

Research Australia

An alliance for discoveries in health

Health and Medical Research Philanthropy: The Fourth Dimension of the Virtuous Cycle



February 2006

Special Note

This discussion paper, prepared by Research Australia entitled *Health and Medical Research: The Fourth Dimension of the Virtuous Cycle*, presents the case for a new initiative to strengthen health and medical research philanthropy. It should be read in conjunction with a companion report commissioned by Research Australia and conducted by the Centre for Philanthropy and Non-profit Studies (CPNS) at Queensland University of Technology entitled, *Lifting the Lifegiving Dollar: Case Samples of Creative Practice in Health and Medical Research Philanthropy* reviews international trends, experiences and best practice in philanthropy to health and medical research from a range of comparator countries. Both documents are presented together as complementary resources to inform discussion relating to the need for a strategic approach to Australian philanthropy in health and medical research.

Acknowledgements

Research Australia would like to thank the many individuals and groups who assisted with the QUT study and the development of Research Australia's forward plan including:

- Wendy Scaife and the team at Queensland University's Centre for Philanthropy and Non-profit Studies
- Wayne Daniels, Garnett Passe and Rodney Williams Memorial Foundation
- Daniel McDiarmid, Global Philanthropic
- Allan Cripps, Griffith University
- Mike Wilson, JDRF Australia
- Nicola Leaney and Louise Burton, Pfizer Australia
- Niall Byrne, Science in Public
- Sue Anne Wallace, Fundraising Institute of Australia
- Sue Murray and Sue Carrick, National Breast Cancer Foundation of Australia
- Carole Renouf, Garvan Research Foundation
- Julie White, Macquarie Bank Foundation
- Jane Glatz, Research Australia

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About Research Australia

Research Australia is a unique national alliance of more than 170 organisations, which aims to make health and medical research a higher national priority through increased public awareness and engagement; and greater funding and investment from all sources.

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Contents

Preface	3
Executive Summary	5
1. The Role of Philanthropy in Health and Medical Research	7
1.1 Australian giving to health and medical research needs a boost	
1.2 Why is philanthropy for health and medical research important?	
1.3 Public support for health and medical research offers an opportunity	
2. Research Australia Action Plan: Ten steps to advance health and medical research philanthropy in Australia.	9
2.1 Australian Health and Medical Research Philanthropy Centre auspiced by Research Australia	
2.2 National leadership in health and medical research philanthropy	
2.3 Mechanisms to support grant makers	
2.4 Mechanisms to support grant seekers	
2.5 Partnering and joint funding initiatives	
2.6 Explore options for venture philanthropy	
2.7 A Luminary Foundation	
2.8 Work with government on matching funding and tax incentive strategies	
2.9 Optimise offshore funding support	
2.10 Community recognition and opinion	
3. Conclusion	15
3.1 Taking the Action Plan forward	
Major Supporters 2006 Foundation Members	16
Research Australia Members Supporters 2006	17

Preface

As Australia strives to secure its position as one of the leading research nations of the 21st century, government, industry, health and medical researchers and the community make important and complementary contributions.

A review in 1999 led by Australian businessman Peter Wills AC presented the concept of a 'virtuous cycle' between government, industry and the research community, where increased investment in research and a range of enabling initiatives could advance research productivity and lead to increased health and economic benefits to Australia.¹ This led to a historic doubling of health and medical research (HMR) funding by the Australian government over the 5 years from 2000 to 2005.

In 2003, the Federal Government commissioned a further review, to assess progress in the implementation of the Wills Review. This Review, chaired by Mr John Grant, entitled "*Sustaining the Virtuous Cycle for a Healthy, Competitive Australia*"² highlighted the important complementary role of private sector investment. While government is an important contributor to research funding, the private sector and community have vital, complementary roles to play.

Research Australia is focusing on harnessing a fourth dimension in the 'virtuous cycle' - philanthropy, to assist in building Australia's HMR sector. Our challenge is to highlight the opportunities for individual giving and to nurture Australian philanthropy for medical research. Along with government, the research community and industry, philanthropy has an important place in enhancing the virtuous cycle.

Philanthropic funding for health and medical research is relatively low in Australia. Australian philanthropy contributed over \$216m to HMR in 2001, which represented 12% of total HMR expenditure.³ This contrasts with the UK where philanthropy contributes a third of total HMR funding.

