



Request for budget analysis

Alternative MRFF disbursements allocated to the ten year medical research plan		
Person/party requesting the analysis:	Dr Monique Ryan MP, Member for Kooyong	
Date analysis completed:	17 September 2025	
Expiry date of the analysis:	Release of the next economic and fiscal outlook report	
Status at time of request:	Submitted outside the caretaker period	
	<input checked="" type="checkbox"/> Confidential – <i>Authorised for public release on 29 September 2025</i>	<input type="checkbox"/> Not confidential
<p>Summary of request:</p> <p>The request sought details of the Medical Research Future Fund's (MRFF) expected performance and balances over the next 10 years, with 3 scenarios for the level of disbursement from the fund from 1 July 2025:</p> <ul style="list-style-type: none">• Scenario 1: \$650 million disbursed yearly• Scenario 2: \$750 million disbursed yearly• Scenario 3: \$1 billion disbursed yearly		

Overview

A breakdown of the closing balance of the MRFF in the baseline for each year of the forward estimates is published in Table 9.B.1, page 314 of [Budget Paper 1, 2025-26 Budget](#). The Department of Finance (Finance) provided a more detailed breakdown of these estimates, which formed the basis of the Parliamentary Budget Office's (PBO's) analysis. From the MRFF's current balance of \$24.1 billion in 2024-25 in nominal terms, PBO's analysis indicates the following:

- Scenario 1: With \$650 million annual disbursements (baseline), the MRFF is projected to grow to \$35.4 billion by 2035-36.
- Scenario 2: With \$750 million annual disbursements, the MRFF is projected to grow to \$33.9 billion by 2035-36.
- Scenario 3: With \$1 billion annual disbursements, the MRFF is projected to grow to \$30.1 billion by 2035-36.

In addition, the PBO projects that the yearly 'breakeven' disbursement, where the balance of the fund would remain at around its current level over the next 10 years in nominal terms, would be approximately \$1.4 billion. Note that currently the Future Fund Board must maintain the MRFF above \$20 billion, which is the cumulative contributions to by the Government to date.¹ A scenario in which

¹ See [Medical Research Future Fund | Department of Finance](#).

disbursements return the balance of the fund to its original nominal level over the next 10 years would result in the value of the MRFF declining in real terms.

Background

The MRFF was established on 26 August 2015 by the [Medical Research Future Fund Act 2015](#). The MRFF was created to be a perpetual fund capable of generating income over the long term, with the purpose of providing grants to support medical research and medical innovation. The Commonwealth has contributed \$20 billion to the fund since its inception in August 2015. The MRFF has historically outperformed its benchmark rate of return. As at 31 March 2025, the fund has achieved a nominal average yearly rate of return of 4.9% since inception, against a benchmark rate for that period of 3.3%.

Uncertainties

The projections for the fund balance under each scenario are highly uncertain and rely on the underpinning assumptions, including the rate of return and costs of the fund.

