

Strategic Examination of R&D (SERD): response to consultation on Issues Papers
30 September 2025

About the consultation:

An independent panel, chaired by Robyn Denholm, is leading the Strategic Examination of R&D (SERD). The panel is consulting on issues papers to inform the strategic examination of Australia's research and development (R&D) system. The following responses will be submitted via an online portal available at this link: [Strategic Examination of Research and Development: issues papers - Department of Industry, Science and Resources](#)

PAPER 1: NATIONAL COORDINATION

[National coordination of RD&I impact](#)

The paper presents a model for national governance. It outlines focus areas to enable system-wide performance management and evaluation to support broader societal and economic outcomes.

Consultation questions:

1. What aspects of the proposed model work well?

AusBiotech strongly supports national coordination of RD&I. With programs and policies for the life sciences sector spread across nine different Federal Government portfolios alone, any progress towards a coordinated approach is welcomed.

Support for Focus: AusBiotech is supportive of the need to focus and prioritise RD&I investment to align efforts to address areas of national need and global opportunity. Globally, life sciences and biotechnology have become key pillars of major markets' industrial strategies, including the UK, USA, Canada, China, Singapore and South Korea. For Australia to maintain its competitive advantage in medical research and life sciences, strategic focus is urgently required. As such, when making prioritisation decisions, consideration should be given to Australia's relative strengths, sovereign capability and security requirements, as well as comparative advantages compared to our global peers.

Support for long-term policies: AusBiotech welcomes the proposed 10-year horizon for support, which is particularly important for the life sciences sector, with the average time to bring a new medicine to market 10-15years, and a medical device 7 years.

Support for reducing administration: AusBiotech supports an investment framework that maximises return on investment and value for money by ensuring funds are targeted at RD&I activity, rather than administration.

2. What could be improved and how?

Federal Coordination: The proposed structure does not address the need for cross-portfolio coordination/whole-of-government approach at the federal level; appropriately elevate the priority to a national or Ministerial level, in line with international counterparts; or give due consideration to the breadth of policy settings required to bring an innovation to market.

Currently, responsibility for the life sciences sector pipeline sits across nine different Federal Government portfolios, with no coordination. As previously proposed by AusBiotech, Medicines Australia and other stakeholders (and in line with many of international counterparts), we urge the SERD panel to recommend the establishment of an Australian Life Sciences Council, in partnership with industry and with cross government representation, which will lead the development and delivery of a National Life Sciences Strategy, and provide a whole-of-government approach.

National strategy: The proposed framework needs to be guided by an overarching national strategy for each 'Focus Area'. A whole-of-government National Life Sciences strategy would bring Australia in line with other countries competing for global investment and building their national capabilities. A strategy would encompass the whole health innovation pipeline, not just RD&I, including but not limited to procurement, clinical trials, regulation, health security and supply chain resilience, manufacturing as well patient health and wellbeing.

Continuity: AusBiotech welcomes the government's focus on strengthening RD&I through public investment to meaningfully "shift the dial." While simplification of funding programs and support is positive, AusBlotech does not support consolidation or changes to existing funding mechanisms that risk creating market uncertainty or undermine previous commitments.

Support beyond innovation: While the importance of translation is called out, the ability to "commercialise Australian innovation" should be given equal prominence and support. It is not clear from the structure outlined whether the 'Sub-Projects' under the 'Focus Areas' are expected to be all encompassing to also cover later-stage innovation pipeline activity, such as clinical trials, regulatory approval and manufacturing. If so, the model proposed would not be fit for purpose.

Agility in governance: given the rapid pace of innovation and shifting global competition for certain sectors, programs, funding and governance will require agility (both in project design and approval timings) to compete on the global a stage and to make the most of opportunities. Multistakeholder representation and input, including industry, as well as diverse representation on both the proposed Governance Board, and Focus Area Boards, will be critical to maximising the likelihood of successful outcomes. Finally, it will be important to guard against the process for awarding funding becoming overly administratively burdensome and time-consuming, noting the different governance levels and need for interaction between federal and state governments.

PAPER 2: SCALING THE SYSTEM

[Scaling the system: A proactive approach to scaling the RD&I system](#)

This paper is open for comment until 30 September. The paper presents a framework to radically accelerate and strengthen Australia's research, development and innovation (RD&I) system with a focus on how we create value, including economic impact, from our efforts.

Consultation questions:

1. What aspects of the framework work well?

AusBiotech supports measures to:

- Reduce the complexity and cost of applying for the R&D Tax Incentive (RDTI).
- Improve SME access to government procurement opportunities.

- Enhance the attractiveness of Australia as a destination for inbound investment from other advanced economies via tax incentives.
- Grow talent mobility and entrepreneurial skill development, including skills in commercialisation.
- Attract global talent, including VC and investment expertise and incentivisation of Australian tech talent to return to Australia.
- Incentivise domestic investment by:
 - i. Updating ESIC tests and reviewing its settings to make it more attractive to invest in local startups.
 - ii. Reduce barriers and establish incentives to facilitate superannuation funds to co-invest at the growth stage (e.g., series B+).