In recognition of the need to develop mechanisms to promote a stronger philanthropic contribution to HMR, Research Australia has commissioned the Queensland University of Technology (QUT) to explore international experience. The QUT report, contained in the companion document to this paper, is entitled *Lifting the Lifegiving Dollar: Case Samples of Creative Practice in Health and Medical Research Philanthropy*. Research Australia has used this as the basis of a proposed new national initiative in this area.

The Australian community's extraordinary interest in and support for health and medical research has been demonstrated in four successive annual public opinion polls commissioned by Research Australia.⁴ Australians recognise that health and medical research has already made a difference to their lives, and the vast majority want to see increased funding and investment in HMR. In fact HMR is viewed as the third highest priority for government funding, second highest for individual donations and highest for corporate giving. In the 2005 poll⁵ Australians ranked HMR, along with education, as the most important factors in Australia's future.

¹The Virtuous Cycle - Working together for health and medical research. Health + Medical Research Strategic Review, May 1999 ("The Wills Report"). Available at: <http://www.nhmrc.gov.au/wills/contents.htm>

²Sustaining the Virtuous Cycle for a Healthy, Competitive Australia. Investment Review of Health and Medical Research. Final Report. December 2004 ("The Grant Report") Canberra: Commonwealth of Australia, 2004

³Exceptional Returns - the Value of Investing in Health R&D in Australia. Prepared for ASMR by Access Economics, September 2003

⁴Results of Research Australia Public Opinion Polls are available at <http://www.researchaustralia.org/aboutResearch.asp>

⁵Research Australia Health and Medical Research Public Opinion Poll 2005. Available at: <http://researchaustralia.republicast.com/PublicOpinionPoll2005/republicast.asp>

Key questions are 'What is the potential to grow health and medical research funding from philanthropic sources?', and 'How well does philanthropy combine with industry and government in promoting a healthier Australian community?'.

The challenge for Research Australia is to find a way to raise the profile of philanthropy as a valuable support base for health and medical research and to work with the research, philanthropic, government and community sectors to realise this vision.



A handwritten signature in black ink that reads "Chris Roberts".

Dr Chris Roberts
Chairman



A handwritten signature in black ink that reads "Christine Bennett".

Dr Christine Bennett
Chief executive Officer

Executive Summary

In recent years, there has been strong growth in Australian giving. However, as a nation, Australia has a relatively low level of philanthropic giving when compared internationally.

The latest and most comprehensive study of Australian giving of time and money (*Giving Australia*) was funded by the Prime Minister's Community Business Partnership and released in October 2005.⁶ It reports total giving of \$11 billion per annum comprising \$7.7 billion from individuals and \$3.3 billion from businesses. Tsunami giving was quarantined from these figures.

Over time, the number of Australians who give, and the size of their donations, is rising. The increase in individual donations from 1997 in absolute terms is 88%, and when inflation-adjusted, reflects a rise of 58% in seven years. Some 87% of Australians are estimated to have given to community causes in the year to January 2005 with an average donation of \$424 (median donation \$100). This compares with the US average contribution of US\$1,075 per household (Independent Sector 2001).

When Australians make philanthropic donations, it is generally not for health and medical research (HMR). While a quarter of Australians donate to health and medical research non profit organisations, the amounts given are less than 6% of their total contributions. Nevertheless Giving Australia reports solid and growing support for HMR causes. Health nonprofits (including medical research organisations) attracted one in six of all individual donation dollars, one-tenth of all hours volunteered and nearly one in five dollars donated by business.

In the USA, 2004 giving represented 1.6% of Gross Domestic Product. Canadian giving in 2000 was equivalent to 0.46% of GDP. With Australian giving at 0.68% of GDP and taking into account the different sizes of the economies, the USA can be seen to generate more than twice the level of Australian giving while Australians give about one and half times as much as Canadians on average.

In view of the high level of public support for health and medical research, revealed through Research Australia's annual public opinion polls, it is surprising that levels of personal giving for research are so low.

Research Australia aims to boost Australian giving to HMR. It aims to do this through promoting, supporting and gaining stronger recognition for the important role of philanthropy in generating stronger social and economic returns from Australia's health and medical research effort. Central to the approach is a proposed Australian Health and Medical Research Philanthropy Centre. Under the independent auspice of Research Australia, this cluster of interested parties will develop and drive the agenda to enhance philanthropy to HMR in Australia.