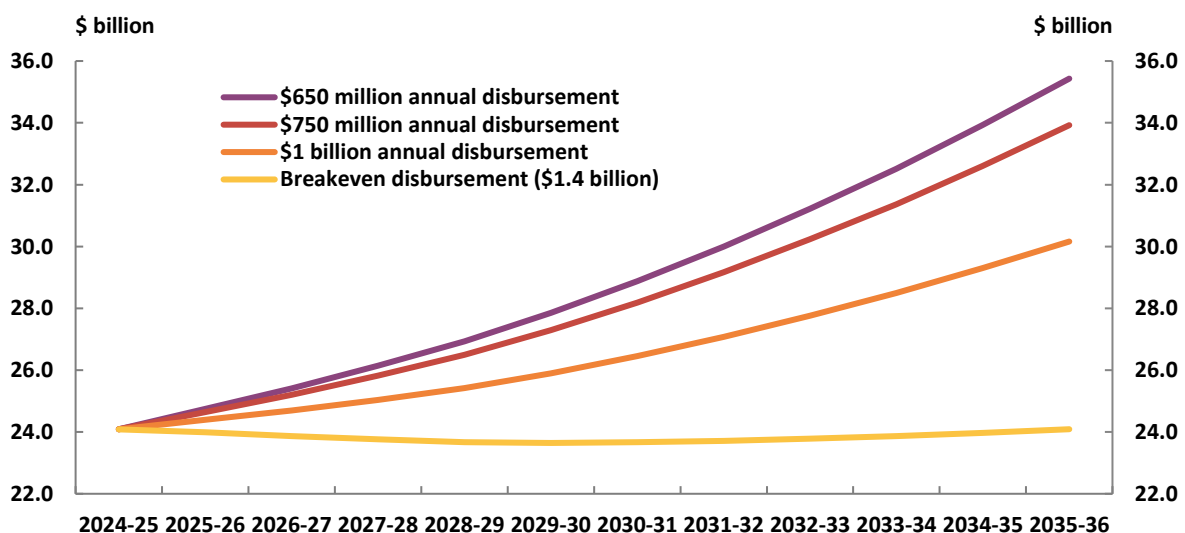
Key assumptions

The PBO has made the following assumptions in preparing this analysis:

- The fund will achieve its mandated rate of return of 1.5% to 2.0% above the cash rate on average over 10 years.
- Management and indirect administrative fees will remain at a level of 0.33% of the fund's balance.

A graphical depiction of the MRFF performance under each disbursement scenario is provided at Figure 1 below. The performance of the MRFF in each scenario is provided in detail at Attachment A.

Figure 1: Medical Research Future Fund's value under each disbursement scenario



Methodology

The 2024-25 MRFF closing balance was taken as the initial value of the fund for each scenario. The requested scenarios were modelled as per the parameters set out in *Key Assumptions*, with the only variation being the disbursement amounts.

A fourth scenario was modelled representing the breakeven disbursement. At this level of disbursement, the closing balance of the MRFF in 2035-36 is approximately equal to the initial balance of \$24.1 billion in 2024-25 in nominal terms. This level of disbursement is approximately \$1.4 billion per year.

Data sources

Commonwealth of Australia (2025) *2025-26 Budget*, Commonwealth of Australia.

Commonwealth of Australia (2025) *2025 Pre-election Economic and Fiscal Outlook*, Commonwealth of Australia.

Department of Finance (2025) [Medical Research Future Fund | Department of Finance](#), Department of Finance website, accessed 15 September 2025.

The Department of Finance provided information about the Medical Research Future Fund as at 8 April 2025.

Attachment A – Alternative MRFF disbursements allocated to the ten year medical research plan – MRFF scenarios

Table A1: Medical Research Future Fund Scenario 1: \$650 million yearly disbursement (\$m)

	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36
Opening Balance	23,076	24,088	24,743	25,409	26,141	26,934	27,851	28,877	30,000	31,216	32,510	33,916
Inflows												
<i>Credits</i>	-	-	-	-	-	-	-	-	-	-	-	-
Investment Gains												
<i>Interest</i>	-97	970	979	1,027	1,072	1,160	1,239	1,309	1,377	1,434	1,516	1,583
<i>Gains/losses</i>	1,833	416	420	440	459	497	531	561	590	614	650	678
Total - inflows	1,736	1,385	1,399	1,466	1,531	1,658	1,770	1,869	1,967	2,048	2,166	2,261
Outflows												
<i>Disbursements</i>	650	650	650	650	650	650	650	650	650	650	650	650
Management Fees												
<i>Direct</i>	67	73	75	77	80	82	85	88	92	96	100	104
<i>Indirect</i>	7	7	8	8	8	8	9	9	9	9	10	10
Total - outflows	74	80	83	85	88	90	94	97	101	105	109	114
Closing Balance	24,088	24,743	25,409	26,141	26,934	27,851	28,877	30,000	31,216	32,510	33,916	35,413

- Indicates nil.

