

**RESEARCH
AUSTRALIA**

AN ALLIANCE FOR DISCOVERIES IN HEALTH



“Health Research Australia Fund” or “HRAF”

A proposal from the health and medical research sector to create a mass-market charity to become a major driver for philanthropy in Australia

Why HRAF?

To grow the medical research sector, philanthropy needs to play a larger role

- Scope exists to significantly increase donations to health and medical research.
- Australians are generous and are keen to donate more to medical research, but in philanthropy the sector is fragmented with typically low brand recognition.
- Most Australian philanthropy comes from people on middle and lower incomes, not the wealthy. However, in the main, medical research doesn't have charities in this space.
- For medical research to perform better with philanthropy, this market gap needs to be addressed.

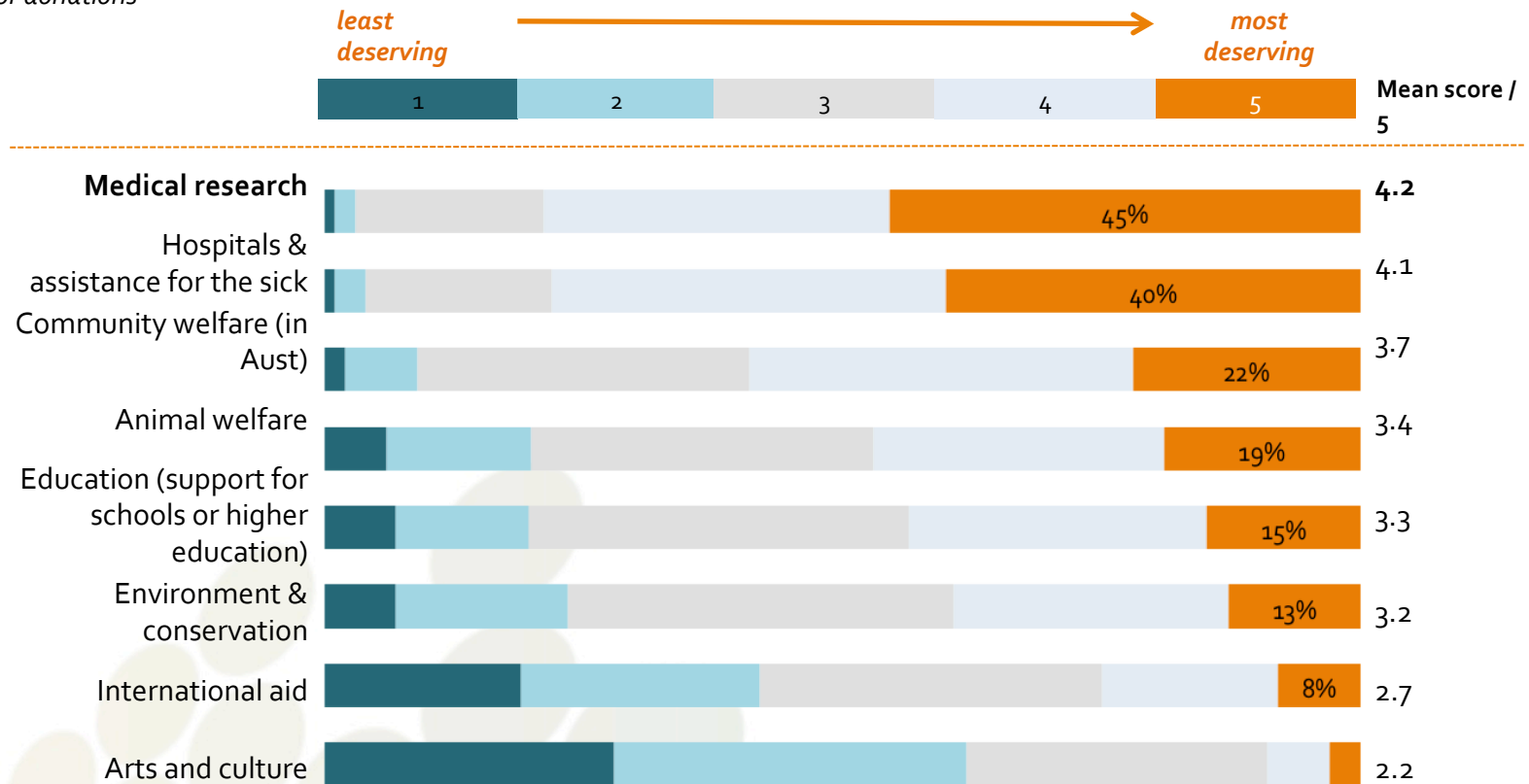
HRAF seeks to address this gap.

- HRAF will be a highly-efficient, mass-market charity that will raise money exclusively for health and medical research – over time, the target is to emulate Cancer Research UK (www.cancerresearchuk.org).
- HRAF won't undertake research; it will use funds raised to make grants to the best medical research in universities, medical research institutes and hospitals across Australia.