Drawing on the independent report commissioned from QUT Centre for Philanthropy and Non-profit Studies (the companion paper to this discussion document) and Research Australia's own market research including annual public opinion polls, focus groups and interviews with a number of corporate foundations and individual givers, Research Australia proposes to initiate a program to galvanise support for a stronger HMR philanthropy movement in Australia.

Building and encouraging philanthropy toward health and medical research in Australia will require broad based commitment, a shared vision, and strengthened capabilities across the health and medical research, corporate, government and community sectors. It will be important to harness the commitment and energies of both grant seekers and grant makers. In addition to promoting the valuable contribution of philanthropy in HMR to complement government and industry investment, the ten point strategy also addresses some of the key concerns and obstacles facing givers to HMR, highlights the need to improve access to information including granting bodies and funding sources offshore, and suggests potential innovative models and partnering opportunities to generate stronger relationships between philanthropic and research partners.

Research Australia's unique national alliance comprises members, donors, supporters and partners representing all the elements of the 'virtuous cycle'. With leading research organisations, universities, philanthropy, special community and disease-specific interest groups, industry, businesses, donors, foundations and government agencies, Research Australia is ideally placed to provide a focus on philanthropy dedicated to health and medical research.

Research Australia will be looking to strengthen and build on many existing partnerships and develop new alliances in taking this agenda forward. These would include current member organisations and supporters and organisations with specific interest and expertise in philanthropy including Philanthropy Australia, Global Philanthropic, the Australian Charities Foundation and Fundraising Institute of Australia. Research Australia will also seek active government support and involvement in advancing this agenda.

Improving public awareness and access to information by the community is integral to all Research Australia's core activities. In advancing philanthropy, whether from individual members of the community, foundations or businesses, effective communication and transparency of the outcomes of investment in HMR are vital.

In taking this vision forward, Research Australia welcomes the views of its members, the health and medical research community, philanthropic organisations, government and private individuals. Suggestions, comments and expressions of interest may be forwarded to:

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1. The role of philanthropy in Health and Medical Research

1.1 Australian giving to HMR needs a boost

Philanthropy offers a vital fourth dimension to the “virtuous cycle” of government, industry and medical research. It offers an essential link to community participation in solving key health and medical research questions that will deliver important social and economic benefits to the whole of society.

Drawing on international experience and success and some local innovative approaches, it is clear that there is considerable scope for Australia to boost its philanthropic activity directed to health and medical research. This will, optimally, require cooperation between government, advocacy organisations focussed on health and medical research, peak research bodies, philanthropy support organisations and community and special interest groups.

Of the \$1.7 billion invested in HMR in 2001 from all sources (Commonwealth and State governments, private industry, overseas sources, and other Australian sources) contributions by Australian philanthropy were estimated to be over \$216 million or 12 % of the total spend.⁷

In the US, Canada and the UK - all with considerably higher per capita total investments on HMR - philanthropy contributes 25 to 30% of funding from all sources.⁸

In the context of outstanding community support and willingness to contribute, this relatively low level of giving for health and medical research by international standards, raises the questions of ‘Why?’, and ‘What can be done to encourage and support giving?’.

The research and findings of the independent report prepared by QUT’s Centre for Philanthropy and Non-profit Studies and Research Australia’s *‘Health and Medical Research Philanthropy: The Fourth Dimension of the Virtuous Cycle’* are intended as a platform for discussion and action by a range of interested groups including:

- elected and other government representatives seeking to leverage investment and boost HMR outcomes;
- philanthropic peak bodies and leaders seeking to engage more Australians in high quality giving experience;
- HMR scientists and their institutions keen to generate and build the long term and high contact relationships that foster philanthropic input;
- HMR charities, including university and research institute development departments, building their supporter constituencies and their capacity;
- philanthropic trusts and foundations with an interest in funding HMR;
- entrepreneurs with a vision to apply entrepreneurship skills to community opportunities;
- individual HMR givers/potential givers, both ‘person in the street’ and high net worth (and their advisers);
- corporate leaders and corporate foundation managers exploring corporate social responsibility opportunities; and
- overseas HMR counterparts and academic researchers similarly interested in understanding and improving the philanthropic role of HMR funding.

The support and participation of these groups will be critical to the success of Research Australia’s vision on philanthropy.

⁷ Exceptional Returns - the Value of Investing in Health R&D in Australia. Prepared for ASMR by Access Economics, September 2003

⁸ Lifting the Lifegiving Dollar - Case Samples of Creative Practice in Health and Medical Research Philanthropy.

