ASSESSING AUSTRALIA'S MEDICAL RESEARCH INSTITUTE SECTOR

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Association of Australian Medical Research Institutes

March 2026

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Glossary

Medical Research Future Fund (MRFF)

An Australian Government endowment fund that invests its capital and uses the earnings to provide long-term financial support for health and medical research and innovation, aiming to improve health outcomes and strengthen the healthcare system.

National Health and Medical Research Council (NHMRC)

Australia's leading government body for funding health and medical research, developing health advice, and promoting ethical standards in healthcare and research. The NHMRC administers major funding schemes such as the Medical Research Endowment Account (MREA), Independent Research Institutes Infrastructure Support Scheme (IRIISS), and allocates MRFF grants, among others.

Medical Research Institute (MRI)

An organisation dedicated to conducting health and medical research.

Direct costs of research

Direct costs of research are expenses that can be clearly attributed to a specific research project. They include items such as salaries for research staff, laboratory consumables, specialised equipment and travel for research purposes.

Indirect costs of research

Institutional costs that are essential to support research but cannot be directly attributed to a specific project. These include research ethics, legal requirements, underpinning data storage, cyber security and compliance, along with other essential research activities such as laboratory maintenance, accreditation, commercialisation, legal costs, publication costs, business development, technology transfer, and access to cutting-edge technologies. They may also include additional costs explicitly agreed by the funder.

Full costs of research

The total real cost required to deliver high-quality research, comprising both direct costs and indirect costs.

Trimmed mean

A trimmed mean is a statistical measure calculated by removing outliers from a dataset before computing the average. A trimmed mean has been used to provide a sector average that removes outliers. More information is available in Appendix B.

01

EXECUTIVE SUMMARY

This section provides an overview of the report's findings and recommendations. It shows how Australia's MRIs deliver world-class health and economic impact yet operate under a funding model that does not recognise the full cost of research. It explains why reform is essential and why decisive action must happen.

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Australia’s MRIs face significant financial pressures from sustained lack of funding for the full costs of conducting research

Australian health and medical research is a global success story, delivering extraordinary health and economic benefits. There are clear examples; the ZERO childhood cancer program has transformed outcomes for over 2,800 children with high-risk cancers, and Diabetes Across the Life Course is breaking the cycle of intergenerational diabetes for First Nations communities.

Australia’s medical research sector has also contributed almost $5.2b in economic benefit to the Australian economy[1] and employs over 18,000 staff and students[2] across medical research institutes (MRIs).

Despite its significant impact to medical research and the economy, Australia’s MRIs remain lean. Median indirect costs of research increased 16% over the past three years, remaining at less than 40% of total research costs. In comparison, median direct research costs have increased by a larger 25% over the same period. The lower rate of growth for indirect research costs has occurred despite increasing compliance and digital infrastructure requirements, with MRIs pursuing cost and operational efficiencies.

This is not a sustainable long-term approach for many MRIs. Available funding is limited, and costs continue to grow. Funding reform is needed to supplement the efforts the sector has made to maintain and grow its global research impact and its ongoing contribution to the Australian economy.

Half of Australia's MRIs will be financially insolvent within a decade without urgent reform

Australia’s MRIs are facing financial difficulties, workforce reductions and imminent closure. Modelling shows that of the 30 MRIs that participated in the review, only 17 are expected to remain sustainable over the next decade if the current funding environment persists. Without any change, a large portion of the sector will no longer be financially viable by FY36, significantly impacting the Australia’s economy, labour market and health outcomes.

Australia’s medical research institute sector is at a critical juncture. The sector delivers world-class health and economic benefits yet faces mounting financial pressures due to a funding model that does not support the full cost of research. MRIs have been forced to cover indirect costs and salary gaps using alternative sources of funding, including fundraising and philanthropy, commercial revenue, and investment income.

Indirect costs are rapidly rising due to the changing nature of research and increasing costs for digital infrastructure and to meet compliance requirements. At the same time, alternative sources of MRI revenue are flatlining and becoming more restrictive. MRIs are increasingly struggling to cover their indirect costs, and many have had to resort to drawing down on a limited asset base, further reducing their investment income.

The current funding architecture does not recognise the full cost of research

Funding avenues for indirect cost of research are limited

The Medical Research Future Fund (MRFF) and the Medical Research Endowment Account (MREA) are the primary Australian Government funds that support the direct costs of medical research. These funds distributed over $1.5 billion[3] in FY24-25, a significant portion of which was awarded to MRIs. However, very little of this funding covered indirect costs of research.

Indirect costs, such as laboratory maintenance, compliance, and digital infrastructure, are vital to the successful delivery of high-quality research. Indirect costs represented 40% of an MRI's total costs in FY24 and yet receive very limited and inconsistent funding.

The Independent Research Institutes Infrastructure Support Scheme (IRIISS) program provides independent MRIs with funding for indirect costs, but its distributions were capped at $33 million in 2025.[4] The Department of Education's Research Support Program (RSP)[5] also distributes $1.1 billion per annum to university research programs but only a fraction of this funding is available to MRIs and only when grant applications are made through a university.

In addition, MRIs are increasingly finding that the salary rates provided for NHMRC and MRFF grants are insufficient, requiring MRIs to use limited discretionary funding to cover the gap in salary costs which could have otherwise be applied to the indirect costs of research.

What is at stake?

Without action, critical research in areas such as cancer, heart disease, neurodegeneration and infectious disease will stall.

The sector's $5.2b economic benefit to Australia will be severely impacted and the sector's economic contribution will become unsustainable.

Australia will lose its global research standing. Researchers will leave the sector as MRIs struggle to cover costs and salaries, and life-changing medical impact and economic benefits will disappear.

Funding reforms are essential to sustain the sector and deliver the full benefits of medical research to the economy and community

Funding reform is essential

Immediate funding reforms are essential to ensure the sustainability of the sector and the ongoing delivery of high-quality medical research.

Medical research is a proven driver of economic growth.

There is a tangible net economic benefit of medical research yielding a **return on investment (ROI) of $3.90 for every $1 invested**.[6] This return on investment includes the economic impacts, direct and indirect healthcare savings and improved quality of life benefits that result from different types of Australia's medical health research. To achieve greater financial sustainability, MRIs need additional funding to invest in clinical trials, which can yield a higher ROI of $5.80 per dollar invested[7].

Over the past few decades, Australian MRIs have made profound contributions to society through groundbreaking research that has led to improved health outcomes; however, without significant and urgent reform, the continued viability of this vital sector is at serious risk.

Funding reforms must ensure that Australia aligns with international best practice for research funding mechanisms.

Australia's peer countries consistently provide more support for the indirect costs of research. National government medical research programs (MREA and MRFF) contribution to indirect research costs was broadly **less than 11 cents per dollar** of the total competitive research grants awarded to MRIs in 2024,[8] compared to:

European Union

Provides indirect cost funding of approx. 25% of eligible direct costs[9]

Canada

Provides indirect cost funding of 22% - 58% of grant income, depending on the size and maturity of the MRI[10]

Singapore

Provides indirect cost funding of 30% – 60% of grant income depending on the type of project[11]

United Kingdom

Provides approx. 80% of the full costs of research (direct costs and indirect costs)[12]

Aligning with international best practice will also ensure that Australia has a sustainable, contemporary and competitive research sector that can attract talented researchers from across the globe.

Funding reforms will allow Australian programs to scale, delivering greater certainty and global impact

MRI breakthroughs show how well funded research delivers international and national health impact and reaps economic returns

The case studies in this report highlight the importance and depth of impact that well-funded research can achieve. Each of these cases demonstrate how MRIs, when supported to cover all costs, deliver breakthroughs and translate into real-world benefits for patients, communities and families. These cases also highlight enhanced sustainability for programs when indirect costs are more fully funded to provide certainty and ease for research success.

Selected case studies showcase diverse work across medical specialities including oncology, endocrinology and neurodevelopmental disorders, illustrating the breadth of impact that well funded research can achieve domestically and internationally.

Cases studies show that reform can unleash the full power of Australian medical research

This report presents four case studies that capture the breadth and depth of MRI impact across Australia; spanning states, research domains, and funding models. Each case, selected in partnership with leading institutes, demonstrates not only scientific achievement but also national and international recognition. While each program has maximised its reach within current funding arrangements, greater comprehensive coverage would allow for enhanced scale for programs. When MRIs are empowered to cover all costs including indirect costs, they can scale, innovate, and deliver programs that reach more people and drive greater impact.

Reforming funding models to include all associated costs will provide MRIs with the certainty needed for long-term planning, talent retention, and pursuit of high-impact research. This certainty enables institutes to make strategic decisions, expand successful programs, and respond rapidly to emerging health needs. By fully funding both direct and indirect costs, Australia can ensure that home-grown research programs are able to scale, innovate, and deliver even greater returns to global research.

1. **Children Cancer Institute | ZERO childhood cancer**

   A program transforming outcomes for children with high-risk cancer. Over 2,800 children treated, 23 clinical trials enabled, and a national network of paediatric centres established.

2. **Menzies School of Health Research | Diabetes Across the Life Course**

   An integrated approach to intergenerational diabetes in Aboriginal and Torres Strait Islander communities. With a focus on early intervention and embedding cultural knowledge.

3. **Mater Research | Advancing Cancer Detection**

   Innovative methods for early cancer detection and diagnosis, improving survival rates and quality of life for Australians facing high-burden cancers.

4. **The Kids Institute | Clinikids**

   A pioneering approach to supporting children with developmental disorders such as autism before critical brain development in early schooling.

Funding reforms are critical to ensure the ongoing sustainability of the sector and realise the benefits to society of medical research

Reform must happen now to realise benefits for the future

Reforms are essential for longer-term sustainability, ongoing health impact for Australians and certainty and continuity for MRIs and the important medical research they undertake.

