

## MEDIA RELEASE

# AUS ECONOMY NEEDS A RESEARCH AND DEVELOPMENT POWER UP

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Yesterday's sluggish National Accounts figures highlight the importance of boosting investment in economy-growing research and development, and reinforce the urgency of the upcoming strategic review of R&D.

Early-stage research returns more than \$3 for every dollar invested, and research further along the innovation pipeline offers a more than five-fold return, so leaning into the transformational power of R&D investment offers an economic power up for the nation.

Australian R&D investment, however, sits at just 1.68 per cent of GDP – well below the 2.7 per cent average of our global competitors, and a country mile behind global leaders such as South Korea at 4.9 per cent and the USA at 3.5 per cent.

“Research and development is transformational for economies and offers powerful and big returns on investment, with benefits extending beyond researchers and businesses into supply chains and local economic activity and jobs growth,” said STA CEO Ryan Winn.

“Lifting R&D investment to match our competitors won't just create the jobs, products and services we need – it'll also dramatically boost the national economy.”

Key to that uplift is deeper investment from Australia's businesses. Australian business investment in research as a percentage of GDP has declined from a peak of 1.37 per cent in 2008–2009 to just 0.88 per cent in 2021–2022.

“To create the economy we need, businesses must boost their R&D, and government needs to set the right incentive, procurement and regulatory structures to encourage and facilitate business investment.”

“That highlights the urgency of the upcoming strategic review of R&D announced earlier this year by Minister for Industry and Science Ed Husic.”

“We encourage the government to swiftly set out the terms of reference for that review, so that the work can start for building the conditions business needs to have the confidence to invest in R&D.”

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