Prepared for Research Australia by Queensland University of Technology Centre of Philanthropy and Non Profit Studies, 2005

¹⁰ Sutton Trust report can be found at <http://www.suttontrust.com/reports/CaseMatchFunding.pdf>

1.2 Why is philanthropy for health and medical research important?

The QUT study⁹ has identified repeated themes and common views about the value and role of philanthropy in health and medical research both overseas and in Australia.

Key findings of the study are that:

- **Leading research nations have multiple funding sources for health and medical research** including strong government underpinning industry and commercial investment and an active philanthropic sector involving the general community, high wealth benefactors, well-structured granting bodies, special interest 'fundraising' organisations and a strong culture of corporate giving.
- **Funding from philanthropic sources can complement and address gaps in government and industry funded research. Such as:**
 - 'High-risk', targeted research (e.g. Juvenile Diabetes Research Foundation(JDRF)/National Health and Medical Research Council (NHMRC) funding of the Diabetes Vaccine Centre, Melbourne);
 - Areas of narrow interest or low community impact such as rare diseases;
 - Global health issues particularly impacting underdeveloped nations (e.g. Gates Foundation);
 - Significantly 'back' top people rather than projects (e.g. Howard Hughes Medical Research Institute);
 - Seed and start-up research where track record or proof of concept is not yet demonstrated (Goldman Philanthropic Partnerships; Sudden Infant Death Syndrome (SIDS) research funded by the Menzies Foundation; Robert Wood Johnson Foundation);
 - Long-term funding for continuity and certainty for leading researchers; and
 - Top-up inadequate grants, fill 'gaps' or one off funds for equipment and infrastructure.
- **Increases in government funding are generally paralleled by increases in philanthropy.** This has been the experience of Canada and Singapore.
- **Matching funding offered by government attracts a sustained philanthropic response.** The Sutton Trust study suggests that even after a finite period of matching a new 'giving level' is achieved.¹⁰
- **Luminary philanthropy can fuel the sector** and add to the capacity and calibre of research as demonstrated by the Wellcome Trust (UK) and Atlantic Philanthropy (USA). The proposed SMILE Foundation could prove an interesting Australian example of leadership in venture philanthropy.
- **Corporate social responsibility** is now seen as an essential component of good business in the USA, UK and Europe - health and medical research offers a suitable alignment between business interests and the social good for many major corporations such as health insurers and private hospital providers.

Successful philanthropic partnerships offer a valuable base on which to strengthen community funding for medical research.

⁹ Lifting the Lifegiving Dollar - Case Samples of Creative Practice in Health and Medical Research Philanthropy.

Prepared for Research Australia by Queensland University of Technology Centre of Philanthropy and Non Profit Studies, 2005

¹⁰ Sutton Trust report can be found at <http://www.suttontrust.com/reports/CaseMatchFunding.pdf>

1.3 Public support for medical research offers an opportunity

Australians have demonstrated a very strong interest in their health and outstanding support for the work of our health and medical researchers. In fact 60% of the community indicated in the *Research Australia Health and Medical Research Public Opinion Poll 2004*¹¹, that they have made a donation to HMR. Australians also ranked HMR as third most important priority for government spending after hospitals and education; second most important for individual donations after hospitals and health services; and top priority for corporate giving.¹²

In 1997 the Australian Bureau of Statistics conducted a study which found that giving to 'all health' ranked fourth at \$356 million, after religion, community welfare and education. However in terms of percentage of the total dollars given, research organisations and health were relatively low, with only arts culture and environment/animals garnering less dollars in the major fields.¹³

So why do some people choose not to give to HMR? Why is the total financial contribution in dollars low when the community has demonstrated a strong preparedness to give to HMR?

Research Australia's 2004 public opinion poll¹⁴ revealed that of the 39% of people who do not donate to HMR, the most common reasons given were the perception that health and medical research is a government responsibility, or that they prefer to give to other charities. Importantly half indicated that they do not know who to give to.