To address the gap in funding for indirect costs, this report recommends the following changes to Australian Government funding arrangements.

Three funding scenarios (base, at-risk and optimal) and consultation with 16 MRIs informed the seven recommendations

1. Increase the **total disbursement of MRFF funding to $1.055m/year** as recommended by the MRFF Board.
2. Introduce **indirect cost funding for MRFF grants at an allocation of 40 cents** for every dollar of MRFF grant funding received by an MRI.
3. Increase the allocation of **IRIISS funding to 40 cents** for every dollar of NHMRC grant funding received by an MRI.
4. Increase the total allocation of **IRIISS funding from $33m/year to $70m/year** to ensure MRIs can receive the full allocation of funding.
5. Introduce **indirect cost funding for other Australian Government medical research grants at an allocation of 40 cents** for every dollar of Australian government grant funding received.
6. Increase the **Personnel Support Package rates** for Australian Government grants to align with actual research salaries
7. Establish a consistent **framework for the distribution of RSP funding** that MRIs can access through universities.

> This isn't a choice for us anymore - it's a necessity. The MRFF was designed to fund hope. It's time to let it do that.
>
> **- Dr Saraid Billiards, CEO, AAMRI**

02

PURPOSE AND METHODOLOGY

This section provides an overview of the purpose of the report and the methodology adopted to prepare it. This section also includes the limitations and assumptions applied in the analysis and the report.

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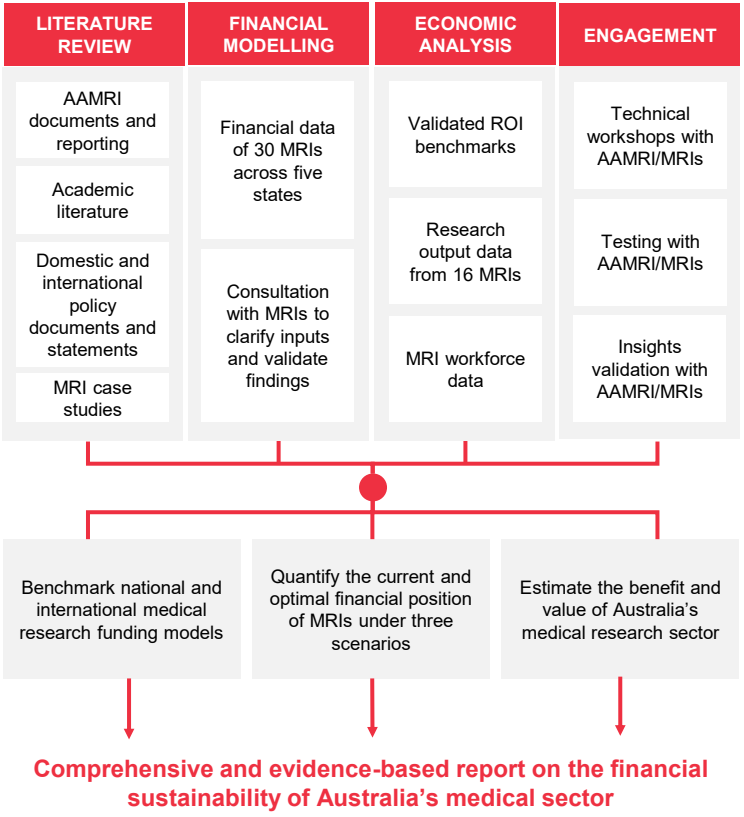
This work explores and quantifies the challenge and delivers a comprehensive case for reform

This report combines findings from financial modelling, economic analysis and international benchmarking.
AAMRI seeks to quantify the extent of the funding gap and develop a nationally coherent case for reform. The work integrates financial modelling under various funding scenarios, economic analysis to estimate the benefits of medical research and international benchmarking on the provision of funds to cover indirect costs.

A comprehensive literature review collated evidence on Australian and international funding benchmarks and the social and economic return of medical research.
A range of literature on best practice for funding of medical research was reviewed, with a focus on funding available to cover the indirect costs of research. As part of this review, funding of indirect costs of research in Australia was compared with countries with similar capabilities in health and medical research.

Robust financial modelling determined the national sector's viability and options for changes to the funding system.
Financial data from 30 MRIs across Australia was collected and analysed. This data informed construction of a financial model of the sector over time under the current settings and two potential funding scenarios. Further detail is provided in Appendix B and C.

An economic analysis estimated the impact of medical research.
A ROI benchmark of $3.90 per dollar invested was applied to the financial data from 30 MRIs to estimate the economic value of Australia's medical research sector[13]. AAMRI worked closely with MRIs to develop four case studies that demonstrated the impact of Australia's medical research sector. Further analysis of each individual research programs' benefits would be needed to determine ROI benchmarks by research category that could be applied to workforce and research output data from 16 MRIs.



Assumptions and limitations of the analysis and modelling

Exclusions and limitations

- The findings may not apply to all MRIs in Australia, as only a subset participated and provided data.
- The analysis does not account for future actions by MRIs, such as planned or unplanned financial or operational changes.
- The report assumes that historical trends in costs and funding will continue unless structural reforms are implemented.
- The research excludes detailed analysis of individual MRI accounts, major capital works, land acquisition, and certain categories of expenditure not directly related to research delivery.
- The report does not model the impact of changes to university RSP funding due to inconsistencies in how universities support affiliated MRIs.
- The modelling uses median values or a trimmed mean across the sample to represent sector trends, to better represent the sector and accommodate variability between MRIs.
- The report is for the sole use of national AAMRI and is intended to support advocacy and policy analysis. It is not a comprehensive sector audit.

Assumptions of this report

A range of assumptions underpin this research; including the following:

- The analysis is point-in-time and reflects the current state as of the report's preparation (2025).
- The research is not intended to be an audit of Australian MRIs; it is an analytical review based on data provided by 30 MRIs across Australia.
- No assessment of going concern has been conducted for each MRI that has provided financial data.
- The growth rates for research costs and indirect cost funding are based on historical compound annual growth rates (CAGR) determined from a longer set of Victorian MRI financial data (FY17-FY23).
- The viability of MRIs is measured by available capital to fund indirect costs, with tipping points calculated for the average MRI from a trimmed sample.
- The economic analysis applies validated ROI benchmarks from literature to estimate the value of medical research.
- The financial modelling and findings are based only on historical data provided by MRIs; the model does not predict future growth or account for future financial and operational decisions by MRIs.
- The methodology includes literature review, financial modelling, economic analysis, and international benchmarking, but does not constitute a forensic or detailed audit of accounts.
- International comparators are used to benchmark Australia's funding model, assuming that global best practice is relevant and applicable to the Australian context.

03

THE CHALLENGE

This section explains why this work was commissioned and how it has been undertaken. It outlines the objectives of the project, the approach taken to gather evidence, and how the findings will be used to inform reform discussions.

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The Australian medical research funding system has major structural limitations

Australian MRIs operate within a funding framework which systematically under-funds the real cost of research. MRIs receive very little national support for indirect costs of research, national grants almost exclusively fund direct costs, and state contributions are fragmented and uneven.

The result is a widening structural deficit that forces MRIs to cross-subsidise core operations from philanthropy, commercialisation and reserves, with each source volatile and insufficient.

Breakdown of funding, including Australian Government, state and international comparisons, are provided in Appendix A.

Major national grants predominantly fund direct costs

Australia's two major national research programs, the MRFF and the MREA administered through the NHMRC, exclusively fund direct costs for health and medical research.[14] This therefore excludes support for critical functions such data storage, cyber security and compliance, and other essential research activities such as laboratory maintenance, commercialisation and access to cutting-edge technologies.

Indirect costs are not discretionary and are essential to research quality, integrity and impact, representing 40% of total MRI expenditure in FY24

The under-disbursement of MRFF further exacerbates a growing funding gap for indirect costs. In FY25, the Future Fund Board recommended a maximum annual distribution of $1.055b,[15] yet the MRFF's allocation was $650m (as committed in the 2025-26 Federal Budget).[16] This represents a lost opportunity where additional MRFF funds could be allocated to meet sector needs and national health and research priorities.

Independent MRIs are excluded from stable block funding

Universities receive consistent, indexed and recurrent block grants through the RSP, totalling $1.1b annually.[17] This funding covers indirect costs and is scaled to institutional size and performance. In contrast, IRIISS funding is the only funding pool available to independent MRIs for financial support for indirect costs. It is set by the NHMRC Research Committee annually at $33m in FY25, paid pro rata based on competitive NHMRC grants awarded.[18]

MRIs may only access a portion of RSP as administered by the Department of Education to support indirect costs when collaborating with universities. These arrangements are inconsistent and, at times, volatile with allocations determined at the discretion of the host university, with no national framework guiding distribution. In some cases, MRIs receive support proportionate to their contribution, but in others access is minimal.

State support is fragmented and inconsistent

State governments provide varying levels of indirect cost support. NSW, VIC and WA operate schemes (e.g. Medical Research Support Program, Operational Infrastructure Support Program (OIS) and Research Infrastructure Support Program (RIS)) that provide partial coverage for indirect costs.[19] Even then, this support is very limited and covers only a fraction of the indirect costs that MRIs incur.

MRIs in other jurisdictions rely on project-based or ad hoc grants. Some jurisdictions provide no dedicated IDC support at all. This variation means coverage is partial in some jurisdictions and absent in others, entrenching geographic inequity in the national system.

> We have very limited capacity to invest… [any available funding] is paying for the operational environment **- MRI representative**

MRIs are sustaining persistent deficits amid growing expenses

Expenses consistently exceeded revenue over the past three years

Across the last three financial years, expenses have consistently exceeded revenue by between $140 and $160m. With persistent funding gaps, MRIs have been forced to draw down on available capital to meet their expenses and fund ongoing deficits.

