

# Submission by

# The CLEM JONES FOUNDATION

to the Productivity Commission's

# REVIEW OF PHILANTHROPY

5 May 2023

## INTRODUCTION

Productivity Commission Review of Philanthropy c/- <u>philanthropy@pc.gov.au</u>

### SUBMISSION TO THE REVIEW OF PHILANTHROPY

On behalf of the Clem Jones Foundation I wish to make a submission to the Review of Philanthropy being undertaken by the Productivity Commission.

As a longstanding participant in the philanthropic sector the Clem Jones Foundation believes that an opportunity exists, through the Productivity Commission review process, to make reforms that would offer an incentive to Australian philanthropy to lift its current level of support for the not-for-profit sector especially when it comes to costly and lengthy projects such as health and medical research.

As detailed in our submission, our proposal is simple but we firmly believe it would be highly effective in unlocking additional philanthropic activity in Australia.

We believe that policy reforms should be considered and recommended by the Productivity Commission as part of its inquiry to adjust the treatment of support provided by private ancillary funds (PAFs) to research projects.

Specifically we propose that:

- a PAF be permitted to invest as opposed to donate in health and medical research at the stage of human safety trials or in social enterprises provided they are DGR1 charitable organisations, and
- in the event the investment is lost, the PAF be permitted to include that loss in the required 5% distribution for the following financial year.

We believe such a change would act as a catalyst and unlock more philanthropic support to support research and researchers and to underpin the future of our nation's research efforts. Further details are provided in our submission.

I would be pleased to discuss any aspect of our submission with the Productivity Commission if desired.

Yours sincerely,

Peter Johnstone Chief Executive Officer The Clem Jones Foundation Clem Jones House 63 Wellington Road, East Brisbane 4169

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# **CLEM JONES**

# Before, during, and after his record term as Lord Mayor of Brisbane from 1961 to 1975, the late Dr Clem Jones AO was a noted businessman, community leader, and generous philanthropist.

Clem was born in Ipswich on 16 January 1918 and became a cadet surveyor in Brisbane in 1935.

He completed a Bachelor of Science degree in mathematics and geology at the University of Queensland and passed the Australian Surveyors' Board examinations.

In 1940 he established his own surveying firm which expanded to a number of regional offices across the state.

In 1955 he sold his thriving business and turned his attention to politics, being unsuccessful in the 1958 race for Brisbane Lord Mayor but winning in 1961.

As Lord Mayor he was in charge of Australia's largest municipal government, the Brisbane City Council (BCC) having been formed by the amalgamation of 20 small local councils in 1925.



The BCC covers more than 1,300 sq kms and today contains almost 200 separate suburbs.

For many years the city budget was larger than the state budget for Tasmania.

Clem held the office for a record 14-year term and led the Labor Party in five successful Brisbane City Council elections.

In four of those elections he was chosen by residents as Lord Mayor in citywide votes.

At the 1973 poll – after the Queensland Government attempted to unseat him by changing the BCC election laws and requiring a Lord Mayor to first secure a seat in the council before being elected as municipal leader – a political backlash saw Clem lead Labor to victory in 20 out of 21 city wards.

In his last term he faced one of the biggest

crises to hit the city, the January 1974 floods and subsequent recovery efforts.

After retiring he was called on to lead the rebuilding of Darwin after it was devasted by Cyclone Tracy on Christmas Day in 1974.

In late 1975, after a year in which initial rebuilding efforts were heavily criticised, the then Prime Minister Gough Whitlam appointed Clem as chair of the Darwin Reconstruction Commission.

In that role he was credited with speeding up rebuilding and recovery and listening to local residents when making decisions.

In September 1977 Clem was part of a three-man crew to sail a boat built from more than 12,000 beer cans, the Can-Tiki, *(pictured)* from Darwin to Singapore.

The 12-day voyage of almost 2,500 nautical miles secured international media attention and helped tell the world that Darwin was again "open for business".

In 1990 Queensland Premier Wayne Goss chose Clem to head the Western Queensland Flood Appeal in the wake of massive floods that hit Charleville and surrounding centres. (below right)

Throughout Clem's time in City Hall his wife Sylvia (*pictured*) played a key role as Lady Mayoress notably in the promotion and development of Brisbane's art and cultural scene.

She also supported the activities of many charities and community groups and was widely regarded as a gracious and influential ambassador for the city.

