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Australian Academy of Science submission on the
Review of Philanthropy

The Australian Academy of Science welcomes the opportunity to comment on the Productivity Commission's *Review of Philanthropy*.

The Academy submits:

- Philanthropic donations to support long-term institutional core capabilities, rather than discrete project funding, enables pursuit of strategic objectives and institutional ability to respond to challenges.
- Australia does not enjoy philanthropic support of science at the level seen in comparable countries. Australia should learn from international examples to develop robust and complementary science funding models at scale, for example, philanthropic funding for science in the US is on par with federal research funding, with philanthropic groups contributing US$30 billion annually to science.[1]
- Philanthropy can support and supplement government investment in national public good science infrastructure that is beyond the scope of government investment but needs to remain independent.
- The Productivity Commission should conduct or commission research on how current philanthropic funding practices in Australia influence research focus and practices in science, technology, engineering and mathematics fields.

The Australian Academy of Science is a not-for-profit organisation of individuals elected for their outstanding contributions to science and research. Since its creation by Royal Charter in 1954 and the first donations received to establish the Academy's Endowment Fund, donations and bequests to the Academy have been instrumental to allow us to maintain our independence.

The Academy receives philanthropic donations to support its strategic objectives including convening the country's scientific experts and synthesising evidence to provide independent science advice to government and other decision makers, supporting the continuation of science capabilities in Australia, nurturing early and mid-career researchers, shaping the science sector, and contributing to and providing leadership in the international science network. The Academy also receives government funding for some of its activities, usually targeted towards specific projects.

Philanthropy for long-term institutional capability building

A major opportunity for Australia is to scale philanthropic donations that support long-term institutional core capabilities to build a robust and resilient not-for-profit sector. Capability support of sound not-for-profits allows organisations to be nimble, strategically respond to emerging challenges, and be more effective than what is possible via specific project funding. In short, funding institutions, not projects, leads to long term impact and sustainability.

Decades ago, the US National Academy of Sciences (NAS) was dependent on government grants and contracts for nearly all operations but has now diversified funding through private philanthropy. Both individual donors and philanthropic foundations have built up the NAS endowment, which is unrestricted in its use, enabling the NAS to pursue activities that best support their role as an independent scientific adviser. This approach builds societal trust as advice is drawn from independent and reliable sources.

[1] Shekhtman, L. M., Gates, A. J., & Barabási, A. L. (2022). Mapping Philanthropic Support of Science. arXiv preprint arXiv:2206.10661.

A recent and rare example of philanthropy providing long term capability funding in Australia, is the establishment of Watertrust Australia Ltd, a trusted knowledge broker in the national water policy space. Watertrust Australia is funded by a coalition of philanthropic organisations working together to provide the financial support needed for it to operate at scale for at least ten years. This model is illustrative of the potential appetite for institutional capability funding of this scale by philanthropic sources.

Both the Ian Potter Foundation and the Myer Foundation are contemporary and strategic philanthropic foundations, who are pivoting their giving approach to increasingly support institutional core capabilities so recipient organisations can be more nimble and have greater capacity to address strategic challenges and maximise impact. Further development of Australia's philanthropic sector in this direction is needed such that private ancillary funds (PAFs) can deploy their balance sheets in addition to providing grant funding, which would assist in the creation of a more empowered not-for-profit sector that can more readily achieve self-sustainability. Although the regulatory environment exists for PAFs to pivot their giving practices, this may require awareness-raising. The Academy suggests that the Productivity Commission conduct or commission research on how current philanthropic funding practices in Australia influence research focus and practices in science, technology, engineering and mathematics (STEM) fields to inform development of the sector.

Philanthropy supporting the science and research enterprise to complement government funding

Australia does not enjoy philanthropic support of science at the level seen in comparable countries, with over-reliance on government funding to support science capability. International comparisons show that Australia has not yet achieved the scale of effort required to develop robust and complementary science funding models. For example, philanthropic funding for science in the US is on par with federal research funding, with philanthropic groups contributing US$30 billion annually to science.

A strong science sector relies on long-term, consistent, and coherent funding. However, overall R&D expenditure as a proportion of GDP has fallen over the past decade in Australia and government investment in R&D is at a historic low at 0.49% of GDP.

Growing philanthropy in Australia's STEM sector would enable support for education in STEM throughout the learning journey, the delivery of innovative scientific research in national and international areas of significance, investment in enabling research infrastructure and STEM programs at scale and with impact. Support that allows flexibility would also allow researchers to conduct ground-breaking research projects not in the mainstream and respond to challenges along the research process.

Philanthropy can help overcome limitations with government and industry investment, such as high competition for small pools of grant funding, low-risk appetite and lack of support for long-term transformative and fundamental research, which will not have immediate economic returns. Philanthropic funding can be more open to flexibility, pursuing new and early-stage research programs, experimentation and innovative ideas.

Historically, philanthropy has played an important role in founding many Australian research centres, such as the Burnet Institute, the Garvan Institute of Medical Research, Walter and Eliza Hall Institute and the Queensland Brain Institute. Most recently the Cumming Global Centre for Pandemic Therapeutics was established due to a significant contribution by the Cummings Family and supplemented with government funding to assist in future pandemic preparedness and rapid therapeutic development. Importantly, it provides long term security for the centre and long-term contracts for researchers so that they are able to focus on bold ideas and research outcomes, not research grant applications.

In the UK, the Wolfson Foundation has supported the Royal Society since 1959 and currently supports research professorships and fellowships. Royal Society Wolfson Fellowships provide long-term, flexible funding for senior career researchers. This is jointly funded by the Wolfson Foundation and the UK Department of Business, Energy and Industry. Another example is the Wellcome Trust, which supports discovery research in health, including climate change, infectious diseases, and mental health.

In addition, government is now challenged with the increasing costs associated with providing and maintaining major public scientific infrastructure such as supercomputing facilities, astronomical infrastructure, and facilities required for earth observation and meteorological purposes. Such public good infrastructure needs to remain independent rather than privately owned, particularly where Australia enters into international data collection and sharing agreements. Partnerships between the philanthropic and government sectors are suited for such investments and serve the national interest.

To discuss or clarify any aspect of this submission, please contact Mr Chris Anderson, Director Science Policy at Chris.Anderson@science.org.au.