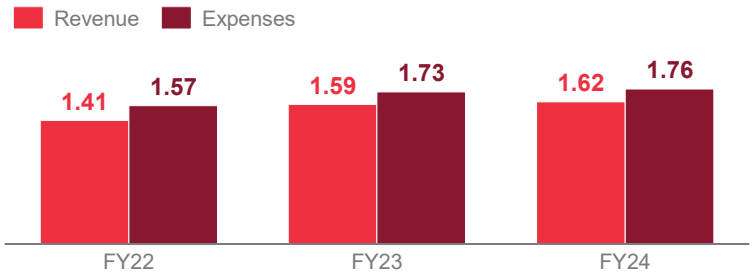
Grant revenue is falling as a proportion of total revenue and MRIs are increasingly relying on other revenue sources

In FY22, grant revenue accounted for 54% of total revenue across the 30 participating MRIs. In FY23 and FY24, this has fallen to 52%. MRIs are increasingly reliant on other, less reliable funding sources, including fundraising and philanthropy (F&P), and commercial revenue. Fundraising and philanthropy has not grown over the past three years, and with growing cost-of-living pressures, it is likely that this share of revenue will continue to diminish over time as less is donated for research.

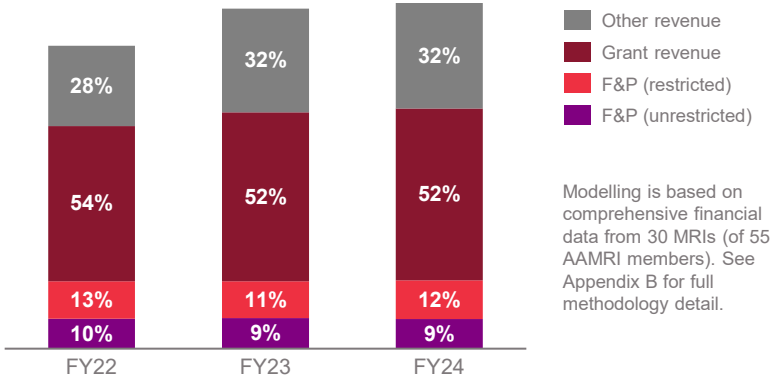
An increasing number of grants require co-funding, putting additional financial pressure on MRIs

Several MRIs consulted by the review reported that an increasing number of grants require co-funding from the MRI. This places further strain on the limited discretionary funds of MRIs that are already being used to cover any operating deficits and indirect costs.

Total revenue and expenses across 30 participating MRIs ($ billion)



Breakdown of total revenue across 30 participating MRIs



Modelling is based on comprehensive financial data from 30 MRIs (of 55 AAMRI members). See Appendix B for full methodology detail.

Each successful grant application costs us around $60,000 because the funding doesn't cover the full research costs. We have to find that money elsewhere, and there's not a lot to go around **- MRI representative**

Increasing competition for MRFF and NHMRC funding has reduced the median MRI's return on effort for grant applications

Grant funding success rates are falling

Greater competition for MRFF and NHMRC funding has resulted in declines in MRFF and NHMRC funding that the median MRI receives.

MRIs have noted that success rates have fallen across the board due to the intensified competition for national research grants, with some MRIs reporting success rates below 10% in recent years. Grant applications can be costly and time consuming to write, and with lower success rates, MRIs are being forced to be more risk adverse and less impactful in their research. These costs are increasingly contributing to indirect costs that must be absorbed by each MRI.

Grants are not sufficient

Several MRIs have reported that the salary rates provided in the NHMRC Personnel and Salary Support Packages do not adequately cover the actual cost of researcher salaries.

The average gap between the funding provided for salaries and the actual salaries is 30%.[20] This means that even when an MRI has a successful grant application, they are required to use additional discretionary funds to meet this gap, further reducing what funds MRIs can use for indirect costs.

As an industry, we really need to [tell] the NHMRC that we can't apply for this funding because the funding on offer doesn't let us deliver what you're asking. **- MRI representative**

Stagnant revenues and rising costs are locking MRIs into a persistent funding deficit

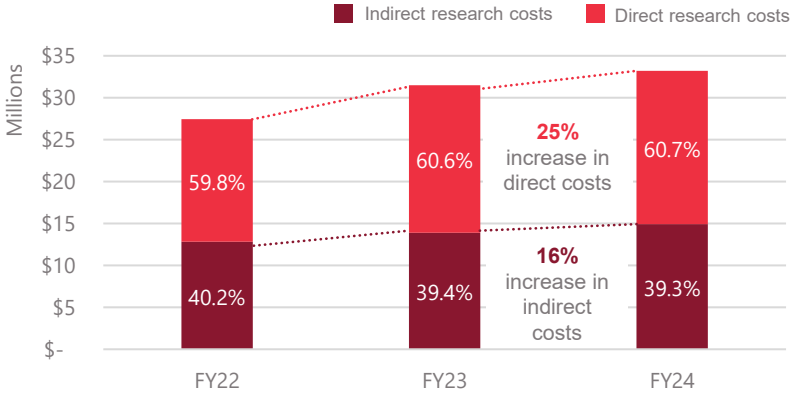
Costs for MRIs have been increasing steadily

Over the past three years, median MRI indirect costs grew by 16%, while median direct costs grew 25% as shown in the chart below. Data across the same period indicated that indirect costs formed 39.3% of total expenditure in FY24-25, down from 40.2% in FY22-23. This is placing unprecedented pressure on MRIs that are forced to sacrifice to survive.

For some MRIs, there will be nothing left to cut.

The lower indirect cost share as a proportion of total expenditure highlights the effort made by MRIs to cut costs and improve indirect cost efficiencies to address increasing operational constraints.

Median direct and indirect costs of research

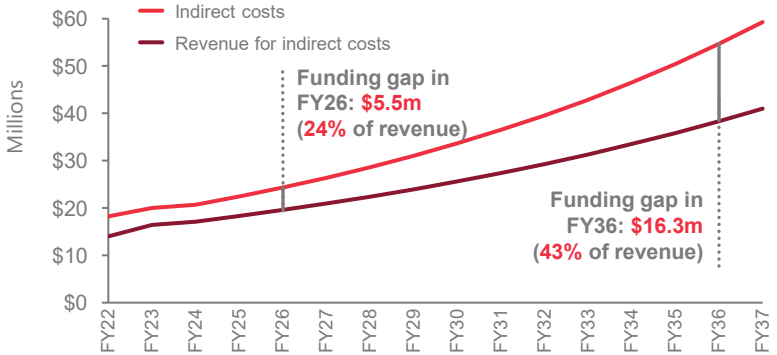


This gap is widening and worsening

The confluence of rising costs and flatlining revenue to fund indirect costs has left a growing gap between indirect costs and the revenues for indirect costs. As shown in the chart below, the FY26 trimmed mean funding gap between indirect costs and revenues for indirect costs will be $5.5m and this is expected to grow to $16.3m by FY36 for the trimmed mean MRI.

This gap is growing despite concerted effort by MRIs to increase efficiency and constrain institutional indirect costs. A trimmed mean was adopted to best reflect the sector, with MRIs with the bottom three and top three available capital removed from consideration, as well as others not impacted by the modelled recommendations.

Funding gap between indirect costs and revenue for indirect costs for the trimmed mean MRI



MRIs are increasingly drawing on available capital to fund the indirect costs of research

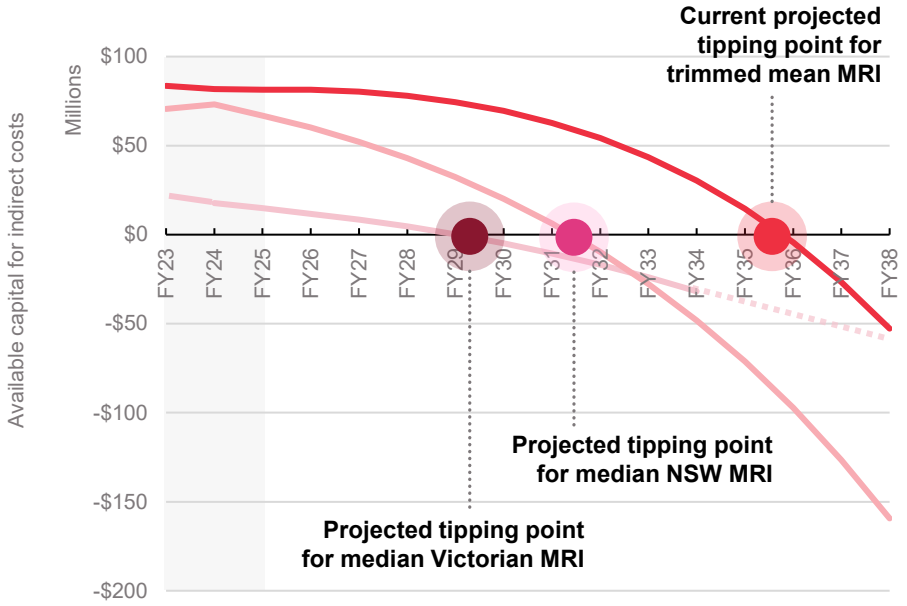
MRIs have been forced to draw down on their asset bases, jeopardising future revenues for present-day survival

The widening funding gap and operating deficits have pressured MRIs to use available capital to fund the widening gap between declining revenues and rising indirect costs of research, but this is not a sustainable solution.

MRIs typically have limited capital, much of which is legally restricted in how it can be used. Relying on this capital poses significant commercial viability risks. When capital is used to replace revenue, it reduces investment in infrastructure, constrains operations, and diminishes future investment income that can be used to cover indirect costs of research. Analysis suggests that if this trend continues, the average MRI^ will have drawn down on all its available capital by FY36.

^Trimmed average/mean. See Appendix B for full methodology detail.