He served until 1975 in which time he was credited with modernising Brisbane and turning it from "a big country town" into a vibrant and well-serviced capital by improving the city's road, transport, sporting, and cultural infrastructure and services.









## AN ONGOING IMPACT

### Clem Jones maintained his involvement in numerous community and philanthropic projects until his death in December 2007.

Since then the Clem Jones Foundation has continued his philanthropic and community work with assistance worth about \$30 million being given to various charitable organisation and supported by Clem and Sylvia Jones.

### **MEDICAL RESEARCH:**

Medical research continues to be a major focus for the Clem Jones Foundation. Since 2011 the Foundation has provided more than \$10 million to these three cutting-edge projects — with all three leading the way in their respective fields.

The <u>Clem Jones Centre for Ageing Dementia Research</u> at the Queensland Brain Institute at the University of Queensland's St Lucia campus in Brisbane is working on an ultrasound-based treatment for Alzheimer's disease. The project is currently undertaking <u>human safety trials</u>.

Work under way at the <u>Clem Jones Centre for Neurobiology and</u> <u>Stem Cell Research</u> at Griffith University's Nathan campus in Brisbane aims to develop innovative drug and cell transplantation therapies to address:

- chronic and acute spinal cord injury using nasal stem cell transplantation and cellular nerve bridge technology,
- neurodegeneration studying how pathogens can invade the brain and spinal cord via nerves within the nose, and the growing association between pathogens and neurodegeneration, particularly Alzheimer's disease, and
- peripheral nerve injury by using cell transplantation options including nerve bridges.

Researchers at the <u>Clem Jones Centre for Regenerative Medicine</u> at Bond University on the Gold Coast working to cure age-related macular degeneration.

### SCHOLARSHIPS:

The Clem Jones Foundation provides \$100,000 a year for student scholarships to the University of Queensland, Griffith University and the University of New England.



Foundation Chair of Dementia Research at the University of Queensland, Professor Jürgen Götz, with ultrasound equipment

They include scholarships for promising young athletes and sportspeople to help relieve some of their financial pressures and allow them to focus on their athletic development.

The Foundation has also contributed to a scholarship offered through the University of Southern Queensland for students studying spatial science in recognition of Clem's early career as a surveyor.

### SUPPORTING CHILDREN:

The Clem Jones Foundation has funded the <u>Y-Care/YMCA School</u>

Breakfast Program since 2006 in which time it has served 4.7 million breakfast meals to children who may otherwise go hungry and have their academic performance impacted accordingly.

In 2019 the program supported over 9,900 school students and provided 718,593 free breakfasts across 118 schools.



### FOODBANK:

In 1995 Clem Jones was instrumental in starting <u>Foodbank</u> <u>Queensland</u> as part of a national organisation fighting hunger and food insecurity by redirecting fresh or processed food donated by industry that previously may have been dumped.

He also helped start Foodbank Townsville in North Queensland, now Food Relief NQ.



Foodbank Queensland volunteers at its Brisbane warehouse at Colmslie

### **BRISBANE PORTRAIT PRIZE:**

Support from the Clem Jones Group helped launch the <u>Brisbane Portrait Prize</u> in 2019.

The \$5,000 Sylvia Jones Award for Women Artists helps to recognise the work of the former Lady Mayoress (*pictured*) and her work promoting the city's arts scene and cultural life during Clem's term as Lord Mayor.



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# AN ONGOING IMPACT (continued)

### YOUTH SPORT:

"Get them into sport and keep them out of court" was the view Clem Jones took when talking about young people who needed to find something positive to occupy their time.

His commitment to developing the extensive <u>Clem Jones Centre</u> in the Brisbane suburb of Carina as well as his backing of youth soccer through the <u>Brisbane Strikers</u> and an array of other opportunities for young Queenslanders, is legendary.

That commitment continues with over \$5 million directed to youth sport in the last decade through the Clem Jones Foundation.

The Clem Jones Centre, whose development began in the 1950s to give local children access to constructive recreational activities today covers 17 hectares.

It is home to a wide variety of clubs and community groups as well as facilities open to the public that promote health and fitness and participation in sporting and leisure activities.

