

\$20 billion Medical Research Future Fund

From 1 January 2015 the Government will create a capital-protected Medical Research Future Fund (MRFF) from 1 January 2015.

The Fund will have \$1.1 billion at its inception on January 1 2015 and the Government estimates it will reach its goal of \$20 billion in 2020.

Every dollar of savings from health expenditure reforms in the budget will be invested in the new fund, which is designed to help our doctors and health system find treatments and cures for conditions such as dementia, heart disease, cancer and diabetes through medical research.

The fund is expected to make its first distribution of \$20 million to medical research in the 2015-16 financial years. By 2019-20 it is projected it will distribute about \$500 million, growing to \$1 billion a year from 2022-23.

The Government's Budget health reforms indicate savings and contributions will come from the following:

- \$5 Medicare Rebate reduction for standard GP consultations
- Freeze on Medicare Rebates for non GP consultations
- Savings from increases to PBS co-payments and safety net thresholds
- Savings from pausing indexation of private health insurance thresholds and rebates
- Savings from pausing indexation on the Medicare Levy Surcharge
- Savings from reducing payments to states and territories

The MRFF's \$20 billion will be capital protected. Only the money earned on the capital (interest) will be invested to ensure an ongoing funding stream.

Who will pay for it?

The initial capital for the MRFF will come from closing the existing Health and Hospitals Fund (HHF). All existing commitments from the HHF will be honoured.

The new fund will primarily boost funding for the National Health and Medical Research Council (NHMRC).

The NHMRC has nine National Health Priority Areas, including cancer, cardiovascular disease and diabetes – currently providing around \$150 million per annum to cancer research alone.

Current medical research funding in Australia

In 2012 the Australian government gave over \$850 million in funding to the NHMRC, which allocated 1,300 grants to medical research programs across the country.

The Abbott Government's new fund will be in addition to the NHMRC funding. It will roughly double the amount of money the Australian Government allocates to medical research by 2023.