Tipping point of Australian medical research sector's trimmed mean



The projected tipping point for the median Victorian MRI and the median NSW MRI have been shown above to highlight the dire circumstances faced by MRIs. Victorian MRIs are facing more severe financial concerns due to their ongoing success with research grants which do not cover the full costs of research.

Every year we have to draw down on our savings by about $5 million. It's something we don't like doing because it reduces the income we get each year to cover costs… But right now, there is no alternative**. - MRI representative**

Additional challenges place further financial strain on MRIs

MRIs are forced to use limited discretionary funds to cover funding gaps for researcher salaries

A critical and ongoing challenge for MRIs is the misalignment between the funding provided for researcher salaries and the actual cost of salaries. These rates often fail to account for the full salary load, including superannuation, leave entitlements, and institutional on-costs, creating another structural funding gap that MRIs must absorb.

MRIs reported that on average, the NHMRC Personnel Support Package rates[21], which are used as a component of NHMRC and MRFF grants, only cover **70% of the salary costs of a research project**.

Some long-standing funding streams are dwindling

The recent US decision to reduce National Institutes of Health (NIH) funding has rippled globally, drying up a key revenue stream for Australian MRIs that relied on US grants and collaborations.[22] This sudden shortfall is forcing MRIs to rethink budgets and scale back projects and highlights a key risk outside of the control of MRIs. Reliance on variable external funding reinforces the importance of ensuring national sovereignty in health and medical research.

An increasing number of grants require MRIs to co-fund research

Moreover, MRIs report that it is increasingly common for grants to require co-funding. In many cases, funding organisations provide only 50% of the total research costs.

These grants typically cover only the direct costs of research, leaving MRIs to fund the remaining 50% of direct costs — as well as all indirect costs — from discretionary funding sources.

These trends in the funding of direct costs of research place further strain on MRIs that are already required to use their limited discretionary funds to cover the indirect costs of research.

MRIs face inconsistent conditions when accessing RSP funding

The RSP provides funding to higher education providers to support the indirect costs of research, such as laboratories, consumables, computing centres and the salaries of support and technical staff, as well as research costs not supported directly through Australian competitive grants and other sources.[23]

Because MRIs are not higher education providers, they are unable to access RSPs unless they affiliate with a university and submit grant applications through the university.

Even then, the percentage of the RSP grant that the MRI can access is subject to institution level agreements between the university and the MRI. MRIs reported significant disparities in the funding that they can access through RSP grants. Some MRIs reported receiving as much as 80% of the RSP grant, while others reported receiving as little as 20%. Without a structured framework through which MRIs can access RSP funding, MRIs must continue to rely on unpredictable arrangements with universities to cover indirect costs, while other will continue to be unable to access RSP funding.

Without reform, Australia will lose the capacity to deliver high-impact research

As capital buffers vanish, MRIs are forced to scale back or defer the very activities that drive economic returns and improved health outcomes, including clinical trials, translational research and commercialisation. These initiatives depend on robust infrastructure, compliance and data systems, all of which are underpinned by indirect cost funding. Without stable support for the full cost of research, institutes must prioritise short-term survival over long-term opportunity, threatening Australia's ability to translate discoveries into health and economic benefits.

High-return research domains are being scaled back due to indirect cost pressures

Research consistently delivers strong economic returns, historically generating an average calculated at $3.90 for every $1 invested.[24] Yet the fields that drive the greatest national value, such as clinical trials, translational research, and population health, are also the most indirect-cost intensive. These areas depend on complex infrastructure, research ethics and regulatory compliance, and sophisticated data and cyber security systems, which aren't fully covered by grant funding.

As a result of underfunding and rising cost pressures, MRIs are increasingly redirecting limited funds to essential operations, leaving weakened capacity to pursue the high-value projects that drive future health and productivity gains. Clinical trials and commercialisation programs, which yield returns of **up to $5.80 per $1 invested** through downstream health savings and economic growth, are particularly exposed to these pressures.[25] Without funding that covers the full cost of research, MRIs cannot absorb the financial risk required to unlock these benefits.

Without reform, the impacts of some research programs may never be realised

Academic literature broadly suggests that it takes an average of 17 years for research evidence to reach clinical practice and achieve benefits to society.[26] This time lag means that the benefits of ongoing research may never be realised if MRIs can no longer afford to operate.

The time to realise economic and health benefits will quicken over time as research accelerates with the growing development and adoption of AI-assisted methods[27]. However, this requires further investment and time, neither of which MRIs can currently afford.

Reforms are essential to protect the sustainability of the industry and ensure that Australia can reap the benefits of its past, present, and ongoing research.

Funding shortfalls are creating workforce challenges

In 2024, the Department of Health, Disability and Ageing published commissioned research into Australia's health and medical research workforce describing it as a "key source of competitive advantage for the nation".[28] The paper cites Australia's success in attracting international researchers, although notes that the private sector is much better at attracting researchers than universities and MRIs. Nonetheless, 21% of university and MRI researchers were born overseas. Yet, the current funding arrangements threaten the sustainability of the medical research workforce and the ability to attract and retain talented international researchers.

Some MRIs reported that they have had to shrink their workforce due to sustained shortfalls in funding. Other researchers are leaving the field due to a lack of funding. The 2024 paper cites **"the lack of funding as the main reason researchers consider leaving the field"**. Without reform, these emerging challenges are only going to worsen.

Our capital base has become very small, to the point of great concern… We've had to make multiple people redundant **- MRI representative**

04

WHY REFORM IS ESSENTIAL

This section makes the case for change, showing that reform is essential to enable the success of the National Health and Medical Research Strategy. It explains that reform is feasible, internationally standard and administratively simple, drawing on global comparators.

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Australia's funding settings do not align with international best practice

Australia is the outlier. The Australian Government provides broadly less than 11 cents in every dollar of direct research funding awarded through NHMRC and MRFF grants to support indirect costs.[29] This is not enough, with indirect costs making up 40% of full cost of research in FY24.[30] Funding for indirect costs is recognised as an essential component of high-quality research across leading research economies.

Most peer countries either:

- fund a sizeable share of full research costs (e.g., United Kingdom);
- fund a fixed flat rate for indirect costs (e.g., Europe, Singapore);
- or negotiate institution-specific rates for indirect costs funding depending on the size and maturity of the institution (e.g., Canada).

These international funding models provide institutions with predictable, transparent, and equitable recovery of overheads. This allows institutions to maintain essential research infrastructure, compliance systems, and administrative support without diverting funds from direct research. As a result, researchers can focus on undertaking high quality research, while institutions sustain long-term research capacity. See Appendix A3.

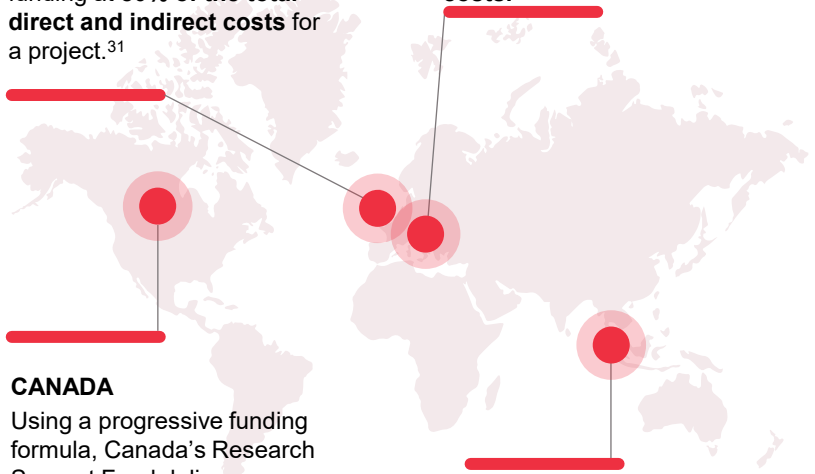
An increase in funding available for indirect costs would align Australia's health and medical research sector with peer economies, and provide the certainty and sustainability required to continue undertaking high quality research.

UNITED KINGDOM

Under their principles of full economic costing (fEC), the government will provide funding at **80% of the total direct and indirect costs** for a project.[31]

EUROPEAN UNION

Horizon Europe provides funding for indirect costs equal to **25% of the project's eligible direct costs.**[33]



CANADA

Using a progressive funding formula, Canada's Research Support Fund delivers an average of **22% of the direct project grant in support for indirect costs. Small to medium MRIs receive up to 58%** to help build capacity and remain competitive.[32]

SINGAPORE

The National University of Singapore provides minimum indirect cost funding of **30-60% of the direct research costs**, depending on the project type.[34]

Covering the full cost of research is critical in enabling the success of the National Health and Medical Research Strategy

The Draft National Health and Medical Research Strategy 2026–2036 (the Strategy) sets out a vision for a modern, efficient and consumer-centred research system that delivers for the nation, strengthens equity and readies Australia for future challenges.[35] While it recognises that impact depends on the infrastructure and operating systems that enable research, most of these costs remain unfunded. Focus Area 2 identifies this gap and calls for a whole-of-sector approach to reduce indirect cost burden. The strategy acknowledges that the "increasingly sophisticated and complex nature of research is leading to indirect costs that are outstripping block funding and other support mechanisms."

Reforms will activate the Strategy's system enablers that will support transformational change

The Strategy identifies four system enablers that will be crucial in supporting transformational change to the medical research sector: workforce, infrastructure, data and technology, and funding. Three of these rely primarily on indirect cost coverage. Increasing funding for indirect costs is essential in enabling MRIs to enact the strategy. Ensuring the full cost of research is met will unlock the conditions required for a sustainable, high-performing research system.

Workforce

Predictable indirect cost funding and full funding for salary costs sustain secure careers and a resilient pipeline of research talent.

Infrastructure

Recurrent indirect cost funding maintains laboratories, biobanks and clinical trial networks – critical enablers of safety and scalability.