### **OTHER SUPPORT:**

Projects supported by the Clem Jones Foundation have included:

- the Wesley Hospital's palliative care services
- Mission Australia,
- SPELD tackling learning difficulties,
- Ipswich Hospice,
- Humour Foundation assisting people in hospitals, health and aged care facilities,
- Children's Hospital Foundation,
- Whirled Foundation helping those with chronic imbalance disorders,
- the National Parks Association of Queensland,
- Queensland Youth Orchestras,
- Sunshine Welfare and Remedial Association.



The Clem Jones Centre offers a wide range of facilities (left and below)





upporting people experiencing learning differences



QUEENSLAND

ORCHESTRAS



Ipswich Hospice



# **INQUIRY TERMS OF REFERENCE**

In announcing the inquiry into philanthropy, federal Treasurer Jim Chalmers released the following general aims and specific terms of reference he wanted the Productivity Commission to address:

The purpose of the inquiry is to understand trends in philanthropic giving in Australia, the underlying drivers of these trends, and to identify opportunities and obstacles to increasing such giving.

The inquiry should make recommendations to Government to address barriers to giving and harness opportunities to grow it further. In undertaking the inquiry/study, the Commission should:

- 1. Consider the tendencies and motivations for Australians' charitable giving, including through different donation channels such as workplace giving, bequests, private foundations, in-kind donations, and volunteering.
- 2. Identify opportunities to increase philanthropic giving and the extent of their potential impact, including:
  - the role of, and effectiveness of, foundations in encouraging philanthropic giving and supporting the charitable sector,
  - successful public strategies in other jurisdictions across business, not-forprofits and philanthropic sectors – that have enhanced the status of giving or the level of philanthropic activity,
  - the potential to increase philanthropy by enhancing the effectiveness and efficiency of the use of donations.
- 3. Examine current barriers to philanthropic giving, including:
  - the burden imposed on donors, volunteers and not-for-profits by the current regulatory framework for giving and how this affects their philanthropic decisions,
  - the ability of donors to assess and compare charities based on evidence of effectiveness, including through impact evaluations and making comparisons across charities. In doing so, the Commission should consider the work of overseas impact evaluation comparison sites.
- 4. Consider the appropriateness of current sources of data related to philanthropic giving, and how databases could be enhanced in a cost-effective manner.
- 5. Examine the tax expenditure framework that applies to charities. In particular, assess the effectiveness and fairness of the deductible gift recipient framework and how it aligns with public policy objectives and the priorities of the broader community.
- 6. Identify reforms to address barriers or harness opportunities to increase philanthropy, and assess benefits, costs, risks, practicalities and implementation considerations. In doing so, the Commission should advise on priority areas for reform, having regard to:
  - the integrity of the taxation system and the current fiscal environment,
  - the benefits that flow to not-for-profits from existing programs,
  - the benefits that would flow from increased philanthropic giving.

In its submission the Clem Jones Foundation wishes in particular to address issues relevant to terms of reference 1, 2, 5, and 6 by putting forward a suggestion to reform the current tax and regulatory regime applying to private ancillary funds. (PAFs)

# **KEY ISSUES**

As noted above a major focus for the philanthropic activities of the Clem Jones Foundation is the support of health and medical research.

In a global sense, medical research has over centuries delivered discoveries and therapies to respond to a wide variety of conditions including debilitating and fatal ones that were previously commonplace but which now are considered rare or even officially eradicated.

In recent years the world was reminded of the value of research by the rapid response to the COVID-19 pandemic and the swift development and distribution of vaccines.

In a more local sense, medical research that leads to early identification, better treatment, or potentials cures for diseases, ailments, and injuries holds the key to better quality of life and less suffering for many Australians.

It also holds the potential for eliminating or reducing some current health spending applied to the treatment of fatal or life-limiting conditions.

Growing health budgets are a common concern for all governments at all levels in Australia as well as overseas.

While access to some services and treatments may be limited by cost and demand, Australians on the whole enjoy high quality health services compared with those in many others nations.

But at present it does not seem possible to meet rising demands which bring with them rising costs and more importantly, rising expectations about the speed and level of service delivered by our nation's health care system.

Research may help reduce ever-increasing health budgets and the costs imposed on individuals by finding treatments or cures for both common and rare conditions or by identifying ways to prevent illness and injuries that require heavy spending to treat.

### THE SCALE OF HEALTH SPENDING

Figures <u>published</u> by the federal government's Australian Institute of Health and Welfare (AIHW) show an <u>estimated \$202.5 billion</u> spent on all health goods and services in Australia in 2019-2020.

