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Strategic R&D Investment Key to Reviving Australia's Economic Potential

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A newly released report has highlighted the urgent need for Australia to overhaul its research and development policies if it hopes to boost productivity, job creation, and wage growth. The findings underscore the critical role that targeted investment in Research and Development (R&D) must play in shaping the country's economic future, with experts warning that inaction will leave Australia lagging behind its international peers.

The report, titled *Unlocking Australia's R&D Potential* and commissioned by the Business Council of Australia (BCA), technology giant Atlassian, and medical innovator Cochlear, calls for bold policy reform. Authored by Mandala Partners, the research projects that improved R&D policies could add more than \$7 billion annually to Australia's Gross Domestic Product (GDP) and lift productivity growth by 0.1 percent each year. These are not abstract numbers but a clear indication of the economic firepower that smart investment in innovation can unlock. At a time when productivity is in decline, this is a roadmap for recovery.



Industry leaders are now urging policymakers to stop neglecting one of the most potent drivers of economic resilience. The report calls for a revamp of Australia's R&D tax incentive structure and a commitment to making the system more accessible for businesses, particularly those in high-tech and export-focused sectors. Without these changes, Australia risks losing its edge to nations that are aggressively backing innovation and commercialisation. While the federal government continues to focus on short-term cost-of-living measures, the private sector is calling for long-term thinking that supports sustained growth and global competitiveness.

What this report makes clear is that Australia has the talent, the businesses, and the infrastructure to be a global leader in innovation. What is missing is the political will to implement the policy settings that allow R&D investment to thrive. This is not about increasing the budget burden, but about smarter governance and better use of existing funds. If Australia is serious about securing its economic future, it must shift its priorities. Reforming R&D investment is not just a fiscal choice but a

national imperative. Now is the time to stop talking about productivity and start delivering on it.

