



FEDERAL BUDGET 2009-10 – SUMMARY 13 May 2009

Health and Ageing announcements

NATIONAL HEALTH AND MEDICAL RESEARCH COUNCIL

There has been excellent news for health and medical research in the Federal Budget with funding for the NHMRC increasing by \$85 million from the previous year, bringing the funding for next year up to \$703.1 million.

This is expected to rise to over \$880 million in 2010 and then stabilise at around \$780 million over the next three years, with 63 per cent of funding supporting research projects, 25 per cent supporting capacity building fellowships and scholarships, and 12 per cent supporting the translation of health and medical research into evidence-based practice. (page 678).

AAMRI has been advised that the funding for the Australia Fellowship program, which was announced in 2006 and aimed to support top researchers, will remain in place.

HEALTH AND HOSPITALS FUND

The Government will provide a total of \$3.2 billion from the Health and Hospitals fund. This includes \$1.5 billion over 7 years (including \$104.1 million in 2013 and \$10 million in 2014-15) to support the development of health infrastructure projects of national significance. The Commonwealth will collaborate with the States and Territories to expand and modernise key public hospitals across Australia to improve hospital care. This will increase elective surgery capacity, enhance sub-acute care services, improve emergency department facilities and improve access to hospital services.

This package builds on the investment in Australia's health and hospital system under the National Healthcare SPP and National Partnerships announced in the COAG Communiqué of 29 November 2008.

CANCER - HHF

The Federal Budget has focused on cancer care and will provide \$1.3 billion over 6 years (including \$101.1 million in 2013-14) from the HHF to support infrastructure to deliver a world-class cancer care system in Australia. This funding will help modernise cancer services and improve detection, survival and treatment outcomes. The Government's investment in nationally-significant cancer projects will improve access to cancer care, particularly for patients in regional and rural Australia.

This investment will fund projects such as:

- Two integrated cancer centres focused on treating rare and complex cancers: Lifehouse at the Royal Prince Alfred Hospital (NSW) will receive \$100 million, and the Parkville Comprehensive Cancer Centre (VIC) will receive \$426.1 million.
- \$560 million to build a network of up to 11 regional cancer centres across Australia including the ACT Integrated Cancer Centre (\$27.9 million)
- The Garvan St Vincent's Campus Cancer Centre (NSW) \$70 million. (NR Media Release)

TRANSLATIONAL RESEARCH - HHF

The Government will provide \$430.3 million over 6 years (including \$1.3 million in 2013-14) from the HHF to support translational medical research infrastructure. This translational research investment will provide new medical research infrastructure in the areas of mental health and neurological disorders, child health, indigenous health and medical bionics. This funding has been targeted at projects that will focus on translating research into clinical practice to deliver better health outcomes for all Australians.

Subject to meeting the requirements of the HHF Advisory Board, the following translational research projects will receive funding:

- Monash Health Research Precinct Translational Facility \$71.0 million
- Eccles Institute – John Curtin School of Medical Research ANU - \$60 million
- Ingham Health Research Institute Facilities - \$46.9 million
- Stage 2 of the Menzies Research Institute in Hobart - \$44.7 million
- Smart Therapies Institute in Brisbane - \$40 million
- The Melbourne Neuroscience Project - \$39.8 million
- Hunter Medical Research Institute - \$35 million
- New Research and Training Facility in Darwin - \$34.2 million
- Clinical and medical teaching and research facilities – University of Notre Dame \$22.8 million
- Nepean Clinical School in Kingwood - \$17.2 million
- Academic and Research Precinct Epping VIC - \$14.0 million
- Children’s Bioresource Centre Melbourne - \$4.7 million

PREVENTATIVE HEALTH

The Government has provided funding to meet the recommendations of the National Preventative Health Taskforce, by investing \$872.1 million over six years towards preventative health measures aimed at tackling obesity, tobacco and excess alcohol consumption.

Innovation and Education Initiatives

The following measures are in response to some of the recommendations of the Cutler Review of the National Innovation System and the Bradley Review of Australian Higher Education. Many of these were announced jointly by the Minister for Innovation, Industry, Science and Research and the Minister for Education, Employment and Workplace Relations. Some joint initiatives include the following:

- Funding of \$36.78m will be for the Australian Synchrotron, to increase outreach and research support facilities.
- The Queensland Institute of Medical Research has been allocated \$55 m towards the Smart State Medical Research Centre.

SUPER SCIENCE INITIATIVE

As part of the response to the Innovation Review, \$1.1 billion will be provided for the Super Science Initiative, which will include funding for climate change, marine and life science, biotechnology and nanotechnology (“future industries”). Some of this funding will come from the Education Investment Fund. This includes \$27.2m for 100 Super Science Fellowships across targeted disciplines.