The reasons for not giving were:

- | | |
|------------------------------------|-----|
| • It's a government responsibility | 74% |
| • I give to other charities | 74% |
| • I can't afford it | 62% |
| • I don't know who to give to | 49% |
| • I haven't been asked | 45% |
| • Don't know | 44% |

Similarly in interviews with a number of leading corporate foundations focusing on corporate social responsibility and workplace giving programs the following issues and comments were raised in regards to giving to HMR:

- "We don't know how to select, we don't have the expertise;"
- "HMR is really important but it's a government responsibility; if we give governments may give less;"
- "The outcomes of research take too long; we need immediate, measurable social benefits to show our companies like people housed, wishes granted;"
- "We want our staff to be directly involved in volunteering e.g. soup kitchens, youth mentoring programs;"
- "What difference could our small gift really make?"
- "Our staff want to support HMR but can't specify what organisations"
- "We have given to HMR in the past but have been criticised for the choices we made; we have donor burnout."
- "Demonstrating strategic alignment with our business interests is important;"
- "The 'social credits' and recognition for supporting HMR are not high enough;" and
- "We are supporting youth because they are our future."

These data identify the potential to make it easier for people and corporate givers to donate to HMR. It highlights the opportunity to expand the level of giving in Australia.

Our challenge is to find a way to harness community support and attract more community giving for HMR.

¹¹ <http://researchaustralia.republicast.com/PublicOpinionPoll2004/republicast.asp>

¹² <http://researchaustralia.republicast.com/PublicOpinionPoll2003/republicast.asp>

¹³ Lyons, Mark and Hocking, Susan (2000) Dimensions of Australia's Third Sector, Centre for Australian Community Organisations and Management, UTS, Lindfield

¹⁴ Research Australia Health and Medical Research Public Opinion Poll 2004. Available at: <http://researchaustralia.republicast.com/PublicOpinionPoll2004/republicast.asp>.

2 Research Australia Action Plan: Ten steps to advance Health and Medical Research philanthropy in Australia

Research Australia has identified the following key actions to build on HMR philanthropy in Australia. These will require collaboration with government, Research Australia members, partners and other key groups.

2.1 Australian HMR Philanthropy Centre auspiced by Research Australia

Research Australia is well positioned to build on its role as a champion for HMR philanthropy through a structured program which formalises its alliances and partnerships with key groups including members and major philanthropy advocacy and service groups to form the Australian Health and Medical Research Philanthropy Centre (AHMRPC).

The AHMRPC will harness expertise and capabilities to assist all parties - donors and recipients - in enhancing the HMR philanthropy environment in Australia. The AHMRPC will operate under the auspice of Research Australia to provide leadership and ultimately offer services to the relevant parties in the sector. Research Australia will also seek active government support and involvement in establishing and advancing this Centre.

2.2 National leadership in HMR philanthropy

In conjunction with the Australian HMR Philanthropy Centre, Research Australia plans to establish a dedicated Philanthropy Affinity Group. The Philanthropy Affinity Group, will bring together experts across the charitable, philanthropic, finance, research, and government sectors to provide a networking think tank for guiding the establishment of the AHMRPC.

Evidence from Australia and overseas demonstrates the importance of collaboration between groups such as the peak philanthropy and fundraising organisations, industry associations, pharmaceutical companies and government agencies. Clearly opportunities for greater exchange exist, particularly to overcome fragmentation of funding agencies and potential for duplication. The more 'connection' there is between groups the greater the opportunity for innovation and joint activity.

Alliance partners for this activity will potentially include Research Australia member organisations, the National Health and Medical Research Council (NHMRC), the Australian Research Council (ARC), CSIRO, Philanthropy Australia, Australian Charities Foundation, ASMR, AAMRI, Medicines Australia, AusBiotech, the Fundraising Institute of Australia, Global Philanthropic and Australian Universities. The support and involvement of Commonwealth and State governments would provide a valuable opportunity to strengthen the connection between research practice and the development and application of new public health policies and programs informed by health and medical research.

*(Refer QUT Study Case Examples - UK University Challenge Fund; Agency for Science, Technology and Research A*STAR (particularly for its fostering of alliances with industry); Research!America; Canadian Leaders Forum for Health Research)*

2.3 Mechanisms to support Grant Makers

Grant Makers, i.e. the 'givers' require support and assistance to help inform their decision making. Potential philanthropists include corporations and associated foundations, the general community, disease-specific charities, special interest and community groups and 'high net worth' individuals. They require information, resources and decision making tools to enable them to improve their understanding of HMR opportunities, make robust and informed donation decisions and stay involved for the long-term.

