MEDIA STATEMENT

Robotics Australia Group

17 May 2026

Robotics Australia Group response to the 2026–27 Federal Budget

A foundation laid, but robotics is not yet treated as a core economic enabler

Executive summary

Robotics Australia Group welcomes the 2026–27 Federal Budget as a meaningful first step toward recognising robotics and automation as a core economic enabler for Australia. The Budget delivers a record commitment to defence autonomy through the 2026 Integrated Investment Program (IIP), a substantive first-stage response to the Ambitious Australia review of Australian research and development, and a long-overdue modernisation of the venture capital incentive regime. These are real and welcome changes.

However, the Budget falls short for the broader robotics ecosystem in three important ways. It does not establish a dedicated commercialisation pathway for Australian robotics small and medium-sized enterprises (SMEs) - in fact, two of the most important existing pathways are being wound down. It does not include a sovereign procurement preference for civilian government contracts. And the headline reforms to the Research and Development Tax Incentive (R&DTI), while presented as a generosity package, are partly funded by narrowing the eligibility base in ways that will reduce, not increase, the benefit for many capital-intensive robotics companies.

> *Two years after the launch of Australia's National Robotics Strategy, this Budget is the first real test of whether government investment matches the Strategy's ambition. The signal is mixed.*

What this means across the robotics ecosystem

For researchers and universities

Mixed. The establishment of the new National Resilience and Science Council promises better coordination across a fragmented innovation system. However, the discontinuation of Australia's Economic Accelerator (AEA) - the program designed to bridge university research and industry - removes a key commercialisation pathway. There is no new investment in shared robotics testbeds or research infrastructure. R&DTI reforms will affect university spinouts in ways that depend heavily on how the new definition of "core experimental activity" is drafted during the consultation period.

For startups, scaleups and technology developers

Cautiously positive on capital, mixed on R&D, negative on commercialisation. The expansion of venture capital incentives, the reintroduction of loss carry-back from 2026–27, and loss refundability for young startups from 2028–29 are all directly relevant to the capital-intensive realities of robotics hardware development. However, the R&DTI changes (from 1 July 2028) will produce winners and losers - companies under 10 years old with clearly defined core experimental work may benefit, while more mature companies or those whose R&D involves substantial prototyping, test rig construction and hardware validation may see their net benefit reduced. The Industry Growth Program (IGP), which has been the most accessible non-dilutive

commercialisation pathway for early-stage robotics SMEs, is paused for new applicants and grant applications, and appears to be winding down with no replacement announced.

For robot manufacturers and field robotics companies

Strongly positive on defence; uncertain elsewhere. The up to $15 billion committed over the decade to autonomous and uncrewed systems within the 2026 IIP, including the Australian-designed Ghost Bat and large numbers of low-cost drones, validates field robotics as a sovereign industrial priority and provides a clear, durable demand signal. Outside defence, the Budget does not include a sovereign procurement preference, which means promising pilots will continue to struggle to convert into scaled government contracts in civilian sectors.

For system integrators and small business adopters

Neutral to mildly positive. The permanent $20,000 instant asset write-off makes it slightly easier for small businesses to invest in automation equipment, and faster skills assessments for migrant trades workers will help address some labour shortages. However, there are no targeted incentives for Australian businesses to adopt robotics and automation - which was a specific focus area of the National Robotics Strategy - and Australia remains ranked 32nd globally for industrial robot adoption.

For end users in mining, agriculture, healthcare, construction and logistics

Indirect benefits. Productivity reforms and the broader Future Made in Australia agenda should over time strengthen the supply of Australian-made robotics solutions. Defence procurement of autonomous systems will mature local capabilities that can transfer into civilian applications. But there is no specific signal to these sectors that robotics adoption is a national productivity priority, and no procurement preference to underpin a domestic market for Australian solutions.

Budget scorecard for robotics

How the 2026–27 Federal Budget measures up against the priorities of the Australian robotics industry.

[DELIVERED] **Defence demand signal**

Up to $15 billion over the decade

Autonomous and uncrewed systems funded through the 2026 Integrated Investment Program, including the Australian-designed Ghost Bat and large numbers of low-cost drones. The strongest demand signal Australian field robotics has ever received from government.