Data and technology

Stable indirect cost funding enables investment in secure digital platforms, AI and emerging technologies, interoperability and cyber security.

Funding

Coordinating funding arrangements embeds full-cost recovery and ends reliance on fragmented revenue sources.

Reform will strengthen the Strategy's focus areas and accelerate their implementation

Addressing the indirect cost gap allows the Strategy's actions to be implemented at scale - strengthening capability, translation and national impact.

A vibrant research system:

MRIs can focus scarce discretionary resources on delivering impactful research, rather than covering overheads.

Modern, efficient and consumer-centred processes:

Institutes can fund the systems and supports that streamline processes and engage communities.

Aboriginal and Torres Strait Islander health:

Stable institutional funding supports co-designed, community-led programs across all jurisdictions.

Translation, innovation and commercialisation:

Compliance and IP systems are resourced, accelerating translation and industry partnerships.

Future readiness:

Predictable indirect cost coverage enables investment in secure infrastructure and skilled staff to meet emerging threats.

The MRFF's existing budget provides an opportunity to rapidly trial reforms through its currently under-utilised distribution capacity. It also offers a strong foundation for a whole-of-sector approach that better aligns MRFF and MREA funding, reducing indirect cost burdens through coordinated funding management.

Reforms also align with the Strategic Examination of Research and Development (SERD) priorities and findings

The SERD[36] identified health and medical research as a key priority area for Australian research and development.

The SERD was commissioned in 2025 to explore how Australia can encourage more home-grown ideas, more research, and more translation.

The SERD Review underscored the importance of indirect cost funding reform to sustaining Australia's medical research and achieving the nation's strategic research priorities.

The SERD Discussion Paper[37] indicates that chronic underfunding of indirect costs remains a key concern, noting:

> Competitive grants are considered 'underfunded', as the [funding system] does not provide enough to meet the indirect costs of research.
>
> **SERD, 2025**

05

RECOMMENDATIONS

This section outlines practical funding reform pathways to improve the sustainability of Australia's medical research sector and provide longer-term viability and certainty to MRIs.

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Reforms are crucial to long-term economic returns and Australia's research capability

Funding changes support ongoing medical benefits and consistent funding for indirect costs of research

Under the modelled optimal scenario, additional and consistent indirect cost funding support would enable MRIs to address national priorities outlined within the National Health and Medical Research Strategy, invest strategically and pivot towards research that yield greater returns on investment such as clinical trials which provides on average $5.80 return per $1 invested.[38] MRIs would be better positioned to deliver ongoing world-class research and health benefits, operate with greater certainty, and reduce the current pressures associated with underfunded indirect costs. Long-term and ongoing support for the full cost of research empowers MRIs to make the necessary capital and infrastructure investments to achieve more impactful and sustainable outcomes, including ongoing health and financial benefits to patients and the health system.

Funding reform will sustain the sector's $4.07b contribution to the economy

Australian MRIs generate substantial economic benefits. Based on a historical average of $3.90 return on investment per $1 invested in medical research, the 30 MRIs that contributed to this research delivered approximately $4.07b in economic benefits in FY24-25.[39] The modelled optimal scenario would provide MRIs with certainty of funding for indirect costs, ensuring the full costs of research are supported and protecting the significant economic contribution of the sector.

Reform secures Australia's research sovereignty and resilience

Withdrawal of US funding to Australian research initiatives in early 2025 highlighted the sector's vulnerability to factors outside of its control.[40] It emphasised the risk of relying on international sources for critical research investment and exposed vulnerabilities of Australian research funding. Under the optimal funding scenario, comprehensive coverage towards indirect expenditure would strengthen the operational sustainability of MRIs. This would allow MRIs to withstand domestic and international funding shocks, maintain the continuity of high performing research programs, and safeguard Australian research outputs.

By ensuring the full costs of research are met, this will also protect Australian ownership of its intellectual property and sustain the research capability needed to deliver world-leading medical research. With reformed funding structure, Australian MRIs will be offered greater operational independence and agency to deliver long-term breakthroughs for health and wellbeing and cement itself as a global leader in research innovation.

Reform protects Australia's research competitiveness on the global stage

Australia's medical research sector is ranked 7th in the world[41]. Funding reform will safeguard Australia's competitiveness and global standing. Research quality will rise and more patents and research publications can be expected.

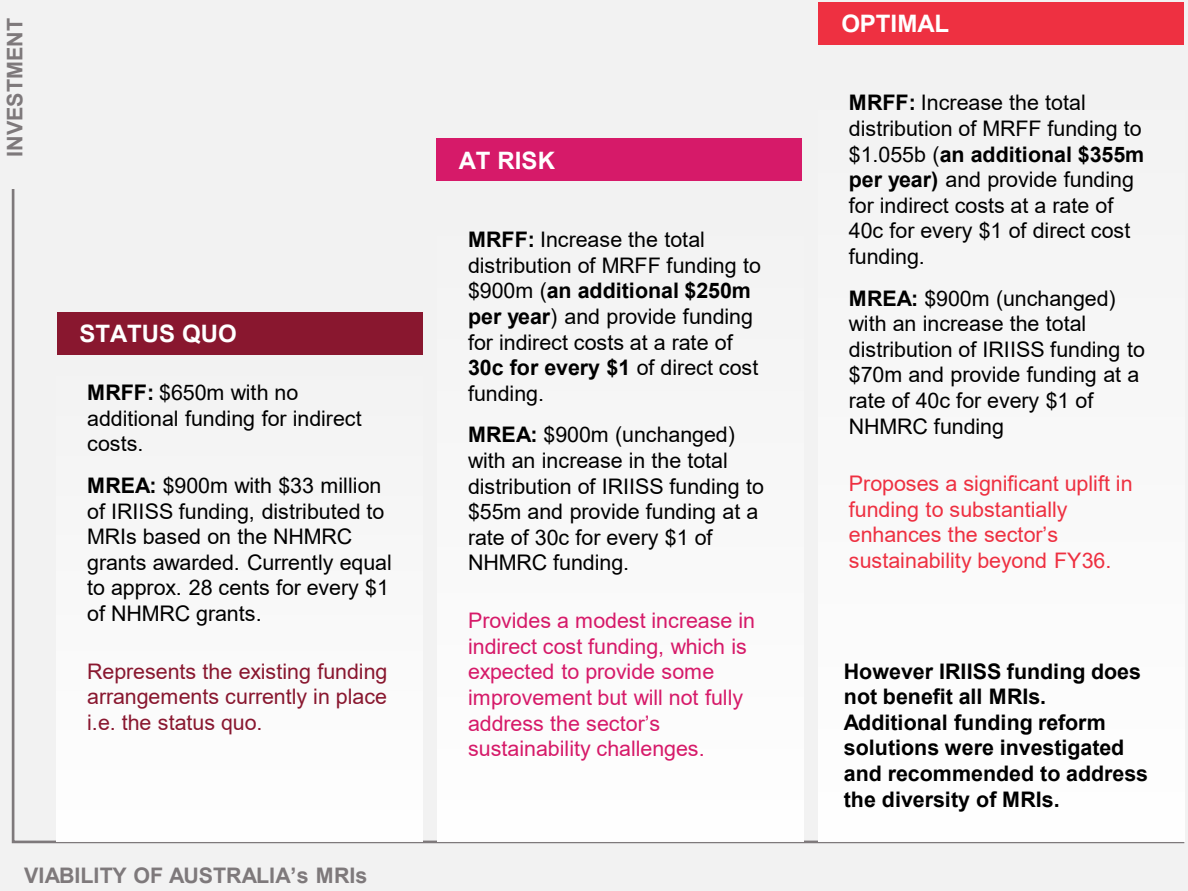
Funding reform will also enhance the long-term resilience and benefits of MRIs by providing broader coverage for indirect costs. This allows MRIs to improve operational efficiency and reduce financial strain, ensuring resources are available for core research activities. With greater funding and certainty, MRIs are better positioned to attract leading talent and collaborate for key industry partnerships. This will allow for stronger independence and certainty for MRIs to produce world leading research.

Support for 40% of indirect costs will provide sector-wide viability to match rising costs and provide longer-term funding certainty for MRIs beyond FY36.

Funding reform is crucial to sustain and strengthen Australia's medical research sector

Modelling demonstrates that full-cost funding reform is both achievable and essential to sustain Australia's medical research capability. The analysis demonstrates how different levels of indirect cost recovery affect the sector's viability and capacity to deliver research impact and contribute to research priorities. It shows that without change, institutes face increasing financial strain, and that greater indirect cost support can maintain Australia's medical research capacity and ensure longer-term viability.

Increased funding support ensures Australia' medical research economic impact of **$4.07b in FY24** is maintained. The following scenarios illustrate the system impact under three policy settings to show how reform can transform the sector.