2. What could be improved and how?

Supportive business fundamentals across the innovation pipeline: To encourage onshore scaling of Australian innovation and to bring Australia into line with over 20 other countries, AusBiotech proposes the Australian Government introduce an R&D commercialisation incentive (or patent box) that would provide an internationally competitive concessional tax rate for Australian commercialisation of Australian-developed IP. This will:

- Provide a new financial incentive for research commercialisation and help improve Australia's competitiveness in the global R&D market.
- Help the growth of Australian ideas into successful businesses that deliver both health and economic returns for the nation.
- Bring Australia into line with many European countries who have patent box regimes, including Belgium, Cyprus, France, Hungary, Ireland, Lithuania, Luxembourg, Malta, the Netherlands, Poland, Portugal, Slovakia, and Spain, as well as non-EU countries, including the United Kingdom, Turkey, Albania, Serbia, and Switzerland.

Support for manufacturing and commercialisation: AusBiotech urges the panel to recommend that the Australian Government urgently establishes a tailored fund or creates a process and commits funding for unsolicited proposals from industry. Responding to intense global competition for biotechnology, medical technology and pharmaceutical capability, international governments have established significant and agile funding pools and incentives to attract the global life sciences industry to their nations. In Australia, there is a significant lack of support for life sciences companies seeking to manufacture and commercialise onshore. By introducing a tailored fund or a policy for unsolicited proposals, the Australian Government would provide life science companies (and others) - both local and international companies seeking to establish a presence in Australia – with clear parameters to submit proposals that align with the Government's priorities. It would also enable bids to be considered within a transparent framework, and within a framework that is agile to meet immediate opportunities within an intensively competitive global environment. In addition, the framework is missing a 'one front door' to attract foreign investment and capability to Australia. Note Treasury's proposal for a 'one front door'.

Connecting with regulatory and procurement: Creating greater connection and a clear line of sight between Australia's RD&I and the Australian regulatory and procurement environment. We note that the regulatory environment is not mentioned in the paper – regulatory approval is an essential and sometimes challenging step life, which can impede scaling and onshore commercialisation. Measures to streamline regulatory approvals should be included and noting that each sector's procurement

processes will be vastly different, sector-specific measures for procurement should also be included, for example, Health Technology Assessment reform and other health procurement processes.

More on talent and skills: The proposed framework should include flexibility to consider the unique requirements of focus sectors. For example, the need to expand the Global Talent Attraction Program to include VC and investment specialists, but other skills are required for the sector, including GMP and regulatory skills. In line with global counterparts, to strengthen talent and skills attraction, additional gaps need to be addressed, particularly financial incentives such as changes to Employee Share Schemes to support access to skills and global talent.

PAPER 3: RD&I INCENTIVES

[RD&I incentives: Incentivising breakthrough innovation and ambitious R&D](#)

This paper is open for comment until 30 September. The paper presents ways to enhance research, development and innovation incentives to foster greater ambition. It sets out how incentives, including the R&D Tax Incentive, can be better directed to support growth and achieve greater economic and social impact.

1. Tell us which of our proposals will work well.

AusBiotech strongly supports measures to:

- Strengthen the R&D Tax Incentive (RDTI), including:
 - Reducing the complexity and cost of applying for the RDTI
 - Extending support of the RDTI further down the pipeline
 - Creating a startup specific RDTI stream
- Reform of the RDTI by increasing or removing thresholds, including the removal of the \$150 million RDTI cap. As outlined in Mandala's July 2025 report *Unlocking Australia's R&D potential*, supported by AusBiotech member, Cochlear, the Business Council of Australia and Atlassian, this will create a stronger financial incentive for large innovative companies to invest in R&D in Australia and avoid artificially constraining the benefits of the program.
- Update the Early Stage Innovation Company (ESIC), noting the unique requirements of the life sciences sector – including the longer time periods to bring an innovation to market.

2. Tell us what should be improved and how?

Benchmark against international incentives: AusBiotech would urge the SERD panel to benchmark incentives against international best practice. This is important given the globalized and mobile nature of the R&D environment, as well as the rapidly evolving geopolitical context and the hunger for innovation.

Supportive business fundamentals across the innovation pipeline: There are several incentives globally that are considered 'business as usual', which Australia has not considered. To incentivise retention of Australian innovation and to bring Australia into line with over 20 other countries, AusBiotech proposes the Australian Government introduce an R&D commercialisation incentive (or patent box) that would provide an internationally competitive concessional tax rate for Australian commercialisation of Australian-developed IP. This will:

- Provide a new financial incentive for research commercialisation and help improve Australia's competitiveness in the global R&D market.