Some corporate foundations and major benefactors are daunted by HMR as an area of philanthropy in view of its complexity and the long time lapse between research activity and the translation of research findings into community benefits. Many do not feel competent to make informed decisions, are looking to short-term measurable outcomes from their philanthropic investment and are seeking opportunities for direct personal involvement or volunteering opportunities for staff.

The research sector and those seeking philanthropic support need to address the expectations of 'givers', in particular large corporations or major individual benefactors, and tailor opportunities accordingly. In parallel, a program of support and assistance may offer 'givers' a better understanding of what they are wanting to achieve from their donation and the most effective way to select and be involved in HMR opportunities.

Some notable corporate foundations, such as the Macquarie Bank Foundation, ASX- Reuters Foundation, Pfizer Foundation, Telstra Foundation and AMP Foundation have established a major interest in HMR and are making a significant difference to the HMR environment. These could provide examples and models for others to explore.

Giving and involvement by the general community would benefit from easier access to research organisations, disease-specific charities and special interest groups, and advice on taxation, financial planning, and bequests. This could be facilitated by improved and more convenient public access to avenues for philanthropic giving using the information, advisory and referral services through a national gateway agency.

(Refer QUT Study Case Examples - Grant Makers in Health, The Foundation Center)

2.4 Mechanisms to support Grant Seekers

Grant Seekers are those seeking funding and may be organisations directly conducting research and/or disease-specific charities, special interest and community groups who both raise and distribute funds.

In other nations formalised groups lead the training, professional development and credentialing of large parts of the philanthropic sector. These strategies increase donor confidence and involvement in HMR. Ongoing communication, transparent and regular reporting and involvement with donors, granting bodies and supporters are vital to developing an organised, professional approach which has the confidence of all stakeholders.

Organisations such as the Fundraising Institute of Australia, Philanthropy Australia, Global Philanthropic and the Australian Charities Fund make a significant national contribution to Australian philanthropy. These will be important resource organisations in the development of a dedicated HMR initiative in philanthropy.

(Refer QUT Study Case Examples - Association of Medical Research Charities; National Kidney Foundation Singapore; ArtSupport Australia)

2.5 Partnering and joint funding initiatives

Multiple funding sources have been brought together to establish major philanthropic funds or support special projects for many decades overseas and more recently in Australia. Philanthropists, government and disease groups may each take a lead role and bring 'partners' on board.

The NHMRC has partnered with groups such as JDRF, the Wellcome Trust and the National Breast Cancer Foundation, Cure Cancer Australia and the CMRI to establish some major jointly funded projects. Similarly examples of private industry including pharmaceutical companies such as Merck Sharp & Dohme, GlaxoSmithKline and Eli Lilly and large Australian corporations such as Wesfarmers and Rio Tinto have partnered with various research groups to fund large projects. The Telethon Child Health Research Institute in Perth has been a beneficiary of annual Channel Seven telethons for over 35 years. The Macquarie Bank Foundation supports and partners with a broad portfolio of health and medical research organisations.

A structured and targeted approach to tailoring these cross-sectoral and multi-funded projects or a major HMR Fund should be supported through an agency which can provide resources and advice to facilitate partnerships.

*(Refer QUT Study Case Examples - UK University Challenge Fund; Research A*STAR particularly for its fostering of alliances with industry; JDRF matching funds with NHMRC to fund the Diabetes Vaccine Centre; Goldman Philanthropic Partnerships)*

2.6 Explore options for venture philanthropy

Venture philanthropy draws on funding and entrepreneurial expertise provided by interested parties who have successful track records in venture capital investment and business. It has been successful in the UK, USA, Canada and Israel.

Venture philanthropy differs from high-risk venture capital and angel investment in that where commercial returns occur they are reinvested in medical research and not distributed to contributors or 'shareholders'. Generally the focus of venture philanthropy is research with a commercial potential including in some cases, high risk, long term research. An attractive element of venture philanthropy is the potential to align research with commercialisation.

In other cases, public health and basic observational research have received venture philanthropy where business principles are applied to selection, conduct of the research, reporting on the research progress and outcomes and investment decisions.

A variation of this approach is proposed in the Grant Report, (December 2004),¹⁵ described as the HMR Venture Fund comprising Government and venture capital funding directed toward 'proof of concept' and early research and development with commercial potential.

The SMILE Foundation is an interesting Australian enterprise being developed by some venture philanthropists to provide funding for HMR through returns from biotech investments under the umbrella of a non-profit charity founded by a group of high wealth individual donors.

