

SCIENCE & TECHNOLOGY AUSTRALIA

POLICY SUBMISSION

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Strategic Examination of R&D

Issues paper 6 – Government as an exemplar

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.

Question 1 - Which of our proposals work well?

STA welcomes the Australian Government's focus on building a cohesive R&D sector. While the R&D sector innovates and develops ideas into reality the Government's role is to build on its foundational R&D elements including refining pathways, supporting the workforce and strengthening institutions. There is a need to centralise procurement strategy, and where appropriate decision-making, through National Cabinet to align initiatives at the national and state/territory levels. Regular reporting and targets on RD&I spend is necessary to support accountability. It is encouraging that the Panel is considering EU procurement targets to compare RD&I investment outcomes.

Setting up regulatory sandboxes to test and fast track innovation in real world scenarios is a sensible idea. Embedding this within existing procurement processes such as the NSW Small Business Innovation Research program could better address real world barriers. Similarly, scaling the Business Research and Innovation Initiative to increase opportunities for local firms to showcase their capabilities, in response to challenge-based programs, to government and industry would align with the Finance and Public Administration References Committee [Supporting the development of sovereign capability in the Australian tech sector](#) report recommendation.

STA agrees in principle with implementing better RD&I measures and data collection. When measuring outcomes, the TRL level should be considered, with discovery research measured by research excellence and later stages defined by impact in relevant outcome areas. Further, R&D sector integration can only be understood and improved upon when longitudinal outcomes are monitored. Understanding successful pathways that R&D initiatives take from discovery to translation and commercialisation would also support regulatory efficiency enhancements and help to better connect a fragmentary system.

Question 2 - What could be improved and how?

This paper does not fully explore the potential for government as an exemplar. Beyond leadership, regulatory efficiency and evaluating and measuring impact, the Government's role also encompasses supporting and advancing sovereign R&D for its own needs, guiding R&D policy, facilitating regulatory cohesion and incentivising to foster a vibrant R&D system.

This paper neglects to address the 14 government departments and more than 150 funding programs for R&D. They are disparate, confusing and create barriers to world class research realising

its potential. It is a Swiss cheese approach to identifying the current landscape. **The problems cannot be addressed if issues and current capabilities are not understood.**

Aligning all PFRA and university funding towards translational work will jeopardise the knowledge generation underpinning translation and commercialisation. This is a short-term approach. Their current capability to undertake discovery research should be protected, if not increased, with performance and incentives focused on research excellence.

The Panel should recommend strengthening and innovating programs that enable Government to be a R&D collaborator. Government should be an active R&D partner in CRCs and implement a new program supporting PhDs addressing departments' strategic policy needs, which sit outside the scope of PFRA and universities, building to the public service STEM pipeline. This could address issues like environment, housing and AI, and be coordinated through the Office of the Chief Scientist, like the successful Science Policy Fellows program.

Government must implement AI-enabled R&D to improve government processes, such as NDIS or housing approvals, with human oversight, to enable a smarter public service and redeploy APS staff to priority areas.

Government procurement processes are complex and time consuming for [businesses, who often find limited opportunities locally to become sustainable](#) pushing them to go overseas. This means losing IP, a high-quality workforce and in the end buying more expensive foreign owned solutions.

Foreign-owned brands and their subsidiaries are creating stiff competition for local R&D firms. STA agrees with Senator David Pocock's recommendation in the [Finance and Public Administration References Committee](#) report to update the definition of *Small and Medium Enterprises* in the Commonwealth Procurement Rules to be:

- headquartered in Australia
- at least 51 per cent owned by Australian shareholders
- at least 51 per cent governed by Australian directors, and
- not a subsidiary of a company that is not a sovereign Australian SME.

Ideally, a minimum percentage of the product being made in Australia should be explored, to support local R&D manufacturing, to limit offshoring work.

With non-corporate Commonwealth entities having to procure [at least 25% of contracts from SMEs](#), this change would significantly firm sovereign R&D capability and solutions to Government needs.

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