By email: economics.sen@aph.gov.au

4 February 2026

Australian Academy of Science submission to the inquiry into *Funding and Resourcing for the CSIRO*

As Australia's national science agency, CSIRO is a cornerstone of Australia's scientific excellence and innovation, conducting research and collaborating with industry to benefit Australians in areas including health, climate and the environment, space science and astronomy, energy, agriculture, manufacturing and technology.

CSIRO is not immune to budget decisions that are an essential component of responsible governance of public resources. It is important for CSIRO to be empowered to make strategic and operational decisions that align with legislated objectives, organisational priorities and Australia's evolving national needs. This autonomy affirms CSIRO's ability to remain agile, innovative and capable of delivering impactful scientific research in the national interest and that does not duplicate efforts in other parts of the scientific enterprise.

However, the recent job cuts and resourcing challenges at CSIRO are a symptom of a science sector that is highly resource-constrained and reaching a critical point. While the costs of science are increasing, Australia's investment in research and development (R&D) is well below the OECD average and declining. This puts our science capability, including our national science agencies, in a precarious position and risks Australia's future prosperity and security. Over a decade of declining R&D funding cannot be restored by one-off budget band-aids.

Australia is facing many challenges including societal generational change, geopolitical shifts, environmental challenges, and technological disruption. Government needs to ensure Australia holds the scientific and technological capabilities required to meet these challenges.

The Academy recommends the Australian Government:

- Commit to sustainably funding publicly funded research agencies, especially to secure public good research. The resourcing required to ensure adequate national capability should be based on evidence.
- Action the forthcoming recommendations of the Strategic Examination of Research and Development (SERD) to reform Australia's research system and reverse the long-term decline in Australia's R&D investment.
- Develop a 10-year R&D investment plan for the public and private sectors to work together to create an R&D ecosystem that makes Australia globally competitive and raises national investment in research. The Academy's budget positive proposal to establish a Research Fund using revenue generated from an R&D levy supports this objective.

Securing the public good research and critical national capabilities delivered by Australia's publicly funded research agencies requires sustainable funding

Public good research conducted by Australia's trusted publicly funded research agencies (PFRAs), including CSIRO, is essential to generate knowledge that private sector parties do not and should not generate, and provide the national scientific data and capabilities needed to address long-term challenges, make sound public policy decisions and deliver shared benefits. Increasingly, however, Australia's PFRAs are being required to do more with less.

Australia's chronic underinvestment in research and development is a systemic failure of policy that must be reversed. The critical expertise, infrastructure and knowledge of our national science agencies cannot be rapidly rebuilt once eroded by under-resourcing. Australia's government relies on this national research capability in times of great need. The future effectiveness of our PFRAs depends on sustainable, long-term funding.

The Australian government must prioritise our national science agencies as strategic pillars of our economy. This involves committing to strategic decision-making – deciding the science research capabilities Australia needs and funding it properly. The Strategic Examination of R&D, the recommendations of which have been delivered to the Australian Government, will provide a blueprint for coordination and strategic alignment of Australia's research system informed by extensive consultation with the sector.

The Academy's capability analysis of Australia's science system, *Australian Science, Australia's Future*, determined the gaps in national science capability Australia will need to address to meet the challenges of the next decade. The removal of expertise and capability in foundational research areas will constrain Australia's ability to innovate, particularly in domains where commercial investment is limited or absent.

Many PFRAs also provide access to significant national and landmark research infrastructure. The indirect costs of operating and maintaining infrastructure and facilities goes beyond the upfront capital costs. The ongoing operational and maintenance funding gap for these critical capabilities is often not accounted for in government funding and is not a unique challenge to the CSIRO. Ad hoc injections of funds, such as those seen in FY2025/26 MYEFO, cannot solve long-term sustainability issues. CSIRO and all of Australia's PRFAs require stable, long- term funding, covering the full cost to keep our national research facilities operational and competitive.

The burden of proposed cuts on the Environment Research Unit

CSIRO's Environment Research Unit delivers vital climate science, biodiversity, environment and water security research capabilities for Australia and our geographic region. This includes earth system modelling and observation to address climate change and reduce emissions, and research to protect our environment and unique land and marine biodiversity. No other country can do this research for us.

The resourcing required to ensure adequate national capability should be based on evidence. CSIRO is best placed to transparently assess this to avoid duplication with other institutions and it should be resourced to deliver the required national capability.

Australia must restore its declining investment in research

Investment in research – whether that is basic, applied or experimental development – is a sovereign, long-term investment in Australia's security, in productivity, better living standards, and in democracy and independence, especially as geopolitical certainties waver.

Australia's leaders frequently acknowledge Australia's strong research base, particularly given our population size, but we are chronically underinvesting in this national resource.

Australia's investment in R&D has been declining for over a decade—the resourcing challenges facing CSIRO are an indicator of a science system that has reached a critical point.

Australia's investment in research and development continues to trail that of comparable nations at 1.69% of Gross Domestic Product (GDP), well below the OECD average of 2.7%. In dollar terms, this equates to a $27 billion gap. Australia's government budget allocations for R&D (GBARD) also lags the OECD, at only 0.36% of GDP compared to 0.74% of GDP.

This declining investment in R&D cannot be addressed by one-off budget band-aids.

It requires strategic, long-term investment to restore Australia's R&D investment to a level that makes us globally competitive and supports the science capabilities our nation needs in an era of massive technological, geopolitical and environmental disruption.

The Academy calls on the Australian Government to action the recommendations of the Strategic Examination of R&D to reform Australia's R&D system and reverse the declining trend in investment.

Lifting government investment in R&D is only part of the puzzle. We must also address the persistent and long-term underinvestment in R&D by the business sector.

The Academy recommends the Australian Government develop a 10-year R&D investment plan for the public and private sectors to work together to create an R&D ecosystem that makes Australia globally competitive and raise national investment in research. To this end, the Government needs to incentivise business R&D investment and reverse the long-term decline in Australia's investment in R&D. This should include establishing a Research Fund using revenue generated from an R&D levy. Further information on the R&D levy proposal, including independent economic modelling is available on the Academy's website: *Issues paper: Incentivising business investment in R&D*.

To discuss or clarify any aspect of this submission, please contact Lauren Sullivan, Manager Science Policy and Advice at science.policy@science.org.au.