(Refer QUT Study Case Examples - Canada Foundation for Innovation; UK University challenge fund designed to catalyse the high technology side of the UK venture capital industry; SMILE)

¹⁵ Sustaining the Virtuous Cycle for a Healthy, Competitive Australia. Investment Review of Health and Medical Research. Final Report. December 2004 ("The Grant Report") Canberra: Commonwealth of Australia, 2004

2.7 A Luminary Foundation

A “luminary foundation” is a foundation supported by a major donor, ‘giving circle’ or from multiple funders. International examples include the Howard Hughes Medical Institute in the USA. and the SingHealth Foundation in Singapore. Australia has a growing number of wealthy individuals who may be potential benefactors for the establishment of a significantly resourced Foundation of this kind. The establishment of a dedicated Health and Medical Research Philanthropy Centre would provide an important foundation to seed a luminary foundation focussing on general or specific areas of health and medical research.

(Refer QUT Study Case Examples - Howard Hughes Medical Institute; Corporate Giving and Partnerships; SingHealth Foundation)

2.8 Work with government on matching funding and tax incentive strategies

Impressive examples exist where taxation or other incentives such as matching gift programs for a finite period of time have been applied to boost funding to specific sectors. Examples include a 150% tax deduction for business sponsorship of the Arts in the UK in the 1990’s and the recent very large gifts to Hong Kong universities of HK\$1billion and \$800million by Li Ka Shing and Henry Fok Ying-tung respectively, well after a major government matching program. These examples support the proposition that limited term matching gift arrangements raise the level of giving well beyond the matching period. This is also supported by research on the positive and sustained impact of matching gifts by the Sutton Trust.¹⁶

Similar strategies have had positive impacts on Australian industries including the film industry and rural industries sector. Views from pharmaceutical companies in Australia suggest that incentives, particularly tax incentives, would be favourably received by industry and other corporate givers looking at donating research funding. The Australian government has resisted calls for taxation incentives, preferring a more targeted approach to supporting research and development.

2.9 Optimise offshore funding support

Significant international funding (e.g. Atlantic Philanthropic, Gates Foundation and JDRF) has been attracted to Australia. These organisations provide a valuable source of funding and deliver significant returns to Australian researchers and also the international community and global health. These programs highlight the potential for future growth in this area.

Overseas funding could be captured through the development of specific programs and mechanisms designed to attract offshore philanthropic and grant funding from eligible granting bodies, other governments and philanthropy. Canada has identified this as a key strategy with great success. The creation of registers, development of partnership templates, support for development of research networks, identification of best practice approaches, and co-ordination through a national agency would assist in targeting funding available offshore.

¹⁶ <http://www.suttontrust.com/reports/CASEMatchFunding.pdf>

In Australia, a survey conducted by the Australian Association of Medical Research Institutes (AAMRI) has shown that NHMRC funding provided the leverage to obtain \$30 million in overseas competitive grants: a 112% increase between 2000 - 2002. Examples of international research partnerships include funding through:

- The Wellcome Trust, which has provided £6 million for the International Collaborative Research Grants (ICRG) scheme. This scheme fosters collaborative research between the developing countries of our region, and both Australia and New Zealand; and
- The USA. based National Institutes for Health. (NIH) In the last grant rounds, Australia was third only to Canada (US\$28.5 million) and the United Kingdom (US\$15.9 million) as the highest funded country for winning overseas National Institutes of Health grants, obtaining US\$12.6 million.

A strategy to expand and improve Australia's access and success from these sources would involve:

- Identifying and cataloguing major granting bodies, foundations and other entities - The Foundation Center and Foundation Search are two examples of services that provide access to current offshore giving trends from the USA. (Research Australia is exploring an arrangement to access these centrally for the benefit of Australian grant seekers);
- Improving skills and success rates in grant applications - i.e. through specialist advice provided through seminars such as that provided in a jointly sponsored program by Research Australia and Global Philanthropic in November 2005;
- Invest Australia supporting international marketing and partnership development;
- Accessing structures to channel donations from other countries to Australian researchers while ensuring eligibility for granting and tax effectiveness for the offshore 'givers'. While some groups are establishing these arrangements independently, a coordinated approach would broaden the reach to a wider range of potential research partners.