[DELIVERED] **Venture capital for scaleups**

New $480M asset threshold (up from $250M)

From 1 July 2027, Australian venture capital funds (VCLPs and ESVCLPs) will be able to invest in larger growth-stage companies, making it easier for capital-intensive robotics scaleups to stay Australian-owned for longer. Loss carry-back returns from 2026–27 and loss refundability arrives for new startups from 2028–29.

[DELIVERED] **National coordination of innovation**

New National Resilience and Science Council

The Council responds to the Ambitious Australia review and will coordinate priorities across roughly $15 billion per year of R&D and innovation funding. Robotics Australia Group will seek engagement to ensure robotics is explicitly considered in its early work.

[PARTIAL] **R&D Tax Incentive reform**

Headline 4.5 percentage point rate uplift, but base narrowed

From 1 July 2028, core R&D offset rates rise 4.5pp and the intensity threshold drops from 2% to 1.5%. But eligibility for "supporting" R&D activities is removed entirely, and refundable offsets are restricted to companies under 10 years old. For capital-intensive robotics companies — where prototyping, test rigs and hardware validation often account for a substantial proportion of R&D spend — the net effect could be a reduction in benefit, not an increase.

[PARTIAL] **Artificial intelligence**

Up to $70 million

AI Accelerator grants through the Cooperative Research Centres program — welcome but does not match the scale at which competitor nations are investing in physical AI: the embodiment of artificial intelligence in robotic systems that operate in the physical world.

[PARTIAL] **Workforce and skills**

$85.2 million for migrant trades

Faster skills assessments for migrant trades workers (electrical, plumbing, construction) will help with general labour shortages. However, there is no robotics-specific occupational pathway and no dedicated incentive for mechatronics graduates or migrant robotics specialists.

[MISSING] **Commercialisation pathway for robotics SMEs**

No new program; two existing pathways being wound down

The Industry Growth Program (IGP) received no new funding in this Budget, and Australia's Economic Accelerator (AEA) has had $800 million of uncommitted funding redirected. These were the two most accessible non-dilutive pathways for Australian robotics SMEs to cross the valley of death between prototype and industrial deployment.

[MISSING] **Sovereign procurement preference**

Not addressed

No "Australian-first" signal for civilian government procurement of robotics and automation. Government purchasing power was identified in the National Robotics Strategy as one of the most powerful levers available to grow domestic demand.

Detailed assessment

Where the Budget is better than expected

Defence has become the anchor customer for Australian field robotics

The commitment of up to $15 billion over the decade to autonomous and uncrewed systems, embedded in the 2026 National Defence Strategy and the 2026 Integrated Investment Program, is the largest and most explicit signal Australian governments have ever sent that field robotics is a sovereign capability. The naming of the Australian-designed and built Ghost Bat alongside low-cost drones "for deployment in large numbers" is exactly the demand signal local field robotics firms have been seeking. This is meaningful for the entire ecosystem - defence demand pulls supply chains, skills and adjacent civilian applications along with it.

Venture capital reforms address the missing middle

From 1 July 2027, Venture Capital Limited Partnerships (VCLPs) and Early-Stage Venture Capital Limited Partnerships (ESVCLPs) will be able to invest in larger growth-stage companies - the asset threshold for investee companies lifts from $250 million to $480 million, with corresponding expansions to ESVCLP fund and incentive caps. In practical terms, this means Australian venture capital can stay invested in robotics scaleups for longer, reducing the pressure to accept premature offshore acquisition simply because no Australian funding round is large enough.

Loss carry-back and loss refundability recognise hardware reality

The reintroduction of loss carry-back from 1 July 2026 for companies under $1 billion turnover, and the new loss refundability for startups under $10 million turnover in their first two years from 1 July 2028, are practical recognitions that hardware companies often need to absorb significant early losses before reaching scale. These mechanisms suit robotics business models far better than equivalent measures designed for software companies.

National Resilience and Science Council

The establishment of the Council, responding directly to the Ambitious Australia review of Australian R&D, addresses a long-standing problem in Australian innovation policy: fragmentation across portfolios. With a mandate to coordinate priorities across approximately $15 billion per year of R&D and innovation funding, this is the right structural reform. Robotics Australia Group will seek engagement with the Council to ensure robotics is explicitly considered in its early work.