On a per capita basis health spending amounted to \$8,617.

The AIHW notes that time lags in the collection of some data from the health system means the 2019-2020 data is the most recent for comparative purposes. A glance at federal or state budgets since 2019-2020 will show higher figures than those cited here.

Nevertheless, it is still a fact that federal and state governments funded most of the total spending on health, a proportion estimated for 2019-2020 to be 70% and including \$86.4 billion by the federal government and \$56.2 billion by state and territory governments.

Remaining sources of spending were health insurers, individual Australians, and other non-government sources.

AIHW says in real terms the total spending figure of \$202.5 billion was 1.8% or roughly \$3.5 billion higher than in 2018-2019.

Real growth in 2019-2020 was lower than in 2018–2019 (3.1%), higher than in 2017–2018 (1.4%), but below the average of the recent five-year period (2.7%), and below the average over the decade from 2009–2010 (3.4%).

The AIHW notes individual areas of both declining and rising spending within various components of total spending most likely related to impact in the later part of 2019-2020 of the first stage of the COVID-19 pandemic.

According to AIHW's figures total health spending in 2019–20 from all sources comprised approximately:

- 41.2% (\$83.5 billion) on hospitals
- 33.1% (\$66.9 billion) on primary health care
- 10.0% (\$20.2 billion) on referred medical services
- 15.7% (\$31.9 billion) on other services, capital spending, and research.

For 2019-20 that 15.7% comprised (allowing for rounding):

- 7% other services,
- 5.5% capital spending, and
- 3.3% research.

### SPENDING ON RESEARCH

The 3.3% of total health spending directed at research <u>represents</u> an estimated \$6.7 billion broken down by AIHW to show major funding sources of:

- \$5.3 billion (79.3%) from the federal government,
- \$0.9 billion (14.2%) from state and territory governments, and
- \$0.4 billion (6.4%) non-government sector.

In real terms, spending on research increased by \$0.6 billion (9.7%) between 2018–19 and 2019–20. This was higher than the decade average annual real growth rate of 2.7%.

However, total spending on research as a proportion of total health spending has not varied significantly in the decade prior to the 2019-2020 year examined by AIHW.

At present, as shown above, the federal government provides the vast bulk of health research funding. It does so mainly though major assessment and funding bodies including:

- the Medical Research Future Fund (MRFF)
- the National Health and Medical Research Council (NHMRC)
- the Biomedical Translation Fund
- grants to universities
- other research bodies including non-government organisations.

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RESEARCH SPENDING AS A PROPORTION OF TOTAL HEALTH SPENDING IN AUSTRALIA 2009-2010 TO 2019-2020												
09-10	10-11	11-12	12-13	13-14	14-15	15-16	16-17	17-18	18-19	19-20		
3.2%	3.0%	3.0%	3.1%	3.2%	2.9%	2.9%	2.9%	2.9%	3.0%	3.3%		

SOURCE: Australian Institute of Health and Welfare

## KEY ISSUES (continued)

Funds provided by state and territory governments for health research, as detailed above, are just a fraction of the federal government's contribution – \$0.9 billion versus \$5.3 billion in 2019-2020 based on AIHW figures.

The non-government sector's spending, which would include philanthropic contributions, is even less at \$0.4 billion in 2019-2020. It is this sector that our submission seeks to expand.

### **ENCOURAGING RESEARCHERS**

We believe reforms that encourage a greater contribution to medical research funding by the philanthropic sector will help deliver beneficial outcomes in terms of community and individual health.

But just as important, we believe it can help underpin the future of Australian research efforts by encouraging more people to make research their career and, very importantly, to encourage early career researchers to continue working in their relevant sector.

Some concern has been expressed within the Australian research community, especially in the STEMM sectors (science, technology, engineering, mathematics and medicine) about the viability of the future research work force.

A lot of their concern is based on the employment landscape faced by early career researchers (ECRs) and the impact insufficient research funding – including a failure to secure research grants – may have on their current and future employment.

One <u>2019 study</u> of 658 ECRs – those in the transition stage between PhD and senior academic positions – published in 2021 found that the most significant barrier to job satisfaction and career advancement identified by respondents was job insecurity (48.9%).

The study considered previous surveys as far back as 2009 which also asked about job satisfaction and found that contemporary respondents were more concerned about job security than those in any of the older studies.