(Refer QUT Study Case Examples - JDRF international and national funding attracted; NHMRC and Wellcome Trust funding of the International Collaborative Grants Scheme, The Peace Scholarship Trust is an example of an Australian philanthropic venture which attracted Mexican government funding by matching by Australian Universities)

2.10 Community recognition and opinion

Governments play an active role in increasing community awareness and understanding of the important role of philanthropy in most countries reviewed. These 'social credits' may include high levels of community recognition, media coverage and community leadership awards for philanthropic contribution, advocacy, volunteering and innovation in many high philanthropy countries.

Similarly independent bodies and peak research organisations award medals, naming rights and other acknowledgements.

The Research!America Awards and Goldman Philanthropic Partnerships are excellent models of third party recognition of support for health and medical research philanthropy in the US.

The Australian Honours and Prime Minister's Community Business Partnership Awards are the highly valued Australian examples. Research Australia also specifically recognises outstanding community support of HMR through philanthropic giving, advocacy and volunteering by individuals and businesses through annual "Thank You" Day Awards. Past recipients of these awards include Susan Alberti AM, Dame Elisabeth Murdoch AC DBE, the Myer family, Sir Bruce Watson, Delta Goodrem and Coco's Fresh Food Markets in Queensland

3. Conclusion

There is clearly a significant untapped opportunity to enhance and build philanthropy directed toward HMR in Australia. It is noted that a number of examples of current innovative approaches are being developed in Australia and many from other countries, which could inform the Australian context.

The study conducted by the Queensland University of Technology, along with the proposal by Research Australia for a specific national approach, are useful first steps to developing a strategic focus on building HMR philanthropy in Australia. We believe that with support by government, the philanthropic sector, and the Australian community, Research Australia in collaboration with our membership and key alliance partners could effectively expand and strengthen the HMR philanthropy environment from both “sides” of the equation - to support grant makers in making robust philanthropy ‘investment’ decisions and to assist the grant seekers in developing world best practice and encouraging and tapping new sources of giving in Australia and offshore.

Research Australia will seek government and collaborative stakeholder support to establish an Australian Health and Medical Research Philanthropy Centre (AHMRPC). The AHMRPC would have a dedicated focus on HMR philanthropy improving the HMR giving environment and provide services to grant-makers and grant-seekers, explore new funding sources in Australia and overseas, look at innovative models of joint funding and partnership, and engage with corporate Australia and the community in understanding and participating effectively in giving to HMR. The AHMRPC would drive the health research philanthropy agenda forward in partnership with interested groups and specialist bodies including member organisations, Philanthropy Australia, the Australian Charities Fund, Global Philanthropic and the Fundraising Institute Australia.

Within the broader policy environment, there are many opportunities to promote the benefits of philanthropy in health and medical research, through professional and expert support for the fundraising activities of health and medical research Foundations and Trusts, promotion of a stronger community awareness of the social and economic benefits arising from health and medical research, improved partnership approaches nationally and internationally, and by encouraging direct public and private investment in venture philanthropy and health and medical research generally.

3.1 Taking the Action Plan forward

Stakeholder groups with an interest in philanthropy have a valuable part to play in the realisation of Research Australia’s initiative. The views of these groups will underpin the manner in which the initiative progresses. Research Australia proposes to further develop the concept in association with partnering organisations, and ideally, will secure sufficient resources to enable the establishment of the Australian HMR Philanthropy Centre in 2006-07.

Comments and expressions of interest are welcome and may be forwarded to:

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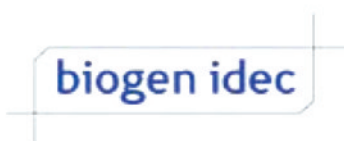
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Medical Industry Association of Australia Inc.
Medicines Australia
Pharmacy Guild of Australia
Research Canada
Research!America

Special Interest Groups

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Arthritis Foundation of Australia
Asthma Australia
Asthma Foundation of NSW
Australian Cancer Research Foundation
Australian Red Cross Blood Service
Beyondblue Limited
Cancer Council Australia
Centre for Nursing Research - Sir Charles Gairdner Hospital
Children, Youth & Women's Health Service
Clinical Oncological Society of Australia (COSA)
Cure Cancer Australia Foundation
Diabetes Australia
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Garnett Passe and Rodney Williams Memorial Foundation
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Heart Foundation
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Mental Health Council of Australia
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National Breast Cancer Foundation
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Queen Elizabeth Hospital Research Foundation Inc.
Queensland Centre for Mental Health Research
Research and Education Foundation, RACP
Royal Hospital For Women
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Government Research Agencies

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