

## EDUCATION, SCIENCE AND TRAINING

### SENATE LEGISLATION COMMITTEE - QUESTIONS ON NOTICE 2004-2005 BUDGET ESTIMATES HEARING

**Outcome:** 3  
**Output Group:** – 3.1 Research Infrastructure

#### **DEST Question No. E182\_05**

Senator Stott Despoja provided in writing.

#### **Question:**

The review of the evidence on science, R&D and productivity commissioned by DEST last year found that rates of return to domestic R&D average 85% for the smaller OECD countries. Are these figures applicable to Australia? Considering these estimated rates of return, why was the funding for CRCs reduced in BAA2 from the final year's appropriation of BAA1? Does DEST accept the conclusions of this report? Please explain the response to each conclusion.

#### **Answer:**

##### *A Review of the Evidence on Science, R&D and Productivity*

The review, 'A Review of the Evidence on Science, R&D and Productivity', does not make this conclusion. Rather it cites a study that estimated that gross rates of return to domestic R&D average 85% for the smaller OECD economies. It also cites other studies that have given lower estimates. Such figures are not necessarily applicable to Australia.

The 2004-05 Budget provides an additional \$65m for the CRC Programme over 6 years. Some funds previously allocated for 2005-06 and 2006-07, which have not been committed, have been reallocated to later years to provide a more even funding profile. They have not been cut from the Programme.

DEST accepts that the review's conclusions represent an authoritative summary of the economic literature in this field.