



AUSTRALIAN BUSINESS DEANS COUNCIL

## **ABDC submission**

### **DISCUSSION PAPER: STRATEGIC EXAMINATION OF R&D**

11 April 2025

The ABDC welcomes the Department of Industry, Science and Resources' Strategic Examination of R&D and the opportunity to give feedback on the discussion paper.

The Australian Business Deans Council is the collective voice of Australian university business schools, which educate 16% of all domestic students and 36% of the nation's international students.

Our 37 members teach and research the areas vital to the success of the businesses that underpin the economy. The ABDC's aim is to make business schools even better.

As their peak body, ABDC's role is to ensure that those with political, social, cultural and economic influence appreciate and support how business education contributes to Australia's future.

#### **1. What should an integrated, sustainable, dynamic and impactful Australian R&D system look like?**

The ABDC welcomes the strategic examination of the R&D discussion paper. An integrated, sustainable, dynamic and impactful Australian R&D system should be strategically aligned with national priorities.

Improving R&D collaboration between government, industry and universities requires addressing taxation, regulatory and cultural barriers.

Some of the ARC's work is encouraging. For example, the ABDC welcomes the NCGP's Prioritise scheme to direct resources toward high-impact areas like emerging technologies, sustainability, and national resilience.

ABDC member business schools are focusing on aligning institutional strategies with national priorities to maintain relevance and funding viability.

#### **2. What government, university and business policy settings inhibit R&D and innovation why?**

**Tax incentives:** There needs to more clarity around the tax incentives for business participation in research. Funding models should be dedicated to supporting industry-oriented research and covering real research costs. It would also be helpful to examine successful systems used in other countries to encourage and support active industry-university research and development.

The Government could consider broadening the current R&D incentive scheme to include a Research Development Levy that goes beyond commercialisation to underpin industry-partnered research in areas like business.

**Institutional measures and reporting:** University policy settings must be more agile and responsive to industry needs. The bureaucratic burden on industry partners to conform to university systems and data collection should be simplified.

The ABDC welcomes the ARC's restructuring of complex and fragmented funding models. This includes reducing the NCGP grant schemes from 15 to six and simplifying application processes.

**Culture and risk appetite:** The ABDC recommends changes to policy settings to address cultural issues inhibiting R&D and innovation. Industry and the public sector often have mismatched timeframes and risk appetites.

### **3. What do we need to do to build a national culture of innovation excellence, and engage the public focus on success in R&D and innovation as a key national priority?**

Underinvestment in R&D is a factor in Australia's low economic complexity. To build a national culture of innovation excellence requires greater appreciation of the contribution R&D and innovation make to Australia's prosperity and ability to respond to global challenges. R&D and innovation are critical in building resilience to climate change, transitioning Australia's economy to net zero and making the Australian economy more adaptable to exogenous shocks.

It is vital for government, industry, and universities to openly discuss the role that R&D and innovation play in advancing Australia's national interest. The ABDC welcomes the Department's discussion paper because it compiles evidence about Australia's relative lack of R&D investment, where systemic gaps can be addressed, and the need for coordination between government, universities and industry.

### **4. What types of funding sources, models and/or infrastructure are currently missing or should be expanded for Australian R&D?**

Many innovation-focused countries invest in research hubs or clusters that bring together industry and universities. For example, in the Netherlands they have hubs such as the Brainport Eindhoven (a high-tech cluster) and Security Delta (a cybersecurity hub) driving technological advancements and fostering collaboration between businesses, academia, and government.

### **5. What changes are needed to enhance the role of research institutions and businesses (including startups, small businesses, medium businesses and large organisations) in Australia's R&D system?**

The R&D ecosystem needs to be more attractive for industry partners. For example, we should address the often-incompatible timeframes of industry and universities when there is pressure for results in a shorter time.

### **6. How should Australia support basic or 'discovery' research?**

The ABDC supports the ARC's move to rationalise funding in the National Competitive Grants Program. If successfully implemented, many of the proposed changes will improve access to critical funding for early career researchers.

## 7. What should we do to attract, develop and retain an R&D workforce suitable for Australia's future needs?

**Make career paths more stable and attractive for early-career researchers:** Career instability and poor mobility between academia and industry are major issues. For example, DECRA scholars often leave academia for jobs in industry. The ABDC welcomes the structural changes proposed for the NCGP, which include critical initiatives like embedded fellowships and leadership programs.

In addition, the duration and sufficiency of PhD funding and stipends should be reviewed. Stipends for domestic students are too low and graduate job prospects can be challenging. The discussion paper notes the success of France's CIFRE scheme in comparison to Australia's National Industry PhD Program, particularly in employment outcomes. This, and lessons from similar programs, should be considered in a review of PhD funding.

**Universities have a leading role in developing research talent:** University hiring practices and career development programs should attract and retain early-career researchers.

## 8. How can First Nations knowledge and leadership be elevated throughout Australia's R&D system?

The ABDC supports strategies to elevate Aboriginal and Torres Strait Islander knowledge systems – particularly the recognition of data sovereignty. Indigenous knowledge and capability should be embedded in R&D initiatives, but this can only be achieved with a systematic and strategic approach.

## 9. What incentives do business leaders need to recognise the value of R&D investment, and to build R&D activities in Australia?

As noted above, Australia could learn from other countries that do this well.

## 10. What should be measured to assess the value and impact of R&D investments?

There are many global measures that have been developed and are widely used. It would make sense for Australia to use measures that have international comparability.