

EDUCATION, SCIENCE AND TRAINING

SENATE LEGISLATION COMMITTEE - QUESTIONS ON NOTICE 2005-2006 BUDGET ESTIMATES HEARING

Outcome: 3

Output Group: 3.2 – Assistance for science collaboration and innovation.

DEST Question No. E283_06

Senator Carr provided in writing.

Question:

Can you confirm whether the calculations of R&D accounting for 0.6% of GDP on the FASTS press release of 19/05/2005 are correct? Please provide details.

Answer:

Commonwealth expenditure on R&D as a percentage of GDP – verification of figures in FASTS press release.

There was a press release from the Federation of Australian Scientific and Technological Societies (FASTS) on 19 May 2005, which included a graph showing Commonwealth expenditure on science, R&D and innovation as a percentage of GDP from 1994-95 to 2005-06. The figures forecast Commonwealth expenditure on science, R&D and innovation falling to 0.6% of GDP in 2005-06.

The FASTS press release provided neither the GDP data nor the expenditure data on which the graph was based, so it is not possible to confirm the FASTS calculations directly.

The Department has however, calculated the ratios of Commonwealth expenditure on science, R&D and innovation based on GDP figures sourced directly from the 2005-06 Budget Papers, the Science and Innovation Budget Tables 2005-06 and the Australian National Accounts (March quarter 2005). All figures are given in current prices. More detailed notes on the data sources and calculations are given in the attached table.

While there are differences for 1999-00 and 2002-03 between the FASTS and DEST calculations, for 2005-06 the FASTS calculation of Commonwealth expenditure on science, R&D and innovation being 0.6% of GDP is correct.

DEST notes that Commonwealth expenditure on science, R&D and innovation, will increase by \$215.1 million or 4 per cent in 2005-06 on the previous year.

Table 1: Commonwealth expenditure on science, R&D and innovation as a percentage of GDP

Commonwealth Expenditure on Science, R&D and Innovation	<i>1999-00</i>	<i>2002-03</i>	<i>Budget estimate 2005-06</i>
<i>Current price (\$m)^a</i>	4,031.6	4,704.0	5,538.1
<i>Percentage increase on previous year (%)^a</i>	6.5	2.8	4.0

2005-06 Budget Papers	<i>1999-00</i>	<i>2002-03</i>	<i>2005-06</i>
Government receipts (\$m) ^b	-	-	214,515
As percent of GDP (%) ^b	-	-	23.1
GDP Estimate 1 (\$m)	-	-	928,636
Government payments (\$m) ^c	-	-	205,132
As percent of GDP (%) ^c	-	-	22.1
GDP Estimate 2 (\$m)	-	-	928,199
GDP (Average of estimates 1 and 2) (\$m)	-	-	928,418
Actual GDP ^d	623,461	758,147	-
<i>Commonwealth expenditure on science, R&D and innovation as a proportion of GDP (%)</i>	0.65	0.62	0.60
FAST Media Release	<i>1999-00</i>	<i>2002-03</i>	<i>2005-06</i>
<i>Commonwealth expenditure on science, R&D and innovation as a proportion of GDP (%)</i>	0.68	0.68	0.60

Notes:

- Data from 2005-06 *Science and Innovation Budget Tables*. DEST
- GDP calculated from Government receipts as a percentage of GDP. *Budget paper No.1. Statement 13: Historical Australian Government Data, Budget 2005-06.*
- GDP calculated from Government payments as a percentage of GDP. *Budget paper No.1. Statement 13: Historical Australian Government Data, Budget 2005-06.*
- Data from Australian National Accounts. *National Income, Expenditure and Product*, March Quarter 2005.