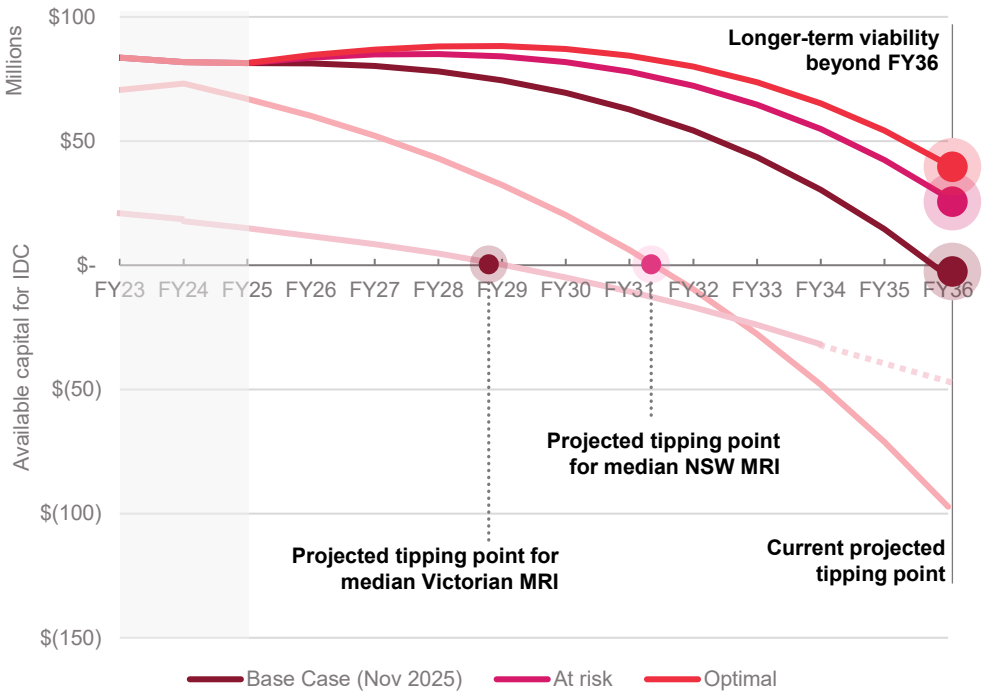
Some MRIs face imminent closure while a minority of participating MRIs have resources to weather the funding shortfall

The three funding scenarios were modelled to show their respective impact on the Australian independent medical research institute sector. The following graph shows the tipping point of the sector's trimmed mean under the three funding scenarios.

The tipping point is FY35-36 for the **base case**, FY37-38 for the **at risk** case while the **optimal case** extends the sector's trimmed mean tipping point by over two years from the base case to FY38-39. This only represents a trimmed mean and does not account for actions MRIs are currently taking to address their financial challenges, including pivots to higher revenue-generating activities, nor an individual MRI's circumstances.

The tipping point refers to the point at which the average MRI no longer has available capital left to draw down to fund its operating deficits and indirect costs. The MRI therefore has depleted available savings or assets to liquidate to fund deficits and will need to cease operations. Refer to Appendix B for more information about the methodology to determine the sector tipping point.

Impact on independent Australian medical research institute sector trimmed mean tipping point



The current projected tipping point for median Victorian and NSW MRI have been included to emphasise how imminent this issue is for MRIs in these two states.

Note RSP funding structure changes were not modelled in the scenarios due to inconsistencies in how universities support and apportion RSP funding to affiliated MRIs.

Funding reform will mitigate imminent sector-wide crisis and align Australian Government funding for indirect costs with international comparators

Recommendations address inequities in funding structure and inadequate funding for full cost of research

On average, the Australian Government provides broadly less than 11 cents in every dollar of direct research funding delivered through NHMRC and MRFF.

Implementation of the recommendations will raise the this contribute to at least 40 cents in every dollar of NHMRC and MRFF direct research funding.

Delivering the following funding reform modelled in the optimal funding scenario will achieve sustainability and security for MRIs.

1. Increase the **total disbursement of MRFF funding to $1,055m/year** as recommended by the MRFF Board.
2. Introduce **indirect cost funding for MRFF grants at an allocation of 40 cents** for every dollar of MRFF grant funding received by an MRI.
3. Increase the allocation of **IRIISS funding to 40 cents** for every dollar of NHMRC grant funding received by an MRI.
4. Increase the total allocation of **IRIISS funding from $33m/year to $70m/year** to ensure MRIs can receive the full allocation of funding.
5. Introduce **indirect cost funding for other Australian Government medical research grants at an allocation of 40 cents** for every dollar of Australian government grant funding received.
6. Increase the **Personnel Support Package rates** for Australian Government grants to align with actual research salaries
7. Establish a consistent **framework for the distribution of RSP funding** that MRIs can access through universities.

06

CASE STUDIES: THE IMPACT OF AUSTRALIAN MEDICAL RESEARCH

This section illustrates the benefits of further funding with real-world examples of MRI research. Each case shows the impact delivered, the indirect cost enablers required, and what is at risk, or what could be expanded. The aim is to make the impact tangible and relevant for policymakers.

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1

Children's Cancer Institute

ZERO Childhood Cancer

Zero helps more children return to school, sport and everyday life by accelerating answers and supporting clinicians to improve treatment pathways.

The Zero Childhood Cancer Program (ZERO) is Australia's national precision medicine program that reads each child's tumour DNA and RNA and attempts to match them to the therapies that are more likely to work. Delivered in partnership by Children's Cancer Institute (CCI) and the Kids Cancer Centre at Sydney Children's Hospital, Randwick, ZERO brings clinicians and scientists together to combine genomics and data science.

Children whose treatment was guided by ZERO were more than twice as likely (26% vs 12%) to be progression-free at two years than those given standard treatment, with a 55% objective clinical benefit. **For children and families, this means more time in the classroom, and less time in hospital**.

ZERO integrates comprehensive multiomic profiling, including whole genome sequencing (WGS), RNA sequencing, and methylation analysis, supported by advanced bioinformatics and skilled curation to generate reports for treating clinicians.

Functional drug screening and preclinical models complement genomic profiling by uncovering additional treatment strategies.

ZERO has evolved from a pioneering partnership between Children's Cancer Institute, and the Kinghorn Centre for Clinical Genomics, Garvan Institute of Medical Research in 2016 into a world leading Precision Medicine Program for children with cancer. $4 million established the Lions Kids Cancer Genome Project which enabled ZERO's first precision medicine study to undertake WGS on the tumours of the first 400 children enrolled in the program. From the outset, Children's Cancer Institute has carried significant financial responsibility for delivering the program, often absorbing costs not covered by external funding.

Current funding arrangements

In 2020, the MRFF and Minderoo Foundation invested $67 million over 5 years to scale the program nationally, though Children's Cancer Institute continued to carry significant unfunded costs to maintain delivery. The Australian Government's latest **$112.6 million** commitment marks major progress in funding the program's ongoing impact for 2025–2028, and a growing recognition of what's required. Australian Government funding for the full cost of research of programs like ZERO will help to maintain the support required to improve research and maximise health impact.

1

Children's Cancer Institute

ZERO Childhood Cancer

Zero Childhood Cancer exemplifies what's possible when targeted funding meets scientific excellence.

To sustain programs of this scale and impact, Australia must fund the full costs, both direct and indirect, of delivering world-leading research. Anything less asks MRIs to subsidise national health priorities, an unsustainable model that ultimately constrains the scope and longevity of these transformative programs.

Key achievements to date

Over 2800 children

enrolled since its inception and counting

23 clinical trials

(5 direct, 18 indirect) have been enabled by this program

9 Australian paediatric centres

partnered to contribute to program's national scope

Zero is delivering for children, families and Australia with:

Faster answers, better decisions

ZERO has identified the molecular basis of each child's cancer over 90% of the time through comprehensive multiomic profiling. Reports are issued in under four weeks, and for high risk, complex cases, personalised treatment recommendations are typically provided for more than 70% of children, within eight weeks.

Real treatment gains

Precision care delivers measurable tumour responses and stabilisation where options were once limited.

More trials, more access

The program has supported access to national and international trials, connecting eligible children to emerging therapies through its collaborative network.

2

Menzies School of Health Research

Diabetes across the Life Course

Breaking the cycle of intergenerational diabetes in Aboriginal and Torres Strait Islander communities.

Research conducted by Menzies School of Research has shown very high rates of diabetes among Aboriginal and Torres Strait Islander Australians across central and northern Australia. In the Northern Territory, Menzies found a growing number of women with diabetes in pregnancy. These children exposed to diabetes in utero are more likely to develop type 2 diabetes early in life than those who are not. This rapid rise in early-onset type 2 diabetes is particularly concerning as it signals an intergenerational epidemic for Aboriginal and Torres Strait Islander Australians.

Menzies research aligns with findings from other countries with similar histories of colonisation of Indigenous peoples. Their research is working to disrupt this cycle through early-life prevention: before conception, during pregnancy and throughout childhood to reduce the gap of health inequality.

The Northern Australia Partnership began in the Northern Territory in 2011 as a collaboration between researchers, policy makers and health service providers. It aims to improve systems of care and services for people with diabetes across central and northern Australia. Initial funding supported the NT Diabetes in Pregnancy Partnership. In 2015, additional funding enabled expansion into Far North Queensland and collaboration with Canadian researchers. In early 2019, the Partnership was renamed DIABETES across the LIFECOURSE: Northern Australia Partnership.

Current funding arrangements

Total NHMRC funding awarded since the Partnership's establishment in 2011: **$12,327,546**

From 2019 to 2025 funding has included:

- 5 MRFF projects totaling **$11,050,013**
- 3 NHMRC projects totaling **$8,752,158**
- 1 Department of Health (Australian Government) project totalling **$3,870,000**

Sustained impact requires dedicated investment in engagement and knowledge sharing

A critical factor for the ongoing success of this program is securing adequate resources for meaningful community engagement and effective dissemination of findings. These activities are resource-intensive and, in our remote Australian context, are often particularly challenging to fund at the level required.

2

Menzies School of Health Research

Diabetes across the Life Course

This work is addressing a damning trend

- This population is three times more likely than the general population to have type 2 diabetes.
- In central Australia, 40% of remote Aboriginal adults have diabetes, the highest rate ever recorded globally.
- Aboriginal and Torres Strait Islander people have the highest rates of youth-onset type 2 diabetes worldwide.
- High rates of youth-onset type 2 diabetes among female individuals have led to a prevalence of pre-existing diabetes in pregnancy as high as 8.4% among pregnant Aboriginal women in central Australia.

