

Senate Standing Committee on Economics
ANSWERS TO QUESTIONS ON NOTICE
Treasury Portfolio

Inquiry into the Treasury Laws Amendment (Research and Development Tax Incentive) Bill 2019
[Provisions]

Division: Individuals and Indirect Tax Division
Topic: Decline in R&D expenditure from 2015-16 through to 2018-19
Reference: Spoken

Question:

Senator KIM CARR: My calculation on the SRI table is that there has been a 32 per cent decline in R&D expenditure from 2015-16 through to 2018-19. Are you able to confirm that figure?

Mr Maloney: I'd have to take that on notice.

Senator KIM CARR: That's the BERD figures.

Mr Maloney: The BERD figures, from 2015-16 to—

Senator KIM CARR: To 2018-19. What's your explanation for why there's been such a dramatic decline in business investment in research and development in this country?

Mr Maloney: I'm happy to take the first question on notice and to try to answer the second.

Answer:

We understand this question refers to the Large Australian Government Programs and activities valued over \$100 million reported in the 2019-20 Science, Research and Innovation (SRI) Budget Tables, rather than figures from the Australian Bureau of Statistics (ABS) publication on Business Resources Devoted to Research and Experimental Development (R&D), which reports on Business Expenditure on R&D (BERD) every second year. Please refer to IQ20-000034 for information on the SRI Budget Tables and ABS data.

In relation to the second part of the question on business investment in R&D more broadly (that is, what is reported by the ABS), expenditure by business on or R&D as a percentage of GDP, has changed since 2008-09. This change is due to structural shifts in the Australian economy, including the end of the investment phase of the mining boom and the transition towards services sectors.

More information can be found at: <https://www.industry.gov.au/sites/default/files/2020-02/australian-business-investment-in-innovation-levels-trends-and-drivers.pdf> (page 11).