

SCIENCE & TECHNOLOGY AUSTRALIA

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Strategic Examination of R&D

Issues paper 4 – Investment and capital: growing investment and capital for RD&I

Science & Technology Australia (STA) thanks the Strategic Examination of R&D (SERD) Panel for the opportunity to respond to the SERD targeted issues papers.

STA is the peak body for the nation's science and technology sectors, representing nearly 150 member organisations and more than 235,000 scientists and technologists. We connect science and technology with governments, business and the community to advance science's role in solving some of humanity's greatest challenges.

Which of our proposals work well?

STA supports the intention to boost venture capital and investment to drive more Australian R&D through to innovation and new industries.

Leveraging current significant Commonwealth Government investment programs – i.e. the National Reconstruction Fund – is a sensible idea. This would deliver late-stage support for innovative companies and would help boost new industries' development.

STA also supports proposals to raise Australia's RD&I profile overseas to connect with investors. There is clearly a stronger role for Austrade to play, but the Panel should also consider how international research partnerships and funding programs also bolster Australia's innovation reputation. Australia's association with Horizon Europe could build new connections and pathways for collaboration in both research – and subsequent innovation and industry development – between Australia and countries across Europe.

The paper's proposals to adjust regulatory settings for Australia's superannuation system to boost investment in Australian innovation assets are sound. A strong standard for the superannuation performance test must be maintained, but a nuanced understanding of the time it takes for high growth potential companies, generated from RD&I efforts to generate high returns, would enable superannuation funds to deliver investment more deeply in these high-growth options – and articulate the details of these options and the potential benefit to customers.

Establishing pooled funds for investment in innovative startups, via specialised expert venture capital funds is also a sensible proposal. The VCs managing these investments must be underpinned by deep scientific expertise. STA, through its broad membership spanning the STEM sector would be an ideal conduit to source STEM expertise.

What could be improved and how?

This paper should explore more deeply the potential of the NRF as a significant funding stream the Commonwealth that can – and should – be deployed to support RD&I and the development of new Australian industries, build on Australian RD&I and Australian IP.

Strategic venture building and venture capital attraction initiatives should be planned, especially to support place-based or state-based strategic growth. Investment and capital are the best ways to grow critical mass for scaling up, and this happens around targeted precincts with growth funding.

While income-contingent loans are mentioned in paper 3, this paper is missing an exploration of how they could supercharge new business development and business RD&I. Tailoring them to startups alone would reduce opportunities for existing R&D businesses to scale up. These could assist businesses to build their capability to the scale required to access other opportunities such as the NRF.

To support Boards, superannuation funds and VCs to make better R&D-informed decisions Australia requires an uplift in science leadership at the nexus of business and science. This is different to science founders/entrepreneurial courses or sending scientists on the AICD Company Directors Course. There would be value in activities that equip scientists and technologists with the professional development skills to understand the reality of industry, so they can operate and navigate the space between the bench and boardroom. With its membership and in collaboration with industry leaders, STA has been progressing work on understanding the challenge and gaps in the supply and demand sides of science advice to industry leadership, and would welcome the opportunity to partner with Government to implement programs it has developed to enable this leadership and knowledge uplift.

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