Economics Legislation Committee
ANSWERS TO QUESTIONS ON NOTICE
Industry Portfolio
Budget Estimates Hearing 2014-15
2-3 June 2014

AGENCY/DEPARTMENT: DEPARTMENT OF INDUSTRY

TOPIC: Funding for Research and Development

REFERENCE: Question on Notice **(**Hansard, 2 June 2014, page 103)

QUESTION No.: BI-46

Senator GALLACHER: I suppose research and development and science are a bit like private equity. You need to put the money in to get the result out. Blue-sky results do not come about if you do not invest the money. Are we continuing to invest in those sort of blue-sky opportunities?

Ms Beauchamp: Recent OECD reports suggest that Australia's research system is well funded by international standards. I think we are 11 out of 34 of OECD countries for gross R&D as a percentage of GDP. From the government's perspective we are making sure that we get a big bang for the buck from the research and science.

Senator GALLACHER: Is that a rising or declining 11 out of 34?

Ms Beauchamp: I would have to take that on notice.

Dr Porteous: It would be best to take that on notice.

ANSWER

Gross expenditure on R&D (GERD) represents the total domestic expenditure devoted to R&D by the business, government, higher education and private non-profit sectors. The Australian Bureau of Statistics (ABS) produces regular reports on GERD. The most recent data – for 2011-12 – was released on 20 May 2014 as an appendix to *Research and Experimental Development, Higher Education Organisations, Australia, 2012*.

The *OECD Main Science and Technology Indicators 2014* indicate, in current dollars, that Australia's GERD/GDP ratio in 2010-11 ranked at 11th position of the 30 OECD countries that provided data that year. However, Australia ranked 15th out of the 33 OECD countries that provided data in 2011-12. Between 2000-01 and 2011-12, Australia's position has varied between 11th and 16th position.

The Productivity Commission's recent *Trade and Assistance Review 2012-13* notes that R&D is an important input into the innovation process, which is a primary means of how productivity and living standards increase. It also notes that capturing and measuring the full benefits and spillovers from investment in R&D is difficult.