In Australian donors' minds, medical research is clearly number one



2,000 respondents selected randomly were asked to rate each cause (presented randomly) with a number from 1 to 5 based on their views as to the merit of each for donations

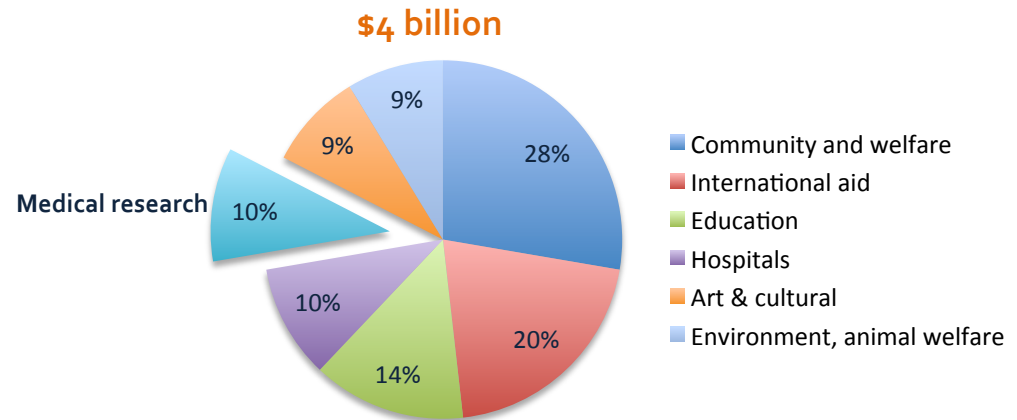


Source: yellowSquares Market Research, October 2013

Nearly half (45%) of respondents rated medical research “most deserving”, significantly higher than other cause.

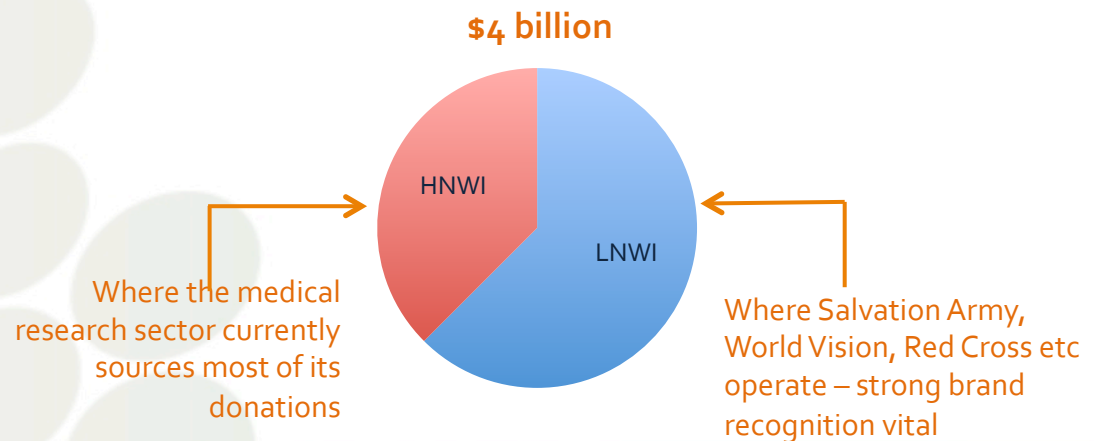
Australians are very generous. But we don't have a "Salvation Army" & "Red Cross" in medical research

Each year, we give **\$4 billion** in donations but not enough to medical research



Why?

Because generally medical research isn't tapped into the biggest source of donations – Lower Net Wealth Individuals



Philanthropy's big end of town: medical research needs to have a participant

Australia's big charities	Latest annual donations \$	% to medical research
World Vision	270	0%
Salvation Army (East)	95	0%
Salvation Army (South)	75	0%
Compassion	60	0%
Australian Red Cross	55	0%
Cancer Council NSW	55	40%
MSF	55	0%
National Heart Foundation	50	25%
St Vincent de Paul NSW	50	0%
Oxfam	50	0%
Boystown	45	0%
Smith Family	45	0%

Source: Pareto Fundraising

HRAF will join this group – the potential is very significant!

The proposed solution: Health Research Australia Fund

- A new, blue-chip, high-volume charity to raise funds purely for health and medical research. It will develop a household name made possible with an appropriate marketing and stakeholder engagement budget sufficient to drive excellent brand awareness.
- HRAF will have exemplary governance and will be supported by some of Australia's most high-profile people across science and business.
- Donors will be able to give to HRAF on an unspecified basis (likely the bulk of donations) or nominate the disease or condition they would like their donation directed to.
- HRAF would not do research itself but would aggregate donations and channel them to Australian medical research organisations under a merit-based grant allocation process. The recipients of funding will be **universities, independent medical research institutes, and research hospitals.**
- HRAF will be pan-Australian: it will raise donations across Australia, and support medical research across Australia.
- Model is Cancer Research UK: raised \$A 900 million for medical research last year.

HRAF will help build the future of health and medical research for all Australians

Market testing of the HRAF concept

- Research Australia has carried out focus group market research in suburban Sydney, (3 groups each with 10 respondents) and 10 indepth interviews. This research was carried out by Metis Healthcare Research.
- Respondents were given a detailed description of what HRAF would be and how it would operate.
- The Metis research confirmed the quantitative research results that medical research is Australian donors' number 1 priority. Respondents reacted positively to the possibility of a new medical research charity with a broad remit across all types of medical research.

Metis' conclusion from this market research was that

“qualitative and conservative estimates suggest that at least one half to two thirds of all potential donor respondents were likely to donate to HRAF if approached”

Conclusion



- HRAF is a proposal, driven by the medical research sector, to substantially increase medical research funding in Australia.
- Australia doesn't have a Wellcome or Howard Hughes or Gates. HRAF is the best available opportunity to create a flagship charity fund to support medical research.
- Research Australia has done extensive work on this proposal, and is prepared to continue to drive it. PwC is advising Research Australia on the preparation of an operating plan, financial projections and a comprehensive financial model. Assuming government support, HRAF can be operational in early 2015 and producing material health and medical research funding thereafter.

If Australia is to significantly increase medical research funding, philanthropy has to do more. Research Australia will work with the entire sector on a collaborative model for HRAF.

We welcome comments and assistance!

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