

“Of droughts and flooding rains”: philanthropy for health and medical research

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What will it take to break the funding drought in Australia?

Donations to health and medical research have recently made headlines, with mining magnate Clive Palmer pledging \$100 million to medical research and Indigenous needs.¹ While this amount is an Australian record, it is somewhat eclipsed by “gigaphilanthropists” Bill and Melinda Gates’s multibillion dollar inputs to research and health delivery. The prefix “gigas” is Latin for “giant” and it is worth asking: Where are the giants of Australian giving? As Daniel Petre (an Australian philanthropist and former Microsoft vice-president) recently slammed the lack of generosity of richer Aussies,² it is timely to consider where health and medical donation stands in Australia. How do we compare with other nations and what is the forecast for the future?

Australia is blessed with superb philanthropists — just not enough of them. To borrow from poet Dorothea Mackellar,³ the comparison is in the order of “droughts and flooding rains”, particularly when pitted against the philanthropy-rich landscape in the United States. US philanthropy is a veritable flood. Since the mid 1990s, 2% of the US gross domestic product has been given to charities;⁴ the percentage in Australia is less than half of this — a relative drought.⁵

More recently, the prescribed private fund — a new style of private foundation akin to the US family foundation — has burgeoned in Australia, with some 610 formed since this tax-effective structure was instigated in 2001. Many of these were established by people far from the wealth apex. Still, when it comes to health and medical research, as prominent medical research leader and former Chief Medical Officer Professor Judith Whitworth points out, “Australian philanthropic funding — both corporate and private — lags way behind”.⁶

Australian health and medical research non-profit organisations (eg, the Royal Children’s Hospital Foundation, the Leukaemia Foundation) attract one in seven of all individual donation dollars.⁵ So the area is popular, ranking second to religious institutions. However, it is not even a close second, as it is a case of many donors but small dollars.⁵ While three in five donating Australians support health and medical research, the average gift is

comparatively low: just \$77 per annum (pa) compared with \$529 pa to religion, \$234 pa to international aid, and \$220 pa to arts and culture.⁵ By contrast, in the US, the average gift to health causes by the most modest households is US\$173, ranging to US\$92 289 in households with incomes over a million dollars.⁷

Philanthropy worldwide has been the crucible of fine medical research institutes and the trusts that fund them: consider our Walter and Eliza Hall Institute, the US Howard Hughes Medical Institute and the Wellcome Trust in the United Kingdom. Indeed, through the Wellcome’s input, UK charitable funding matches that of its nation’s Medical Research Council.

Where is Australia’s Wellcome equivalent? The possibilities for a luminary local funder to alter the landscape are profound. With mean affluent household income growing by 36% in the decade to 2005, it is concerning that charitable giving by this income band has not kept apace. The most common affluent band of Australians (taxable incomes from \$100 000 to \$500 000) give less than 0.5% of their income to charitable causes.⁸ Longitudinal corporate research provides an international benchmark, with an average of 3%–11% of portfolios allocated to giving in some other countries.⁹ Despite comparable wealth levels, Australian givers trail the US, the UK and Canada. Yet Australia is said to have one of the world’s fastest growing rates of millionaires. Ironically, US philanthropist Chuck Feeney, a founder of the conglomerate Duty Free Shoppers, is thought to be Australia’s most generous philanthropist. His approach of leveraging funding sources through his foundation, Atlantic Philanthropies, has catalysed potent funding partnerships. Atlantic Philanthropies offers a significant amount, providing the recipient organisation can convince governments and others to match the pledge. Consider, for example, the \$900 million research program at the University of Queensland generated by leveraging state, federal and other monies from Feeney’s \$150 million input.¹⁰

People commonly believe medical research is the government’s responsibility. However, as a *Nature* editorial asserted last year, “In scientific funding, as in agriculture, monoculture is risky”.¹¹ The

Organisations exploring “venture philanthropy” for medical research

- Goldman Philanthropic Partnerships was set up by a former merchant banker and his wife to accelerate the way cures are discovered through a business model of research funding partnerships (<http://www.goldmanpartnerships.org>)
- The Alzheimer’s Drug Discovery Foundation was set up by the Lauder family, of cosmetics renown (<http://alzdiscovery.org/>)
- The Washington, DC-based think tank, FasterCures (<http://www.fastercures.org>)
- The Epilepsy Therapy Development Project acts as a catalyst and a clearing house for innovative research and early commercialisation of new epilepsy therapies (http://www.epilepsy.com/epilepsy_therapy_project)
- CFF Therapeutics, a non-profit drug discovery and development affiliate of the Cystic Fibrosis Foundation (<http://www.cff.org/research/CFFT/>)
- Accelerate Brain Cancer Cure supports researchers and creates collaborations between medical, academic, industry and government partners (<http://www.abc2.org>) ◆

lithe and flexible philanthropic dollar can trek where more risk-averse government or corporate dollars cannot. Untrammelled by politics, elections, profit, shareholders, disease numbers, or directives not to fund infrastructure, the philanthropic dollar can more readily finance risky ideas, chart cumulative progress over decades, consider orphan diseases, and trial venturesome backing that generates social profit.

The future for the US, and most likely Australia, looks set to see more of this “venture philanthropy” model. A growing number of organisations (Box) are using their philanthropic agility to fund promising science through its pre-proof of principle, “Valley of Death” phase — the critical translational funding gap between basic research and later stage drug development. The concept of successful people “investing” donations to move innovative research to the point where venture capital may kick in is an enticing model that is working. For instance, the Alzheimer’s Drug Discovery Foundation reports seeding 22 biotechnology companies and supporting 148 academic international researchers who have created new classes of drugs for Alzheimer’s disease, screened millions of compounds, and are now entering clinical trials of several new drugs.

Still, more debate is needed. Is it appropriate that philanthropy influences the research agenda? How valid is “personal whim” funding over majority need? Discovering better treatments sometimes means more expensive medicines, and is this progress for all?

Change in the Australian health and medical research philanthropic landscape is needed, and the climate is right. Research Australia Philanthropy now exists to foster contribution to research (<http://thankyouday.org/ra/philanthropy.aspx>). The National Health and Medical Research Council added philanthropy to its strategic plan in 2006 and is working on fruitful partnerships with health and medical research charities (eg, co-funding with the Junior Diabetes Research Foundation Australia of the Diabetes Vaccine Development Centre). The national peak body, Philanthropy Australia (<http://www.philanthropy.org.au/>), provides forums for interested existing and potential funders to collaborate and exchange. The challenge is one of communication and culture

change: convince philanthropic trusts, companies, individuals and households that funding medical research is not just a job for government, but a task for all Australians to shoulder.

With governments increasingly unlikely to meet the spiralling costs of complex medicine for an ever-ageing population, the funding drought needs to be broken. Everyone can — and maybe should — play rainmaker.

Competing interests

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