



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

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Australian Academy of Science submission on the National Reconstruction Fund Corporation Bill 2022

The Australian Academy of Science welcomes the opportunity to comment on the National Reconstruction Fund Corporation Bill 2022.

The Academy:

- Welcomes the National Reconstruction Fund as a strategic measure to address Australia's falling economic complexity and areas of strategic need
- Notes the success of the Fund in investing in innovative technologies will be bolstered through access to independent scientific advice
- Recommends the creation of a formal mechanism in the Bill for this advice to be accessed

The success of the NRF will rest upon science

The Academy welcomes the National Reconstruction Fund (NRF) for its potential to address the critical decline in Australia's economic complexity and resilience. Australia has fallen to being one of the world's least differentiated economies—91st in the world. The nominated priority areas appear to focus on Australia's scientific competitive strengths - such as medical research, agriculture, space science and computer science - and address areas of strategic priority.

Continued efforts will need to be made to renew Australian science capability, as Australia's investment in science and research has been falling for ten years – from 2.2% of GDP in 2008 to 1.79% in 2020.

Successful investment in the seven priority areas nominated in the consultation paper will rest upon how well the NRF utilises science. Scientific research will drive innovation in these areas; science education will fully supply the trained labour to realise these opportunities.

Most critically, the NRF should prioritise and have access to a source of independent scientific advice. Such advice will be critical in assessing proposed projects' likely performance and risks, especially those that rely upon highly innovative or unproven technologies. Prudent investment of taxpayer funds must be supported by evidence.

There are several mechanisms through which the NRF could access independent scientific advice. However, the Academy recommends that an appropriate body with scientific expertise have a formally recognised advisory status. There should be formal mechanisms for this body to provide analysis on innovative or less-proven project proposals at the request of the CEO.

This advisory status should be recognised in the form of a committee as empowered by section 48 of the draft National Reconstruction Fund Corporation Bill 2022. The Bill should be amended to recognise and empower this committee specifically.

The Academy does not believe this advisory status should occur on the NRF Board as the specific advice will likely be too granular and required too rapidly for Board-level oversight. Additionally, recognising the advisory mechanism in legislation (as opposed to the Investment Mandate, a legislative instrument) will best safeguard the important role of scientific advice in ensuring the prudential investment of taxpayer-funded capital.

To discuss or clarify any aspect of this submission, please contact Mr Chris Anderson, Director Science Policy at Chris.Anderson@science.org.au.