Community-driven and capacity-building approach:

Menzies research is guided by Aboriginal and Torres Strait Islander community priorities, with many projects co-designed to deliver local benefits. The Partnership's 50 staff include 25 Aboriginal or Torres Strait Islander team members, ensuring meaningful outcomes including:

Stronger maternal health through targeted interventions

The program improved early identification of diabetes in pregnancy among women at high risk, achieving an 80% increase in the Northern Territory. It strengthened early screening practices, leading to a 20% increase in earlier diagnoses. It also enhanced clinical care and improved data collection on maternal and infant outcomes through the implementation of the Northern Territory and Far North Queensland Diabetes in Pregnancy Clinical Registers and Models of Care.

Reducing the gap of health inequality

The program has supported the advancement of intergenerational health equality through building health system responsiveness and capability, further defining research priorities in genuine partnership with communities, and introducing innovative co-designed health promotion programs.

Directing better policy, state and national

The program has shaped government policy, audit policies of the Australasian Diabetes in Pregnancy Society, the National Diabetes Strategy and the priorities of the Northern Territory Diabetes Network. Research knowledge translation into clinical guidelines ensures that clinicians are cognisant of factors relating to intergenerational diabetes.

3

Mater Research

Advancing Cancer Detection

Mater research is advancing cancer detection and treatment through targeted and innovative research.

Mater Research is delivering impactful contributions to cancer biology through a series of projects focused on improving the detection, diagnosis, and treatment of high-burden cancers. Each year, over 150,000 Australians are diagnosed with some form of cancer.[42]

These initiatives which are targeting bladder, pancreatic, and ovarian cancers, are advancing both our understanding of cancer and our ability to diagnose and treat it more effectively.

Led by the Cancer Biology Research Group, researchers have identified molecular targets and biomarkers on cancer cells, particularly cell surface receptors that are enriched in cancerous tissues. These receptors are being harnessed to deliver radiation and cytotoxins, enabling both precise cancer detection and targeted treatment. This approach is proving valuable across multiple cancer types.

This research pipeline has already led to a clinical trial using a radio-imaging agent to guide targeted therapy for ovarian and bladder cancer, with promising potential for pancreatic cancer due to shared molecular features.

Current funding arrangements.

Funding sources include the NHMRC, MRFF, Mater Foundation, PanKind CSIRO with support from Biotech Incubator CUREator for bladder cancer, and UniQuest.

Over the past 10 year alone:

- **$4,775,484** in external grant funding of which $2,240,000 in indirect cost cover over this period
- **$900,000** estimated block grant funding obtained to offset indirect costs
- **$2,494,704** in philanthropic support is used for direct costs including research salary and project costs.

Mater research shows the transformative potential of combining targeted investment with scientific excellence.

To ensure programs of this quality and impact continue, Australia must commit to fully funding both the direct and indirect costs required to deliver world-class research.

3

Mater Research

Advancing Cancer Detection

As of 2022, 450,000 Australians were living with cancer.[43]

Mater Research's ongoing cancer research has been critical in improving our knowledge and understanding of cancer and investigating ways to better diagnose and treat cancer, with cancer research and survival rates coming a long way in Mater Research's 25-year history. Mater Research has made significant strides in recent years, and the impact of their research is expected to be far-reaching, both through their improved detection of cancer, enabling early intervention and innovative treatment methods.

Delivering impact: funding, innovation and clinical advances

Patient trials for seek-and-destroy approach to ovarian cancer.

Mater Research is undertaking a world-leading clinical trial of a groundbreaking new therapy for ovarian cancer.[44] This trial comes on the back of 24 years of research and development into the innovative approach. If successful, the therapy could be used to treat several common cancers, including a wide range of metastatic ovary, bladder, pancreas, breast, and lung cancers.

Improving the detection and treatment of bladder cancer.

Mater Research has developed a new approach to diagnose and treat bladder cancer, focusing on homing in on a specific protein.[45] Bladder cancer affects around 570,000 people in the world each year. This research will undergo a clinical trial in Queensland and is expected to lead to new treatment options for bladder cancer patients.

Research in the detection and treatment of pancreatic cancer.

In 2023, Mater Research was awarded a share of $1.8 million of funding from PanKind, the Australian Pancreatic Cancer Foundation, to undertake research into early detection and new treatments for pancreatic cancer.[46] Pancreatic cancer, only three out of 10 people will survive one year after diagnosis, and the current five-year survival rate is only 12.5%. This research is linked to Mater's previous research into ovarian cancer, which shares some of the same proteins as pancreatic cancer. Researchers are hoping this project could eventually lead to improved treatment for pancreatic cancer patients.

4

The Kids Research Institute Australia

Clinikids

Clinikids is australia's first fully integrated clinical-research service for autistic children and their families.

Autism affects 290,900 Australians, of whom 73% have a profound or severe disability and is a growing trend observed in adults and children.[47] Early evidence-based therapies and supports can play a critical role in helping children reach their full potential.

However, there is often a large gap and lengthy delay between the development of novel therapies and supports and their translation from research into practice.

The Kids Institute is working to address this need. CliniKids addresses this problem by integrating research within a fully functioning community clinic. A team of speech pathologists, psychologists, and occupational therapists work alongside researchers to develop, evaluate, and translate novel therapies to practice, through more than 800 appointments with children and families each month.

The proportion of children facing significant developmental challenges has increased across all areas, with rises **between 0.2% and 1.5%**. Three in five children with autism reaching school age are **unable to talk or communicate easily**, severely impacting their education and posing challenges for teachers needing to meet the needs of all students. 3% of Australians are diagnosed with autism, **up tenfold in past 20 years**.[48]

Comprehensive funding allows for greater impact on children and families.

CliniKids has received varied support through research grants to develop and evaluate a variety of therapy and support services. This has included NHMRC Investigator Grants and MRFF funded clinical trials.

However, translating research into practice through the CliniKids clinic has relied on Institute and philanthropic funding. Research funding provides the science, and the client fees for service cover clinician salaries, facilities, and consumables. But it is the missing link; the people and processes that make translation possible that remains unfunded.

Fully funding all costs associated with research including indirect expenses would significantly enhance the reach of the CliniKids model. Comprehensive coverage would also allow the program to scale. This approach would not only improve outcomes for children and families but also contribute to broader system reform by demonstrating the value of investing in early, evidence-based intervention at scale.

4

The Kids Research Institute Australia

Clinikids

Clinikids shows the value of aligning research excellence with sustainable funding for families.

To ensure programs of this quality and impact continue, Australia must commit to fully funding both the direct and indirect costs required to deliver world-class research. In doing so, this will advance CliniKids and help thousands of families and children receive greater support for their development.

The unique model gives families faster access to world-leading therapies that are neurodiversity-affirming, backed by research, and tailored to families' indivdual needs by:

Influencing and setting national standards

CliniKids has led the development of two National Guidelines that provide clinicians, practitioners, and policymakers with clear, evidence-based recommendations for assessment and support services. These guidelines aim to create consistency in care across Australia, ensuring that families receive interventions that are grounded in research and tailored to individual needs.

Driving early and effective intervention

Through the Inklings program, CliniKids is addressing developmental differences as early as possible. This program supports babies showing early signs of autism in their social interaction and communication development. It is now being trialed at scale in two states, with the potential to inform national strategies for early intervention and improve long-term outcomes for children and families.

Building workforce excellence

CliniKids is equipping clinicians across Australia and Aotearoa New Zealand with the skills to deliver world-leading, evidence-based therapies. By providing structured training and ongoing support, the program ensures that best-practice approaches are embedded in everyday clinical care, strengthening the capacity of the workforce to meet the diverse needs of autistic children.

07

APPENDICES

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APPENDIX A1: Australian Government grant comparison

The below table provides an overview of current Australian Government funding programs available to MRIs across Australia. It is a comparative overview of federal funding that underpins research activity, infrastructure and indirect cost recovery across the sector, each has established eligibility criteria.

Program	Program overview	Support Type	References
MRFF	A national investment fund established to support medical research and innovation aimed at improving health outcomes, strengthening the economy, and ensuring health system sustainability. It focuses on translational research and priority-driven areas through strategic funding allocations.	Competitive grant funding for priority-driven and translational research projects.	Department of Health, Disability, and Ageing, Medical Research Future Fund, 2025.
NHMRC	Australia's primary body for funding health and medical research, providing competitive grants to advance discovery, clinical, and public health research. It promotes research excellence and evidence-based improvements in health policy and practice.	Competitive research grants across discovery, clinical, and public health domains, including investigator-led research.	NHMRC, Funding, 2025.
IRIISS	A funding program that provides infrastructure support to independent medical research institutes holding NHMRC grants, ensuring the maintenance of essential facilities and operational capacity for high-quality research.	Infrastructure support funding for independent medical research institutes receiving NHMRC grants, covering some essential operational costs.	NHMRC, Grant program schemes, 2025.
Research Block Grants including RSP	An Australian Government funding mechanism that offsets unfunded indirect costs of research and supports higher degree research training at universities through systemic block funding based on performance indicators.	Systemic block funding to offset indirect research costs and support higher degree research training at universities.	Department of Education, Research Block Grants, 2025.
Higher Education Research Data Collection (HERDC)	A data collection framework that measures research performance in higher education institutions to determine proportional allocations of Research Block Grants, ensuring transparency and accountability in funding distribution.	A performance-based data collection and reporting framework that underpins the allocation of Research Block Grants.	Department of Education, Higher Education Research Data Collection, 2025.
Australian Research Council (ARC)	A national agency that funds fundamental and applied research across disciplines, promotes collaboration between academia and industry, and supports research infrastructure through competitive grant schemes such as Discovery and Linkage Projects.	Competitive grant funding for fundamental and applied research.	Australian Research Council, Funding Schemes, 2025.

APPENDIX A2: Jurisdictional grant comparison

This table provides a comparison of state and jurisdictional funding programs for MRIs. Each jurisdiction adopts distinct approaches to supporting research infrastructure and indirect cost recovery, with some offering dedicated programs and others relying solely on Australian Government schemes. Eligibility criteria and funding limits vary by program.