Table A2: Medical Research Future Fund Scenario 2: \$750 million yearly disbursement (\$m)

	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36
Opening Balance	23,076	24,088	24,643	25,204	25,824	26,500	27,292	28,184	29,164	30,229	31,361	32,595
Inflows												
<i>Credits</i>	-	-	-	-	-	-	-	-	-	-	-	-
Investment Gains												
<i>Interest</i>	-97	970	975	1,018	1,059	1,142	1,214	1,277	1,339	1,388	1,463	1,521
<i>Gains/losses</i>	1,833	416	418	436	454	489	520	547	574	595	627	652
Total - inflows	1,736	1,385	1,393	1,455	1,512	1,631	1,734	1,825	1,912	1,983	2,089	2,173
Outflows												
<i>Disbursements</i>	650	750	750	750	750	750	750	750	750	750	750	750
Management Fees												
<i>Direct</i>	67	73	75	77	79	81	83	86	89	93	96	100
<i>Indirect</i>	7	7	7	8	8	8	8	9	9	9	9	10
Total - outflows	74	80	82	84	86	89	92	95	98	101	105	110
Closing Balance	24,088	24,643	25,204	25,824	26,500	27,292	28,184	29,164	30,229	31,361	32,595	33,908

- Indicates nil.

Table A3: Medical Research Future Fund Scenario 3: \$1 billion yearly disbursement (\$m)

	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36
Opening Balance	23,076	24,088	24,393	24,690	25,033	25,415	25,894	26,452	27,076	27,761	28,489	29,291
Inflows												
<i>Credits</i>	-	-	-	-	-	-	-	-	-	-	-	-
Investment Gains												
<i>Interest</i>	-97	970	966	998	1,026	1,095	1,152	1,199	1,243	1,275	1,329	1,367
<i>Gains/losses</i>	1,833	416	414	428	440	469	494	514	533	546	569	586
Total - inflows	1,736	1,385	1,379	1,425	1,466	1,564	1,645	1,712	1,776	1,821	1,898	1,952
Outflows												
<i>Disbursements</i>	650	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Management Fees												
<i>Direct</i>	67	73	74	75	76	77	79	81	83	85	87	90
<i>Indirect</i>	7	7	7	8	8	8	8	8	8	8	8	9
Total - outflows	74	80	82	83	84	85	87	89	91	93	96	98
Closing Balance	24,088	24,393	24,690	25,033	25,415	25,894	26,452	27,076	27,761	28,489	29,291	30,145

- Indicates nil.

Table A4: Medical Research Future Fund Scenario 4: Breakeven disbursement (\$m)

	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36
Opening Balance	23,076	24,088	23,990	23,864	23,759	23,669	23,644	23,664	23,714	23,787	23,866	23,973
Inflows												
<i>Credits</i>	-	-	-	-	-	-	-	-	-	-	-	-
Investment Gains												
<i>Interest</i>	-97	970	950	964	974	1,020	1,052	1,072	1,089	1,092	1,113	1,119
<i>Gains/losses</i>	1,833	416	407	413	417	437	451	460	467	468	477	479
Total - inflows	1,736	1,385	1,357	1,377	1,391	1,457	1,502	1,532	1,555	1,561	1,590	1,598
Outflows												
<i>Disbursements</i>	650	1,402	1,402	1,402	1,402	1,402	1,402	1,402	1,402	1,402	1,402	1,402
Management Fees												
<i>Direct</i>	67	73	73	73	72	72	72	72	73	73	73	73
<i>Indirect</i>	7	7	7	7	7	7	7	7	7	7	7	7
Total - outflows	74	80	80	80	80	79	79	80	80	80	80	81
Closing Balance	24,088	23,990	23,864	23,759	23,669	23,644	23,664	23,714	23,787	23,866	23,973	24,088

- Indicates nil.