In general the study <u>pinpointed</u> short-term contracts for ECRs and a seemingly constant fight by them to stay employed in their chosen field. It also asked ECRs if they had considered a major career or position change in the previous five years. The majority (78.3%) of respondents had considered a change, while only 21.7% had not.

Many reported that they had considered leaving academia altogether (19.1%) or had contemplated moving overseas (17.4%) in order to progress their career path.

A <u>follow-up survey</u> in 2022 indicated a deterioration in the attitude of ECRs to their prospects.

The federal Department of Health and Aged Care has initiated a new Early to Mid-Career Researchers Initiative earmarking \$384.2 million over 10 years from 2022-23 and 2031-32.

However, an expansion of the research funding poll by any means – including the incentive we propose for the philanthropic sector – would mean more funds available to be allocated to ECRs, thereby retaining their skills, knowledge, and dedication in Australia to benefit current and future generations.

### **BENFITTING OTHER SECTORS**

While the focus of this section has been on applicability of our submission on the future of health and medical research funding, an expansion of the philanthropic component of funding for any research sector including social sciences would also benefit.

# OUR PROPOSAL

This submission addresses the Productivity Commission inquiry's terms of reference 1,2,5, and 6 by:

- considering the operation of private ancillary funds (PAFs) by private foundations (TOR 1),
- identifying an opportunity to increase philanthropic giving (TOR 2),
- examining the tax framework currently applied to PAFs (TOR 5), and
- identifying and proposing reforms to harness opportunities to increase philanthropy (TOR 6).

### PRIVATE ANCILLARY FUNDS

There are two types of ancillary funds operating in Australia – public and private.

As the federal Treasury Department explains in its <u>guidelines for</u> <u>ancillary funds</u>:

> An ancillary fund is a trust set up and maintained solely for the purpose of providing money, property or benefits to deductible gift recipients (DGRs). Although an ancillary fund is also a deductible gift recipient, it does not undertake charitable work. Instead, it acts as an intermediary between donors and DGRs that do undertake such work.

Ancillary funds encourage philanthropy by allowing donors to receive an upfront tax deduction for gifts that are distributed over time to type 1 DGRs that undertake charitable work.

Two types of ancillary fund exist, private ancillary funds (PAFs) and public ancillary funds (PuAFs).

PuAFs must ask for donations from the public. PAFs are restricted in their ability to receive donations from people other than their founders or relatives, associates and employees of the founders

This submission is confined to proposals for reforms affecting private ancillary funds (PAFs) as operated by foundations such as the Clem Jones Foundation.

### ORIGINS

Until 2009 private ancillary funds were known as prescribed private funds (PPFs) when the Australian Tax Office (ATO) implemented a name change to Private Ancillary Funds and adjusted rules for their operation.

The original establishment of PPFs in 2001 was an initiative of the Howard Government in response to an inquiry by its Business and Community Partnerships Working Group on Taxation Reform.

PPFs were aimed at encouraging corporate and personal philanthropy.

<u>Commenting</u> on the initiative, then Prime Minister John Howard said:

"These new trusts will provide businesses, families and individuals with greater flexibility to start their own trust funds for philanthropic purposes.

"Funds that comply with the guidelines and the model trust deed will be prescribed in Regulations as gift deductible entities under the Income Tax Assessment Act 1997. "This means that donations made to the funds will attract tax deductions.

"This measure will open up a new vehicle for private philanthropy, similar to that existing in the United States, so that families and individuals can donate to a trust of their own, which then disburses funds to a range of other gift-deductible recipients.

"By creating opportunities for private philanthropy, the government is building up the social coalition, in which government, business, community organisations and individuals work together on social issues."

### CURRENT POSITION

Research by the Australian Centre for Philanthropy and

<u>Nonprofit Studies</u> at Queensland University of Technology <u>identified</u> 1,819 PAFs in Australia in 2019-2020 with a combined value of close to \$7.64 billion.

In the 2019-2020 financial year those PAFs distributed \$520.74 million.

A table outlining key data on PAFs as published by the Australian Centre for Philanthropy and Nonprofit Studies is reproduced on the following page.

PAFs do not operate programs or deliver services.

Instead they operate on a not-for-profit basis and can be established by individuals, families, or associates under a trust structure to support eligible registered charities that are endorsed as deductible gift recipients (DGRs) non-profit organisations by providing money, property, or other benefits.

