

Senate Standing Committee on Economics
ANSWERS TO QUESTIONS ON NOTICE
Innovation, Industry, Science and Research Portfolio
Additional Estimates Hearing 2010-11
23 February 2011

AGENCY/DEPARTMENT: INNOVATION, INDUSTRY, SCIENCE AND RESEARCH

TOPIC: Research funding programs

REFERENCE: Question on Notice (Hansard, 23 February 2011, E38)

QUESTION No.: AI-15

Senator MASON—I understand. Regarding that \$1.16 return in monetary terms, how does it compare to other Australian government research funding programs? Do you want to take it on notice?

Ms Baly—I just want you to clarify the question. Are you just talking about the impact?

Senator MASON—I was told last time \$1.16 was the return in monetary terms. That is the evidence from last estimates. How does that compare with other government programs?

Senator Carr—Senator Mason, let me make it clear: not all programs have this cooperative nature in terms of a dollar for dollar type return.

Senator MASON—I understand that.

Senator Carr—In the research area there are different levels; the Linkage Projects scheme in the ARC, for instance, would be one that could be measured but most of them are infrastructure grant programs and do not require a private contribution as such. Some do, some do not. So it is not an easy question to respond to in the sense that the CRC program is specially designed on industry collaboration.

Ms Morahan—Senator, can I add something further? I would be very reluctant to try and compare that result to any other study that might have looked at the monetary benefits of other research programs, because you could not guarantee that the same methodology had been used, and the same level of assumptions had been used. To my knowledge, there is no study that has looked at everything on the same basis, and nor would it probably be appropriate to do so. It is extremely hard—

Senator MASON—It is fine to say that, but in the end, the parliament wants expenditure to be accountable, whether it is international comparisons, or national comparisons. Unless the parliament can be assured that the money is being well spent, then the parliament becomes suspicious. Do you understand that?

Ms Morahan—I understand.

Senator Carr—That is a very reasonable point, and I do not think there is any issue about the money in the research program being well spent. There are evaluations of a multitude in nature. There are, however, different funding arrangements for each of the block grant type payments. There is no point taking a question on notice which we know we cannot answer. We can obviously look at what we can provide for you, in terms of what is known about private sector or commercial contribution.

Senator MASON—That would be useful.

Senator Carr—The \$1.00 for \$1.16 arrangement goes to industry contributions, broadly defined.

Senator MASON—I understand that.

Senator Carr—The question is open to a whole lot of methodological assumptions. We can find out what information is available, and I do not believe it would be very much.

ANSWER

An economic impact study undertaken by Insight Economics in 2006 found that for each dollar invested by Government in the CRC Program rather than left with taxpayers, Gross Domestic Product is cumulatively \$1.16 higher than it otherwise would have been.

The most recent impact data available for ARC-funded research was undertaken by The Allen Consulting Group in 2003 and examined the return on investment to the Commonwealth, and through it to the Australian community. The methodology, assumptions and factors considered in these two studies were very different and hence their outcomes are not comparable.

The Allen Consulting study found that, while financing the disbursements of the ARC in 2003 required the equivalent of an \$18 contribution from each person in Australia, the returns generated from the ARC's activities were forecast to be the equivalent of consumption being \$14 per capita higher in 2003 than it would have been if this contribution to the ARC had not been made – that is, the \$18 investment has been recouped and an additional \$14 in real consumption per capita generated.