Jurisdiction	Program Support and Purpose	References
New South Wales	The MRSP delivers infrastructure funding to eligible independent medical research institutes. Its primary objective is to strengthen statewide capacity for conducting world-class health and medical research through strategic financial support.	NSW Office for Health and Medical Research, Medical Research Support Program Application Guidelines and program Details 2024-2028, 2024.
Victoria	The Operational Infrastructure Support Program provides targeted funding to cover essential infrastructure and organisational costs that underpin high-quality medical research activities.	Minister for Medial Research, 2023-24 Victorian State Budget Public Accounts and Estimates Committee, 2024.
Western Australia	The Future Health Research and Innovation Fund is a permanent funding mechanism that reinvests income to advance health and medical research and foster innovation within Western Australia.	WA Health, Future Health Research and Innovation Fund, 2025.
South Australia	South Australia does not operate a dedicated indirect cost recovery program. Support is primarily provided through Australian Government schemes such as the MRFF and the NHMRC, supplemented by small targeted health grants (e.g., Allied and Scientific Health Seed Funding), which generally cover direct costs only.	SA Health, Seed Funding for allied and scientific health research or quality improvement projects, 2025.
Queensland	Queensland does not have a dedicated indirect cost recovery program. Instead, Queensland Health offers Clinical Research Fellowships and Capacity Building Grants, which provide limited coverage for direct research costs but exclude institutional overheads.	Queensland Health, Clinical Research Grant Round 2025 Funding Guidelines, 2025
Australian Capital Territory	Australian Capital Territory does not have dedicated MRI indirect cost recovery programs and rely on Australian Government funding schemes (NHMRC, MRFF). Each has a limited number of medical research institutes operating within its region.	N/A
Tasmania	Tasmania does not have dedicated MRI indirect cost recovery programs and rely on Australian Government funding schemes (NHMRC, MRFF). Has a limited number of medical research institutes operating within its region.	N/A
Northern Territory	Northern Territory does not have dedicated MRI indirect cost recovery programs and rely on Australian Government funding schemes (NHMRC, MRFF). Has a limited number of medical research institutes operating within its region.	N/A

APPENDIX A3: International grant comparison

This table provides a comparison of international research funding programs and their approaches to indirect cost recovery. Each program applies distinct indirect cost benchmarks and allocation models, ranging from flat overhead rates to institution-level formulas.

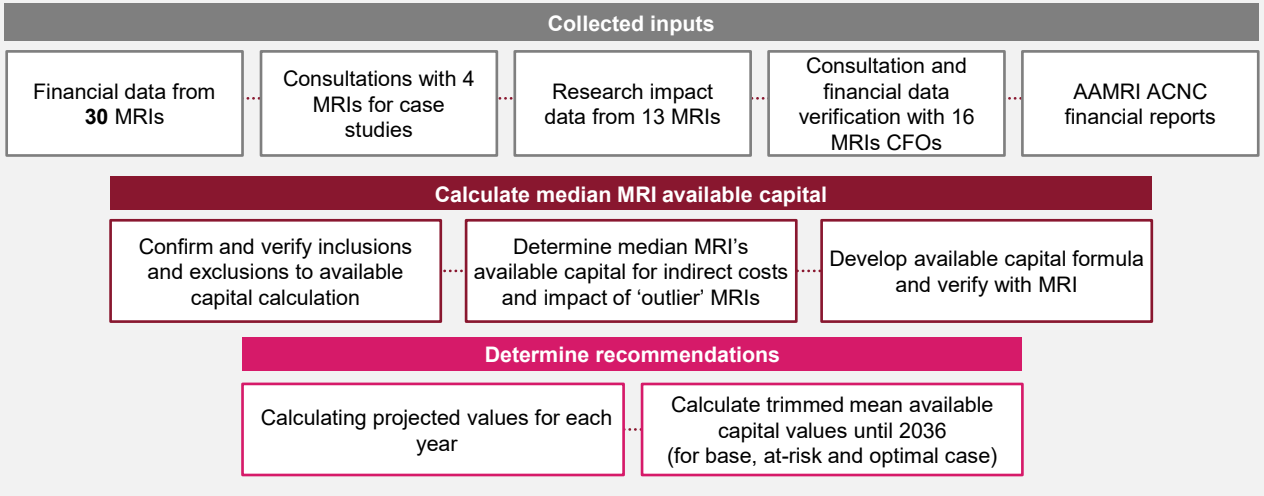
Country/program	Indirect cost benchmark (%)	Funding model	Additional funding conditions	References
European Union Horizon Europe (central funding program for research and innovation inc health research)	25%	Flat overhead on eligible direct costs	Excludes some cost categories; not applied to subcontracting and certain unit costs.	European Commission, FFG Guidance: Indirect Costs in Horizon Europe. 2024.
United Kingdom UKRI fEC/TRAC	80% (of the full economic costs)	Full economic cost model	UKRI funds ~80% of total cost, incl. direct and indirect costs; institutions cover the balance.	United Kingdom Research and Innovation, Principles of Full Economic Costing, 2025
Germany DFG Programmpauschale	22%	Flat overhead on eligible direct costs	Applied to DFG-funded projects; separate infrastructure streams exist.	Deutsche Forschungsgemeinschaft. Program and Funding Process. 2024.
France ANR grants (incl. préciput)	30% préciput to host institutions	Institution-level overhead support (préciput); project IDC typically 13.5–21% per call	Préciput complements project funding; acts as institutional indirect cost support; per-call/project rules vary.	Agence Nationale de la Recherche. Nouvelles modalités de versement des financements de l'ANR (préciput). 2024.
Canada RSF	22-58%	Institutional indirect costs via block allocation	Allocated using formula linked to grant income; flexible use at institutional level. Average of 22% across all MRIs, small to medium receive up to 58%.	Government of Canada. Research Support Fund. 2024. Government of Canada. Evaluation of the Research Support Fund (RSF). 2020
Singapore NUS (external grants)	≥30% (external); 60% (contract research)	Overhead on eligible direct costs	University policy minimums; agency-specific rules may differ.	National University of Singapore. NUS External Grants Indirect Research Cost (IRC) Recovery. 2024.

APPENDIX B: Financial modelling methodology

Trimmed mean National Medical Research Institute available capital modelling

The diversity of Australia's MRIs across research areas, size, affiliations and funding circumstances meant that a trimmed mean provided a more informed representation of the sector. A trimmed mean was adopted to best reflect the sector, with MRIs with the bottom three and top three available capital removed from consideration. Six other MRIs were excluded due to their operational differences and negligible revenue from MRFF and NHMRC programs. Different methods of presenting the sector's challenges were explored:

- A median for available capital was determined for each year but the trend across applicable time horizon was inconsistent
- A representative median MRI based on the available capital did not adequately portray the diversity of MRIs nor the impact of changes to funding levers
- A sector-wide total or average available capital masked the financial circumstances of MRIs with less resources.



Key Sources

- AAMRI member survey data
- ACNC financial statements for iMRIs
- Targeted MRI financial data for endowments, indirect research cost and revenue allocation.

Assumptions maintained from rapid methodology

- The CAGR of 8.43% is representative of future growth in the full costs of research
- The CAGR of 6.95% is representative of future growth in the funding for the full costs of research
- The methodology does not account for potential future actions of MRIs, planned or unplanned.

Assumptions for revised methodology

- The methodology has applied only past data and does not account for future MRI plans.

Limitations

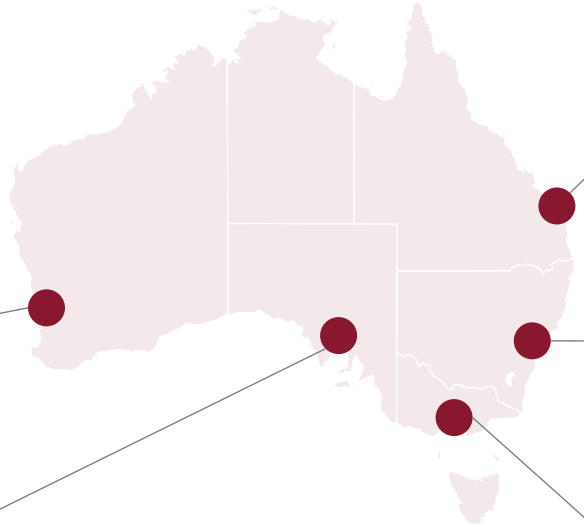
- Figures used in the financial model may have slight discrepancies with audited figures due to classifications of cost and revenue categories.

APPENDIX C: Participants by jurisdiction

Independent research institutes from across Australia participated this assessment of the Australian medical research institute sector's financial sustainability. Financial and operational data request was provided to all medical research institutes based on available information from AAMRI. Further consultation to verify financial data was conducted with MRIs based on their financial data responses and geographical location. No responses were received from TAS, ACT or NT.

AUSTRALIA

Total number of MRIs: 55
Number of financial data responses: 30
Number of operational data responses: 16
Number of MRIs approached for consultation: 16
Number of consultations conducted: 13



QLD

Number of financial data responses: 2
Number of operational data responses: 1
Number of MRIs approached for consultation: 2
Number of MRIs consulted : 1

NSW

Number of financial data responses: 12
Number of operational data responses: 7
Number of MRIs approached for consultation: 4
Number of MRIs consulted : 4

VIC

Number of financial data responses: 11
Number of operational data responses: 6
Number of MRIs approached for consultation: 6
Number of MRIs consulted : 5

WA

Number of financial data responses: 3
Number of operational data responses: 1
Number of MRIs approached for consultation: 2
Number of MRIs consulted : 2

SA

Number of financial data responses: 2
Number of operational data responses: 1
Number of MRIs approached for consultation: 2
Number of MRIs consulted: 1

APPENDIX D: References

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