- Help the growth of Australian ideas into successful businesses that deliver both health and economic returns for the nation.
- Bring Australia into line with many European countries who have patent box regimes, including Belgium, Cyprus, France, Hungary, Ireland, Lithuania, Luxembourg, Malta, the Netherlands, Poland, Portugal, Slovakia, and Spain, as well as non-EU countries, including the United Kingdom, Turkey, Albania, Serbia, and Switzerland.

Incentivise manufacturing and commercialisation: AusBiotech urges the panel to recommend that the Australian Government urgently establishes a tailored fund or creates a process and commits funding for unsolicited proposals from industry. Responding to intense global competition for biotechnology, medical technology and pharmaceutical capability, international governments have established significant and agile funding pools and incentives to attract the global life sciences industry to their nations. In Australia, there is a significant lack of support for life sciences companies seeking to manufacture and commercialise onshore. By introducing a tailored fund or a policy for unsolicited proposals, the Australian Government would provide life science companies (and others) - both local and international companies seeking to establish a presence in Australia – with clear parameters to submit proposals that align with the Government’s priorities. It would also enable bids to be considered within a transparent framework, and within a framework that is agile to meet immediate opportunities within an intensively competitive global environment.

Any new requirements / eligibility not counterproductive: It is essential that any new requirements e.g. points test, eligibility criteria for the RDTI create industry confidence, predictability and are not counterproductive, and do not create additional administrative burden and are fit for purpose for the diverse range of industries’ needs.

Clarity of RDTI for international investment: The RDTI has been a significant factor in overseas companies, particularly in the life sciences sector, seeking to invest and establish R&D operations in Australia. However, the release of ATO’s guidance (Taxpayer Alert TA 2023/5) introduced considerable ambiguity around what constitutes an “appropriate” Australian owned structure, particularly in relation to the “by or for” rules governing related party arrangements, although the legislation has remained unchanged. We understand the lack of clarity has led to widespread uncertainty among international stakeholders. This has prompted companies to reassess entering the Australian market. This highlights the need for clear, consistent guidance on RDTI in an intensely globally competitive environment.

PAPER 4: INVESTMENT AND CAPITAL

[serd issues paper 4 growing investment and capital for RD I.pdf](#)

This paper is open for comment until 30 September. The paper presents opportunities to grow investment and capital in Australian research, development and innovation. This includes ways to increase the availability of venture capital to support startups and scaleups and reduce barriers to funds choosing higher Australian private equity exposure.

1. Which of our proposals work well?

AusBiotech supports measures to:

- Reduce regulatory complexity and create better connections.
- Enhance VC and investment expertise.
- Encourage superannuation funds to invest in Australian innovation.

- Update the ESIC tests, note this update should include lift in the cap
- Attract foreign investment, including leveraging AusTrade and through tax incentives.

2. What should be improved and how?

Improve the ‘national narrative’ proposal by creating whole-of-government national strategies for each Focus Area: Globally, the governments of peer nations are laser-focused and investing in health innovation industries at unprecedented levels. Australia does not have the same focus and is behind several other OECD nations that have already developed whole-of-government life sciences strategies, including the United Kingdom, France and the Republic of Korea. This is impeding Australia’s ability to show up on the global stage as a sophisticated partner, with consequences on our ability to attract investment.

National Life Science Strategy will:

- Highlight Australia’s life sciences capabilities and send a strong signal about the significance and value of life sciences innovation to the Australian economy.
- Enhance Australia’s reputation as a global leader and sophisticated partner in the sector, drive investor confidence and solidify our position globally.
- Establish clear priorities for development and commercialisation and identify gaps within the sector and in supply chains.
- Streamline policies and align efforts across state and territory governments, the Federal Government and industry.

An Australian Life Sciences Council should be established to develop and drive the strategy and provide whole-of-government coordination and strategic policy direction for Australia’s life sciences industry, including investment decisions, to unlock the full potential of our industry and ensure it delivers against national health, economic and national security priorities.

A ‘one front door’ for foreign investment has also been proposed by Treasury. This model should be reviewed and adapted for application within the RD&I framework and Focus Areas. It is essential that specialist sector specific experts ‘sit behind the door’.

Targeted education and engagement for superfunds: Any changes to APRA’s performance test, along with other member-related changes, should be accompanied by targeted education and engagement for both funds and members to help shift entrenched patterns of institutional investment allocations. This includes helping members understand longer-term investments in non-traditional sectors. Importantly, granting permission alone is unlikely to alter existing investment behaviours without proactive engagement.

Support for pooled investment vehicles (“funds of funds”) for superfunds: Canada and UK examples show that government or anchor support would be required.

Public investment funds should be agile to address the specific needs of the Focus Areas and further strengthen the ecosystem by increasing and fostering diversity in fund-of-funds investments, expanding the range of investment opportunities available to companies.

Sector-specific investment strategies: given significant differences in sector needs, sector-specific investment strategies will need to be considered.



Talent initiatives to attract sector specific experience and focused sector coverage would also be required on the ASX (or competing exchange) to complement the later-stage private / pre-IPO funds contemplated.