



## **Proposed changes to the *Medical Research Future Fund Act 2015***

On 25 August 2021, the Minister for Employment, Workforce, Skills, Small and Family Business, the Hon. Stuart Robert MP, introduced the Investment Funds Legislation Amendment Bill 2021 (IFLA Bill 2021) into the Australian Parliament. The IFLA Bill 2021 proposed changes to a number of pieces of legislation including the *Medical Research Future Fund Act 2015* (MRFF Act). The IFLA Bill 2021 lapsed on 11 April 2022 following the 2022 Federal election announcement.

### **What happened to the IFLA Bill 2021?**

Following the announcement that a Federal election would be held on 21 May 2022, the Governor-General prorogued the Parliament and dissolved the House of Representatives on 11 April 2022. All Bills that were before the Parliament, including the IFLA Bill 2021, lapsed at this time.

### **What happens next?**

The decision to progress any of the changes proposed by the IFLA Bill 2021, including to the MRFF Act will be a matter for the new government after the election.

The MRFF Act includes a provision for a review of the operation of the MRFF Act to occur before 30 June 2023. The lapsing of the IFLA Bill 2021 does not affect the review of the MRFF Act.

### **What were the proposed changes to the MRFF Act?**

The proposed changes to the MRFF Act were set out in Schedule 3 of the IFLA Bill 2021 and were intended to improve the effectiveness, and streamline the administration of the Medical Research Future Fund (MRFF).

The key changes are set out in the following table:

Description of change	Why is this necessary?
From 2022-23, the Future Fund Board of Guardians will no longer be responsible for determining the maximum amount that can be withdrawn from the MRFF each financial year. Instead the MRFF Act will specify that a maximum annual amount of \$650 million can be debited from the MRFF. This amount will be able to be varied as required, by legislative instrument, for one year or for multiple years.	A fixed maximum annual disbursement of \$650 million will provide confidence that the Government will meet its spending commitments in the MRFF 10-year investment plan. It will also provide certainty to the medical research and medical innovation sector to enable forward planning of activities.
The duration of future Australian Medical Research and Innovation Strategies will change from 5 years to 6 years and the duration of future Australian Medical Research and Innovation Priorities will change from 2 years to 3 years.	These changes will ensure that every second iteration of the Priorities will fall due at the same time as a new Strategy is issued, streamlining administrative arrangements and reducing the burden of consultation processes on the medical research and medical innovation sector.
Clarification that state and territory governments, including state and territory government entities, will be able to receive funding directly from the Medical Research Future Fund Health Special Account. This will be in addition to existing provisions that allow states and territories to receive MRFF funding through the COAG Reform Fund.	The change will clarify that states and territories and their associated entities are able to receive funding through open, competitive MRFF grant opportunities.
The existing reference to a <b>corporation</b> will be defined as meaning a body corporate or a corporation sole.	The MRFF Act does not currently define the term <b>corporation</b> . Providing a definition will reduce uncertainty regarding the types of corporations that can receive funding from the MRFF.
Clarifying that a grant made from the MRFF can be made in instalments.	The MRFF Act is currently silent on the making of instalment payments, even though this is a standard arrangement for Commonwealth grant programs.

## Who would have been affected?

The changes were relevant to the health and medical sector in Australia generally, and to those organisations that might seek to apply for MRFF grants funding specifically.

## Would the changes have impacted the level of funding committed to medical research and medical innovation in Australia?

No. The MRFF would have continued to serve as a perpetual investment fund to provide grants of financial assistance to support medical research and medical innovation. The changes would have provided for a maximum annual disbursement of \$650 million from 2022-23, to allow the Government to meet its spending commitments under the MRFF 10-year Investment Plan while also having regard to the perpetual funding objective of the fund.

You can read more about the 2<sup>nd</sup> MRFF 10-year Investment Plan here:

<https://www.health.gov.au/campaigns/mrff>

The proposed changes would also have allowed the Government to issue a new investment mandate for the MRFF with a higher and more suitable benchmark rate of return. This would have increased expected earnings over the medium-term and protected the level of disbursements over the long-term, helping to fund vital medical research and medical innovation projects.

## What were the other aspects of the IFLA Bill 2021?

The IFLA Bill 2021 would have also made changes to other Commonwealth investment funds legislation. These other changes would not have affected how the MRFF operates. Apart from the MRFF amendments, the IFLA Bill 2021 proposed amendments to:

- the *Future Fund Act 2006* to enact a new employment framework for staff of the Future Fund Management Agency;
- the *Freedom of Information Act 1982* to provide a partial exemption for documents handled by the Future Fund Board of Guardians and the Future Fund Management Agency in respect of the Board's investment activities; and
- the *Emergency Response Fund Act 2019* to change arrangements for the administration of the Emergency Response Fund.

## How can I find more information about the IFLA Bill 2021?

You can visit the Australian Parliament House website at:

[Investment Funds Legislation Amendment Bill 2021 – Parliament of Australia \(aph.gov.au\)](https://aph.gov.au/Investment-Funds-Legislation-Amendment-Bill-2021)