



THE HON PETER MALINAUSKAS MP

PREMIER OF SOUTH AUSTRALIA

Mr Adrian Tembel
Chair, South Australian Productivity Commission
GPO Box 2343
ADELAIDE SA 5001

FB506296

Dear Mr Tembel

Please find enclosed a Notice of Inquiry into Building our R&D intensity to Deliver a More Productive and Competitive State which sets out the terms of reference for the inquiry.

I thank you and the Commission in advance for your efforts in relation to this matter.

Yours sincerely



Peter Malinauskas
PREMIER
MINISTER FOR DEFENCE AND SPACE INDUSTRIES

23/9/2025

Attachment: Notice of Inquiry – Building our R&D intensity to Deliver a More Productive and Competitive State.

SOUTH AUSTRALIAN PRODUCTIVITY COMMISSION INQUIRY: BUILDING OUR R&D INTENSITY TO DELIVER A MORE PRODUCTIVE AND COMPETITIVE STATE

I, Peter Malinauskas, Premier, hereby request that the South Australian Productivity Commission (the Commission) undertake an inquiry into Building our R&D intensity to Deliver a More Productive and Competitive State.

Background

Despite some recent challenges, South Australia's economy remains strong with a record number of South Australians employed, an unemployment rate of 4.3 per cent (as at July 2025), and growth in final demand that is well above the national average in annualised terms.

However, this strong recent performance has not fixed the long-term structural economic challenges facing South Australia. A lack of complexity and diversity in our economy is holding back wages and productivity growth, leaving us too dependent on our natural resources and vulnerable to a changing international environment. There are very significant opportunities ahead of us as a state through AUKUS, particularly the nuclear submarine build, and the opportunity to combine our natural endowments in copper, iron and critical minerals with our abundant renewable energy to become a leader in clean minerals. But we cannot realise these opportunities and secure the economic future of the state with business as usual.

My Government recognises the importance of building the state's research and development (R&D) base as a key element of boosting the state's productivity, the complexity and competitiveness of its economy and South Australian's incomes. I also note that this has been the focus of past advice from the South Australian Productivity Commission.

It was why we were so focused on driving the formation of Adelaide University from the University of Adelaide and the University of South Australia. Increased R&D will complement the generational reforms my Government has been making to the state's education and training system, including guaranteed three-year-old pre-school, the new Technical Colleges, and fee free TAFE.

With the university merger about to become completed, we need to focus on the next stage of building our state's R&D base. This will likely require my Government to step up and ensure that the right incentives and supports are provided to grow our world-class research and ensure it is transmitted into the heart of the South Australian economy.

For this reason, I have asked the South Australian Productivity Commission to explore models for increasing the R&D intensity of our state. I have also asked the Commission to provide options for an efficient and sustainable funding mechanism for increased R&D that can endure through budget cycles and day-to-day politics. This will build on and update the work undertaken by the Commission in their inquiry into 'Turning Research into Economic Competitiveness for South Australia' in understanding the existing research and business innovation environment in South Australia.

Terms of reference

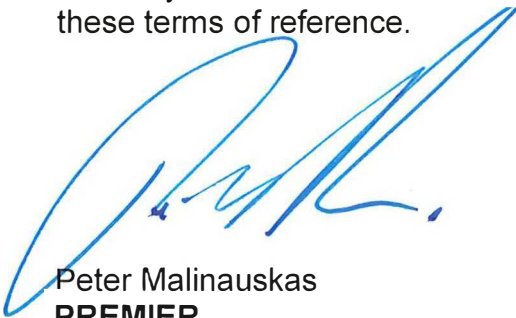
The Commission is asked to consider and report on:

1. Whether, given the specific structure of the South Australian economy and best practice international examples, there are options open to my Government to significantly increase the R&D intensity of our state that represent good value for money for South Australian taxpayers.
2. If a model is identified that could deliver cost effective increases in SA based R&D, provide detailed advice on how it could be structured, and what it would be likely to cost.
3. Options for long-term, sustainable and economically efficient funding mechanisms that could support the recommended policy approach over the decades ahead.
4. Assess whether the proposed model can also meet the needs of regional South Australia, or whether additional structures or supports should be considered to help our regions realise their potential.

Inquiry process

The Commission will seek input from relevant experts (including from within the SA Government) and draw on prior work conducted in this field. In particular, the Commission will engage closely with the Department for Treasury and Finance. The Commission will consult with universities and other research institutions active in SA, industry, relevant public and private sector organisations, professional associations and other key stakeholders.

The Commission is to provide me with a report outlining its findings on potential models for sustainably boosting the R&D intensity of our state, and options for funding these activities by Friday, 12 December. If necessary, a further and final report that will refine and further particularise the preferred model, is to be provided to me by no later than six months from the date of receipt by the Commission of these terms of reference.



Peter Malinauskas
PREMIER
MINISTER FOR DEFENCE AND SPACE INDUSTRIES

23/9/2025