

Robyn Denholm (Chair)
Emeritus Professor Ian Chubb
Winthrop Professor Fiona Wood
Dr Kate Cornick

Re: Strategic Examination of R&D issues papers and final report

Dear Ms Denholm and SERD Panel members,

Science & Technology Australia (STA) thanks the Strategic Examination of R&D (SERD) Panel for the months of work so far conducted on this critical review of Australia's R&D system.

We appreciate the far-reaching scope of this review, and the range of stakeholders, perspectives, government departments and programs involved.

We note that the primary goal of this review has been to explore ways to boost Australia's business expenditure on R&D (BERD). This was a key theme in the initial discussion paper, and also prevalent throughout the six issues papers now published.

While the issues papers contain some solid suggestions to support greater business R&D – or research, development and innovation (RD&I) – in Australia, we are deeply concerned that this goal has overshadowed other critical components of Australia's R&D system.

The SERD was billed as – and is – a once-in-a-generation opportunity to transform Australia's R&D sector, and establish a strong RD&I capability for the decades to come. **And indeed, it must.** The economic and productivity imperatives are real; the environmental obligation is urgent; the sovereign capability and national resilience priority is paramount.

Australia's full RD&I sector must be honed, supported and deployed to address these needs. The final SERD must deliver recommendations to Government that will bolster not just business development, but also the fundamental research that underpins all subsequent RD&I. The new ideas that – in the words of the Productivity Commission – are the 'feedstock of growth'.

Based on the issues papers' content, **STA is deeply concerned the SERD will not deliver on this critical need to boost Australia's discovery research capability, nor forge better connections across the entire RD&I system.** There is no clear articulation of a vision or ambitious future state for Australia's research system.

Overemphasis on BERD and translational research

The strong focus on BERD seems to have skewed all proposals in the issues papers strongly towards translational research. Even in the paper specifically focused on foundational research, the vast majority of the proposals are in support of translational – not foundational discovery – research.

There is also a focus on commercialisation to the exclusion of policy translation. Collectively, the papers fail to acknowledge the contributions R&D must make to Australia's environmental, population health, social cohesion and urban design policy challenges.

Lack of support for discovery research and research infrastructure

Rather than leveraging this once-in-a-generation opportunity to supercharge Australia's discovery research capability, we find ourselves in the dire situation of questioning whether funding currently directed to discovery research is under threat, and in need of protection.

Other critical aspects of Australia's RD&I system have also been largely neglected. Australia's research infrastructure system currently delivers crucial world-class capabilities that underpin Australia's RD&I

endeavour, across the research sector, government and industry. The development of the 2026 National Research Infrastructure Roadmap – a process integral to ensuring Australia’s researchers continue to have access to essential research infrastructure – has been put on hold in anticipation of the SERD findings. At the same time, funding cliffs for government appropriations supporting research infrastructure rapidly approach.

Based on content in the issues papers, the SERD recommendations will not speak to boosting, or even properly securing Australia’s research infrastructure funding at current levels. Nor does the process look at the unique research infrastructure needs of industry, such as prototyping facilities that STA has advocated for.

The SERD final report must stress the urgency of committing to a long-term, secure investment in research infrastructure. This investment must reflect the cross-cutting nature of research infrastructure, and be discrete from piecemeal contributions that may potentially be channelled through strategic focus area funding streams.

Lack of clarity on how the proposed new system will improve cohesion and connectivity

The issues papers cover much ground concerning a new priority focused, national coordination system for RD&I, as well as several measures around incentives and tax settings to boost RD&I. However, given these are spread across several papers, with significant duplication and repetition they fail to properly describe a coherent, let alone transformative, system change. There is no acknowledgement of current programs that may be working well, or how the current system would be realigned and adapted to fit the new national coordination structure.

STA calls on the Panel to ensure the SERD final report achieves three primary goals:

- **Secure – and strengthen – Australia’s discovery research capability**, and Australia’s research infrastructure system. Skewing all funding towards translational work will jeopardise the knowledge generation that underpins all subsequent translation, commercialisation and innovation.
- Ensure RD&I pathways are **better connected and bridge the current gaps between foundational discovery work**, industry and societal engagement and future translation, commercialisation and innovation. This includes understanding the successes of current programs and how they could be improved and refined.
- **Reform the RDTI and other incentives** to strengthen Australia’s RD&I system. Implementing the RDTI as a credit within the financial year, that must be spent on further R&D, a collaboration premium for working with universities and SMEs, tightening eligible claims, and simplifying the administrative burden could all improve RDTI efficacy. Other incentives include tax concessions for businesses hiring PhD graduates, or developing Australian IP.

These goals are further outlined in the accompanying document, and in the STA responses to the issues papers, made on behalf of our 250,000+ strong membership.

We would appreciate the opportunity to discuss these issues more fully – please contact Louise Langhorn (ea@sta.org.au) to organise a meeting.

Sincerely,

Dr Kathy Nicholson
Chair, Policy Committee

Ryan Winn
Chief Executive Officer



Discovery and Foundational Research

- Ensure focus on excellence
- Align ARC and NHMRC schemes to cover all disciplines effectively, as a critical pipeline for translation, both in terms of commercial and policy success.
- Boost ARC and NHMRC budgets and ensure 80% of grant budgets support discovery research.
- MRFF to provide sufficient and appropriate contribution to indirect costs, including research infrastructure.

Rapid Translation and Commercialisation

- Continue and strengthen university research commercialisation programs (AEA, Trailblazers, Industry PhDs, Industry Fellowships).
- Refine leveraged investment programs (CRC, CRC-P).
- Improve access and transparency of research IP.
- Leverage government support with co-contributions.

Research and Development Incentives

- Reform RDTI:
 - implement FY credit approach
 - 20% university/SME collaboration and national priority premium
 - tighten claimable categories
 - remove revenue cap
 - simplify filing
- Attract and support venture building initiatives and deeptech venture capital.
- Legislate tax concessions for developing Australian IP
- Tax concessions for employing recent PhDs.
- Increase Government investment in, and deployment of, Australian R&D to solve policy and innovation challenges.

Workforce and Skills

- Enhance PhD training programs to drive more objective and impact focus.
- Support initiatives to diversify researchers' skills to develop commercial, translation and board readiness.
- Addressing foundational skills pathways from schools to build a robust STEM workforce commensurate with projected job and occupation growth.

Research and Development Infrastructure

- Adopt a renewed approach to national research infrastructure planning and implementation, with stronger governance and robustness, and secure funding.
- Establish a network of prototyping and pilot manufacturing capabilities across priority areas.