Where the Budget falls short

R&D Tax Incentive: a generosity headline, a base-narrowing reality

The headline R&DTI reforms - a 4.5 percentage point uplift in the core offset rate and a reduction in the intensity threshold from 2% to 1.5% - look generous in isolation. But three structural changes, taking effect together from 1 July 2028, change the picture for many robotics companies.

First, eligibility for "supporting" R&D activities is being removed entirely. Only "core" experimental activities will qualify. In robotics R&D, prototyping, test rig construction, software infrastructure, technician labour and hardware validation often constitute a substantial proportion of total eligible expenditure. Removing these from the program narrows the base on which the higher rate applies.

Second, refundable offsets - the cash refunds that startups and early-stage scaleups rely on while pre-revenue - will be restricted to companies that have been incorporated for less than 10 years. Many established robotics SMEs that are still investing in R&D will lose access to refundability altogether.

Third, the minimum eligible R&D expenditure lifts from $20,000 to $50,000 unless the work is done through a registered Research Service Provider or Cooperative Research Centre, pushing smaller claimants out of the program.

The Government's own costings show the package as a net fiscal saving of around $690 million over five years, with payments to claimants falling by $1.6 billion offset by a $910 million reduction in receipts forgone. This is not a generosity package - it is a structural retargeting funded by narrowing the base. Independent analyses from BDO, RSM and others have noted that the changes move Australia out of step with the OECD definition of R&D as set out in the Frascati Manual.

Robotics Australia Group does not oppose the policy intent of better-targeted R&D support. We do, however, urge careful consultation during the period to 1 July 2028 to ensure the definition of "core experimental activity" recognises the way hardware R&D actually works - including the substantial prototyping, test rig and hardware validation work that is inseparable from experimental progress in robotics.

The commercialisation pathway for robotics SMEs has weakened, not strengthened

Two years ago, the National Robotics Strategy explicitly named three vehicles through which it would be delivered: the National Reconstruction Fund (NRF), the Industry Growth Program (IGP), and Defence's Advanced Strategic Capabilities Accelerator (ASCA). This Budget keeps the first and the third but allows the second to lapse. The IGP has received no new funding in this Budget - following the $102 million cut at the December 2025 Mid-Year Economic and Fiscal Outlook (MYEFO) - and Australia's Economic Accelerator has had $800 million of uncommitted funding redirected. These were the two most accessible non-dilutive pathways for Australian robotics SMEs to cross the valley of death between prototype and industrial deployment.

The R&DTI reforms operate on a different mechanism and timeframe. They reward R&D that is already happening; they do not, on their own, carry hardware prototypes from technology readiness level (TRL) 6 into industrial operation. The absence of a successor commercialisation program is the most significant gap in the Budget for our sector.

No sovereign procurement preference

The Budget contains no "Australian-first" signal for civilian government procurement of robotics and automation. Government purchasing power was identified in the National Robotics Strategy as one of the most powerful levers available to grow domestic demand. Without it, Australian SMEs continue to face a market in which promising pilots rarely convert into scaled domestic contracts, and the Australian taxpayer continues to fund the development of technologies that are ultimately commercialised overseas.

Physical AI is funded at a fraction of international scale

The up to $70 million AI Accelerator through the CRC program is welcome, but it does not yet reflect the scale at which competitor nations are investing in physical AI. Australia's productivity gains from artificial intelligence will not come solely from systems that generate text or images; they will come from systems that act in the physical world - robots.

No robotics dimension to skilled migration or workforce reform

The $85.2 million investment in faster migrant trades skills assessments is welcome but is targeted at electrical, plumbing and construction trades. There is no equivalent pathway for robotics-specific roles. The National Robotics Strategy identified workforce capability as a foundational pillar; this Budget does not yet act on that.

No funding for shared robotics testbeds or research infrastructure

Internationally, shared testbeds for autonomous systems are an established mechanism for accelerating commercialisation, reducing duplication and improving safety assurance. The Budget

makes no specific provision for robotics testbed infrastructure, despite the success of existing Australian facilities and the explicit recommendations of the National Robotics Strategy.

Industry priorities and the Budget response

The table below maps the priorities that Robotics Australia Group and the broader Australian robotics community have advocated for against what the 2026–27 Budget delivered.