Naturally, for a structure that is designed to encourage philanthropy but which also offers an avenue for tax deductions, the Australian Tax Office plays a key role in monitoring PAFs.

The ATO's requirements for PAFs currently include the following:

#### Minimum annual distribution requirements

During each financial year, apart from the year the fund is established, a private ancillary fund must distribute at least 5% of the market value of the fund's net assets (as at the end of the previous financial year).

The fund must distribute at least \$11,000, or the remainder of the fund if that is worth less than \$11,000, during that financial year, if both of the following applies:

- the 5% is less than \$11,000
- any of the expenses of the fund in relation to that financial year are paid directly or indirectly from the fund's assets or income.

A distribution is the provision of money, property or benefits.

Penalties may apply for not meeting the minimum annual distribution requirements, but a fund can apply to reduce the minimum annual distribution rate.

PAFs must also be registered with and meet the requirements of the federal government regulator, the <u>Australian Charities and</u> <u>Not-for-Profits Commission</u>.

## **OUR PROPOSAL** (continued)

Year	Number of PAFs	Net number of	Donations received	Distributions made	Closing value (\$m)	
	approved in the year	PAFs	(\$m)	(\$m)		
2000-01	22	22	78.66	-	78.62	
2001-02	59	81	53.04	6.69	133.71	
2002-03	49	130	53.18	18.42	179.33	
2003-04	94	224	155.66	27.46	332.02	
2004-05	95	319	192.69	57.43	523.25	
2005-06	116	435	364.94	84.47	885.42	
2006-07	164	599	533.26	133.42	1,484.47	
2007-08	169	768	779.33	140.57	2,069.35	
2008-09	54	822	272.71	155.34	2,038.19	
2009-10	57	879	321.04	197.47	2,266.83	
2010-11	28	907	304.39	165.41	2,124.46	
2011-12	95	1,002	354.49	251.66	2,933.60	
2012-13	84	1,069	316.89	277.97	3,402.97	
2013-14	153	1,204	558.83	326.95	4,246.68	
2014-15	144	1,315	1,867.44	422.92	5,979.52	
2015-16	129	1,426	810.73	456.81	8,307.39	
2016-17	139	1,495	837.16	452.27	9,403.88	
2017-18	155	1,650	1,009.00	394.43	7,183.14	
2018-19	108	1,731	546.39	564.58	7,304.02	
2019-20	96	1.819	805.79	520.74	7,636.14	

SOURCE: Australian Centre for Philanthropy and Nonprofit Studies

### **OUR PROPOSAL**

Our proposal is simple but we firmly believe it would be highly effective in unlocking additional philanthropic activity in Australia.

We believe that policy reforms should be considered and recommended by the Productivity Commission as part of its inquiry to adjust the treatment of investments made by PAFs in research.

Specifically we propose that:

- a PAF be permitted to invest as opposed to donate in health and medical research at the stage of human safety trials or in social enterprises provided they are DGR1 charitable organisations, and
- in the event the investment is lost, the PAF be permitted to include that loss in the required 5% distribution for the following financial year.

### THE OPPORTUNITY

The Clem Jones Foundation believes that an opportunity exists, through the current Productivity Commission inquiry, to make reforms that would offer an incentive to Australian philanthropy to lift its current level of support for the not-for-profit sector.

As mentioned earlier, we have focussed on the need to source new investment in health and medical research, but we have also noted that other sectors may also benefit.

Serious research, especially in the health and medical field, is both time and energy intensive but also expensive.

It may also be high-risk in terms of achieving a desired outcome, or any beneficial and useful outcome.

More often than not it demands a long-term commitment by those who conduct the research and also from those who help fund it.

Philanthropy can often be the "first movers" in funding research. Often, only once such private support has been obtained will governments or other public sector funding sources follow.

That has been the experience of the Clem Jones Foundation, especially in relation to dementia research at the Queensland Brain Institute.

Our donation in 2011 to establish the Clem Jones Centre for Ageing Dementia Research was followed by substantial financial support from state and federal governments and others.

We believe our proposal will encourage a greater investment in research by the philanthropic sector which in turn means greater opportunities to leverage that investment and attract others.

We submit that such a reform as we have proposed would only enhance Australia's research capabilities and help underpin its future and that of those working in it.

### CONCLUSION

We urge the Commission to consider our submission and the proposal it contains.

Representatives of the Clem Jones Foundation are willing to discuss the issues raised with the Productivity Commission at any time.