

Dear Senate Economics References Committee,

Thank you again for giving Cooperative Research Australia the opportunity to provide evidence to the Inquiry into the Australian Manufacturing Industry and for your questions on notice. We are appreciative of the opportunity to participate.

Below are our responses to Questions on Notice from the Committee.

### **Question 1**

To clarify, over the past 10 years, the CRC Program has been funded on average \$160 million<sup>1</sup> per annum, forecast to reach \$193,807 by 2024/25. Since 2018/19, approximately 30% has been allocated to CRC-Projects and the remainder to CRCs. In comparison, the German Fraunhofer Institutes are funded \$4.4 billion per annum.

The CRC Program has been reviewed five times, included in wider reviews of business programs, and been a the subject of multiple economic studies and impact reviews. The Allen Consulting Group has completed an impact assessment of the program this year which is yet to be released publicly. Reviews and assessments have repeatedly confirmed the effectiveness of the CRC model.

Over the past three rounds, 17 CRC bids have progressed to Stage 2 of bidding and 12 have been funded. The CRC Program features a rigorous selection process. The preparation of bids is a complex and often multi-year exercise undertaken by the research and industry partners together. It is a process that involves substantial financial and in-kind commitment in the preparation of the bid, and in the bid itself. The constraint on the number of bids funded is the funding pool, not the quality of the bids. The bids are an excellent indicator of where Australia has the latent capability and potential. This indicates that additional investment in the program would carry a known and significant return for Australia.

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<sup>1</sup> [Science, Research and Innovation \(SRI\) Budget Tables | Department of Industry, Science, Energy and Resources](#)

## Question 2

The CRC Program has enjoyed bipartisan political support over its 30-year history and provides a well-understood framework for research institutions and industry to work together for commercial, social, economic, and environmental impact.

Recommendation 18 of the 2015 Miles Review of the CRC Program recommended that other Australian Government Portfolios should utilise the CRC Program model to achieve their policy objectives. The influence of the CRC model can be seen in initiatives such as the Trusted Autonomous Systems Defence CRC, Drought Resilience Innovation Hubs funded through the Department of Agriculture, Fisheries and Forestry; and the recently announced Trailblazer Universities Program funded through the Department of Education, Skills and Employment.

A feature of the Australian policy landscape over many years has been the variety of programs and a lack of continuity in innovation policy. In this sense, the CRC Program stands alone for providing continuity, but with flat funding. When policymakers consider new initiatives, it is rare to see major new investments in existing programs. While being innovative and developing and trialling new programs is critical, we would argue there is also significant value and less risk in continuously improving and expanding successful programs. We recognise that this may mean additional programs that use the framework established by the CRC program but operate separately in different portfolios.

## Question 3

Participants in the UK's Engineering Doctorate (EngD) are co-located with industry partners and are required to spend 75% of their time working directly with a company to work on industry-based problems.<sup>2</sup> In Australia, the CRC Program is the primary home of industry-focused PhD projects, providing an excellent framework that fosters direct industry engagement while maintaining academic rigour. Outside of the CRC Program, there are multiple industry-focused internship programs, including APRIntern and CSIRO's Industry PhD (iPhD). However, most of these programs provide a time-limited internship rather than an industry-led PhD.

In our 2021-2022 Pre-Budget submission, we proposed that the Australian Government could extend the Research Training Program to enable expansion of industrial PhDs that are industry-led and industry-based and expand upon Recommendation 2 of 2016 Review of the R&D Tax Incentive to include a tax offset for companies who invest in PhD students.

## Question 4:

In addition to investing in developing new manufacturing capability through programs like the CRC Program, the Australian Government can also support the success of that capability through its procurement policies, prioritising products, and services from the manufacturing sectors in which the Australian Government has invested. The US federal government's

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<sup>2</sup> [AEngD :: About the EngD](#)

Small Business Innovation Research (SBIR), is a procurement program with the objective of stimulating technological innovation and to use small and medium-sized enterprises to meet the R&D of the government and agencies. <sup>3</sup>The NSW Government recently rolled out a test SBIR Program that has procurement as one of the program's three phases where the NSW Government agencies will consider the procurement of solutions that have come from that program. <sup>4</sup>

In the case of the emerging Australian space industry, US and European space companies can access government funding from defence departments, or space agencies, to develop and prove their space technology. This provides Australian competitors with a competitive advantage in tenders from the Australian Government (i.e., Department of Defence), as Australian companies currently don't have access to equivalent funding for product development and validation. This is one of the drivers for the moon to Mars initiated by the Australian Space Agency which aims to support Australian industry to get flight heritage to contribute to the large-scale United States Artemis Project.

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<sup>3</sup> [Mission-oriented public procurement: international examples](#)

<sup>4</sup> [NSW Small Business Innovation & Research program | Chief Scientist](#)