Priority	Industry position	2026–27 Budget
R&D Tax Incentive	A more generous, hardware-friendly R&DTI to support capital-intensive robotics and physical AI development.	Headline rate uplift of 4.5 percentage points from 1 July 2028, but offset by removal of supporting activities, a 10-year refundability cap, and a higher minimum spend threshold. Net effect: mixed and consultation-dependent.
Sovereign capability	Defined robotics tranche within the National Reconstruction Fund; equity not debt; mechanisms to prevent foreign acquisition of Australian IP.	NRF Corporation operational; "Future Made in Australia" framing maintained but weighted toward metals and critical minerals rather than a defined robotics envelope.
Scale capital	Expanded venture capital incentives addressing the "missing middle" between seed and growth-stage funding.	From 1 July 2027: VCLP asset cap to $480M (from $250M); corresponding ESVCLP expansions. Loss carry-back from 2026–27; loss refundability for startups from 2028–29.
Defence robotics	Defence as anchor customer; alignment with AUKUS Pillar II for uncrewed ground, air and maritime vehicles.	Up to $15 billion over the decade for autonomous and uncrewed systems within the 2026 Integrated Investment Program, including Ghost Bat and large numbers of low-cost drones.
AI investment	Robotics positioned as "physical AI" within Australia's national AI strategy, not as a separate or secondary track.	Up to $70M in AI Accelerator funding through the CRC and CRC-P programs. National AI Plan progressing; AI.gov.au launched 8 May 2026.
Commercialisation pathway	A dedicated, non-dilutive commercialisation pathway for SMEs to cross the valley of death — particularly for hardware where TRL progression is slow and capital-intensive.	Industry Growth Program and Australia's Economic Accelerator both effectively wound down. No dedicated commercialisation grant successor announced.
Workforce and skills	Dedicated occupational pathways for robotics roles; incentives for mechatronics graduates and migrant robotics specialists.	$85.2M to fast-track migrant trades skills assessments. National Credit Recognition Framework for TAFE-to-degree pathways. No robotics-specific occupational pathway.
Procurement	A sovereign procurement preference for civilian government contracts; fast-tracked pathways for local SMEs.	No sovereign procurement preference. Focus on regulatory burden reduction ($10.2B/yr) and streamlined environmental approvals.

Priority	Industry position	2026–27 Budget
Coordination	A single national body to coordinate robotics-relevant innovation investment across portfolios.	National Resilience and Science Council to be established, with a remit to coordinate ~$15B/yr of R&D and innovation funding.

Green = substantively delivered • **Amber = partial response** • **Red = not addressed or weakened**

The path forward

Robotics Australia Group looks forward to engaging constructively with the new National Resilience and Science Council, and with the Department of Industry, Science and Resources (DISR) on the design of the next phase of innovation policy. Our priorities for that engagement are clear:

- A commercialisation pathway that succeeds the Industry Growth Program for robotics SMEs, recognising the unique capital and time requirements of hardware development.
- A sovereign procurement signal for civilian government adoption of Australian-developed robotics and automation.
- Constructive engagement with Treasury during the period to 1 July 2028 on the definition of "core experimental activity" in the reformed R&DTI, to ensure that prototyping, test rig construction and hardware validation - which sit at the heart of robotics R&D - remain appropriately recognised.
- Explicit inclusion of robotics as physical AI within the next phase of the National AI Plan.
- Workforce and skills measures that recognise robotics as a distinct occupational pathway, including mechatronics graduates and migrant robotics specialists.
- Investment in shared testbeds and research infrastructure that lower the cost of validation and certification for Australian robotics firms.

> *The Australian robotics industry is ready to help deliver the 1.2 million homes target, modernise our mines, decarbonise our economy, and strengthen our defence posture. To do that, we need the Government to complement its defence spending with a whole-of-economy strategy that treats robotics as the productivity infrastructure of the 21st century.*

Two years on from the launch of the National Robotics Strategy, the framework exists. This Budget begins to align some of the funding mechanisms with that framework. The next Budget must complete the picture.

— ENDS —

About Robotics Australia Group

Robotics Australia Group is Australia's peak body for the robotics industry, representing developers, manufacturers, integrators, researchers, end users and investors across the national robotics ecosystem. The Group advocates for policy settings that support the development, commercialisation and adoption of Australian robotics and automation technologies, in alignment with the goals of the National Robotics Strategy.

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