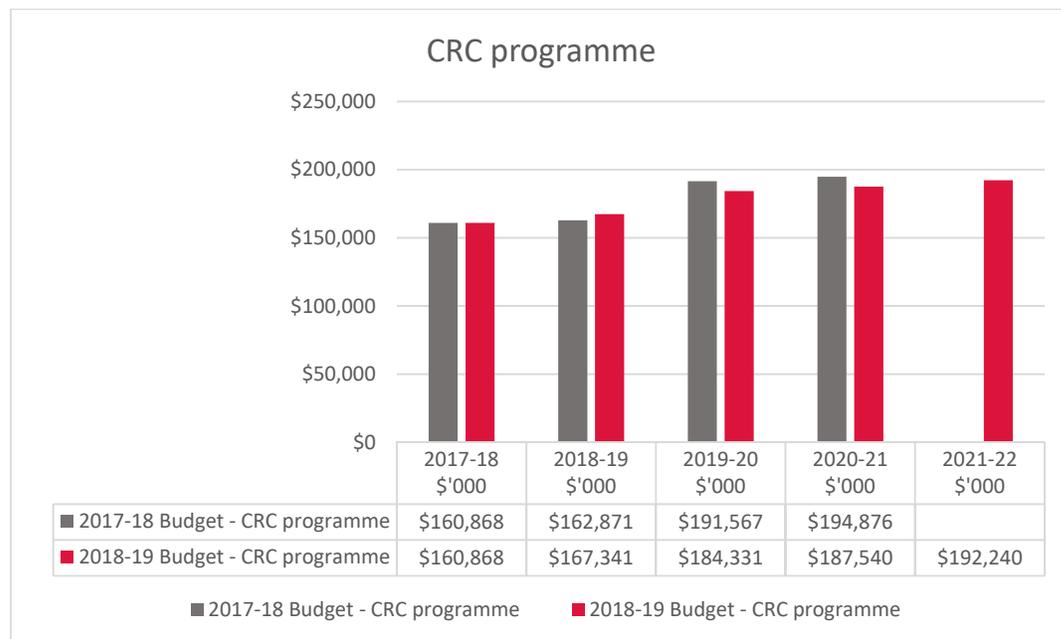
Projects will be delivered through an expansion of the existing National Collaborative Research Infrastructure Strategy (NCRIS).



5.3 CRC Program and Industry Growth Centres

The Government will achieve efficiencies of \$30.0 million over two years from 2019-20 by returning uncommitted funding to the Budget from the *Industry Growth Centres Initiative* and the *Cooperative Research Centres Program*.

Additional funding of \$25M will be provided over the forward estimates through the CRC program to support projects into Artificial Intelligence and Machine Learning.



5.4 ANSTO

Funding for ANSTO will be significantly higher in 2017-18 than previously forecast, and slightly higher for the outward years of the forward estimates.