R&D TAX CREDIT

The Government will provide \$1.4 billion over 4 years to replace the existing R&D Tax Concessions with a new R&D Tax Credit with effect from 1 July 2010. This will allow companies to reclaimed R&D costs when they file their tax returns for the year and will hopefully stimulate spending on R&D, which has stalled recently. The R&D Tax Credit will consist of a 40% non-refundable tax credit and a 45% refundable tax credit for firms with a turnover of \$20 million or less. R&D expenditure undertaken in Australia by foreign-owned firms will be eligible for the 40 per cent non-refundable tax credit. The program does not commence until July 2010 and as an interim measure the Government will double the expenditure cap on eligible R&D that can be claimed under the existing arrangements to \$2 million.

COMMONWEALTH COMMERCIALISATION INSTITUTE

Although there is no direct commercial grant scheme in the budget, the Government will provide \$196.1 million over four years to establish the Commonwealth Commercialisation Institute, which will support research commercialisation and early stage company development by small and medium enterprises. The Government will develop guidelines to ensure funding supports viable additional innovation activity.

JOINT RESEARCH ENGAGEMENT PROGRAM

The Government will redirect \$1.2 billion over 4 years (including \$158.8 million 2009, \$323.9 million in 2010, \$330 million in 2011 and \$337.6 million in 2012) from the Institutional Grants Scheme for a new Joint Research Engagement program. The new program will use a revised allocation formula which removes competitive grant income as a driver of funding. This change is intended to give greater emphasis to end-user research by encouraging and supporting collaborative research activities between universities, industry and end-users.

NATIONAL ENABLING TECHNOLOGIES STRATEGY

The Government will provide \$38.2 million over 4 years to develop a National Enabling Technologies Strategy. The strategy will set the direction for future technology development including the uptake of biotechnology and nanotechnology products and processes across the economy and society.

RESEARCH INFRASTRUCTURE BLOCK GRANTS

The Government will provide \$813 million over 5 years (including \$301 million in 2013-14) to supplement the Research Infrastructure Block Grants (RIBG) program so that it is better able to assist universities meet the **indirect costs** of their research. In addition to the extra funding, there will be changes to the way in which the funding allocations to universities are calculated. Funding will be allocated on the basis of negotiated funding agreements as follows: 20 per cent on the basis of a university's relative success in attracting research income (the current means of determining all of the RIBG funding); and 80 percent contingent on universities undertaking activity-based costing of the indirect costs of research and meeting performance targets which are to be developed and agreed during 2009-10. At this stage, increased funding for indirect costs of research is applicable to universities only, and not independent medical research institutes.

EDUCATION INVESTMENT FUND – Strengthening Australia's research infrastructure.

The Government will provide \$906.9 million over 5 years to support a range of projects that will strengthen Australia's research infrastructure. The EIF expenditure includes support for the Australian Nuclear Science and Technology Organisation (\$62 million over 4 years starting 2009-10), the Australian Institute of Marine Science (\$55 million over 3 years starting 2009) and CSIRO (\$120 million over 4 years).

INNOVATION POST GRADS

The Government will provide \$15.7 million over 4 years to increase the annual stipend provided to post-graduate research students through the Australian Postgraduate Awards and International Postgraduate Research Scholarships from \$20,007 to \$22,500. This stipend will be indexed annually by the CPI to ensure that financial support for Postgraduate students is maintained in real terms. In addition, the Government will reward universities which meet particular targets, including increasing the number of domestic postgraduate enrolments.

EXCELLENCE FOR RESEARCH IN AUSTRALIA

The Government will provide \$35.8 million over 4 years to establish the ERA initiative. The initiative will involve the Australian Research Council (ARC) using quantitative and qualitative analysis to evaluate the quality of research conducted by Australian universities. From this analysis the ARC will be able to detail, by institution and by discipline those areas in which research is internationally competitive and emerging areas where there are opportunities for development and further research investment.

Savings and program cuts

PRIORITY HEALTH AND MEDICAL RESEARCH PROGRAM

The Government will reduce funding for the Priority Health and Medical Research program. The program provided \$5 million a year for the Minister for Health and Ageing to fund health and medical research projects outside the NHMRC competitive grants process. Terminating this program will ensure all health and medical research project proposals are assessed under the expert scrutiny of the NHMRC panel review process. Existing projects that have already been approved for funding will continue. Funding for health and medical research projects will continue to be made available through the NHMRC. This measure will provide savings of \$17.2 million over 4 years to 2012-13.

INTERNATIONAL SCIENCE LINKAGES

The Government will not proceed with funding for the 2009 competitive grants round under the International Science Linkages program announced in the 2001-02 Budget.

This summary was compiled by AAMRI and Carney Associates.
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