

SUBMISSION

REVIEW OF PHILANTHROPY

Response to consultation

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About AAMRI

The Association of Australian Medical Research Institutes (AAMRI) is the peak body representing medical research institutes (MRIs) across Australia¹. Our 58 member organisations have over 20,000 staff and research students, are internationally recognised and undertake half of all government funded health and medical research in Australia. Our members include independent MRIs as well as university- and hospital-based institutes with a central focus on health and medical research. Their combined revenue exceeds \$2.4 billion per annum and they received over \$693 million in competitive grant funding in 2020. With over 1100 active clinical trials and over 100 new patents awarded each year, medical research institutes have a firm focus on improving health outcomes and delivering great commercial returns for Australia. Together, they aim to drive innovation in healthcare through research to improve the lives and livelihoods of people in Australia, and worldwide.



¹ For further information about AAMRI and its members, please visit <https://aamri.org.au>

Overview

The Association of Australian Medical Research Institutes (AAMRI) welcomes the opportunity to comment on the Government's review of philanthropy in Australia.

Our Medical Research Institutes (MRIs) conduct research activities in a broad range of health areas, funded from a variety of sources, including philanthropy. MRI income must be able to cover the full costs of conducting medical research, which includes both:

- the direct costs of research (research expenditure) – research staff salaries and costs of consumables used in studies, and
- the indirect costs of research associated with the operations of the institute including systemic research costs such as electricity, laboratory equipment, research facilities and services, research governance, administration and support services.

As registered charities, MRIs attract substantial philanthropy into the sector. This stream of funding is a vital component of an MRIs' revenue as it provides funding (often more discretionary) to support researchers and develop new and innovative blue-sky research where they may not yet be competitive for larger government grant schemes. In 2020, the Australian Medical Research Institute sector raised \$324.3 million through fundraising and philanthropy. This income source was critical as MRI's needed to find an additional \$381 million to cover the indirect costs of research in 2020.

Summary

AAMRI fully supports the submission provided by Philanthropy Australia. In addition, the following recommendations are included below for consideration. AAMRI looks forward to continued engagement in this review.

Additional recommendations

Semantics

- The very word philanthropy can be a barrier to an everyday Australian who thinks that philanthropy is only for the very wealthy.

Tax changes

- Increase the tax deductibility of donations from x1 to x2 – this increases the likelihood of substantially larger philanthropic giving amounts.
- Expand the ATO definition of a 'donation' so that 'material benefit' doesn't disqualify a gift from receiving a donation receipt – this could also be useful in simplifying the treatment of many gift and grant agreements.

International granting

- The equivalency determination process for Australian charities is not feasible for smaller charities. There is an opportunity to flip the Equivalency Determination process through structures already in place (such as reporting through the ACNC). A process could be developed whereby Australia does the due diligence on its own charities to say the governance structures are in place for this charity to receive international philanthropy – an

'international philanthropy ready' status which would then enable an equitable opportunity for Australian charities to pursue funds from overseas.

Raising the profile of philanthropy

- Promote Australian achievements and importance of philanthropy in supporting these achievements.
 - This could include increasing the prominence of philanthropy in mainstream media.
 - Profile more case studies of everyday Australians who give to encourage others to get on board with giving, highlighting that philanthropy is an opportunity for all to participate in.