



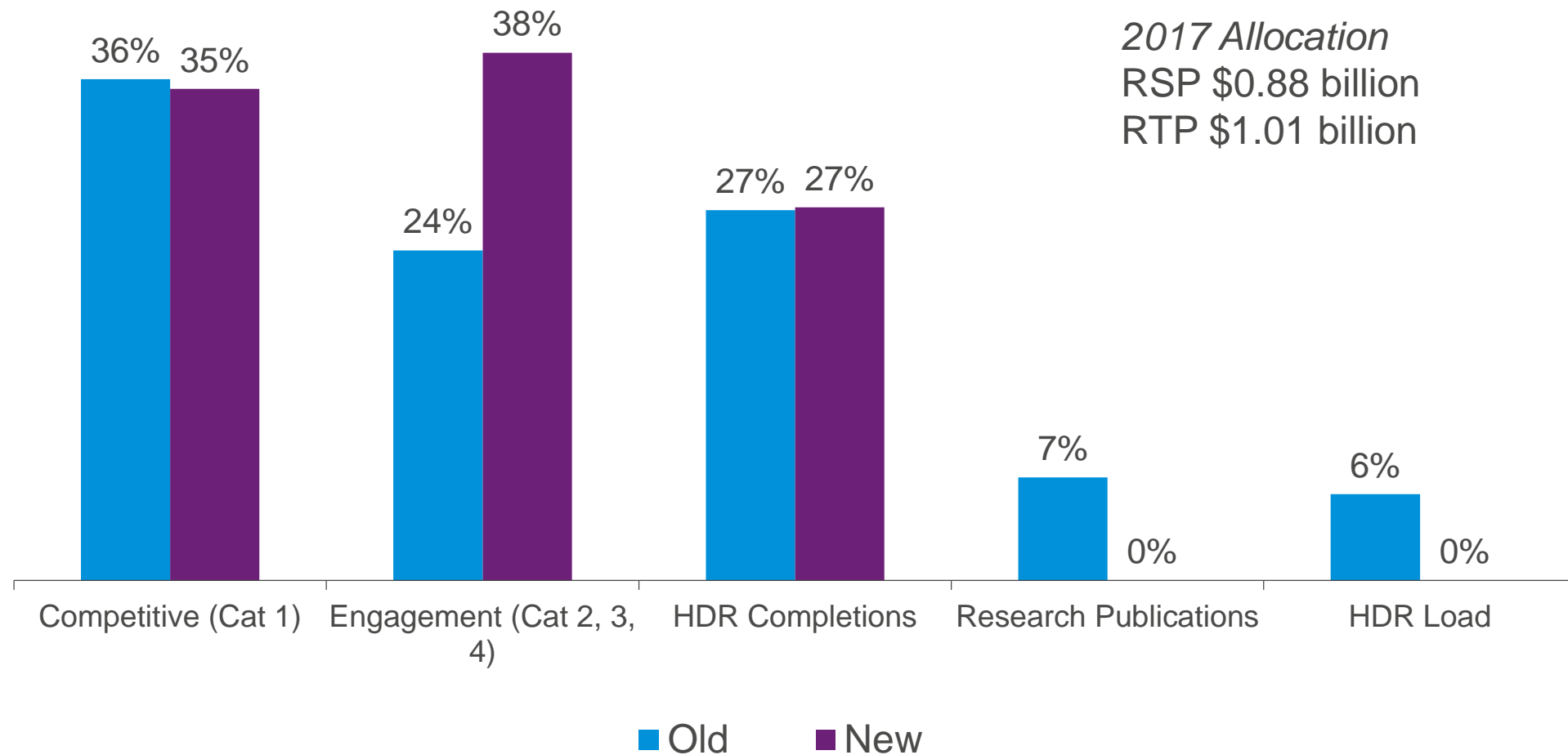
LIMITS TO RESEARCH ENGAGEMENT AND IMPACT

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Deans and Directors of Creative Arts, 22 September 2017

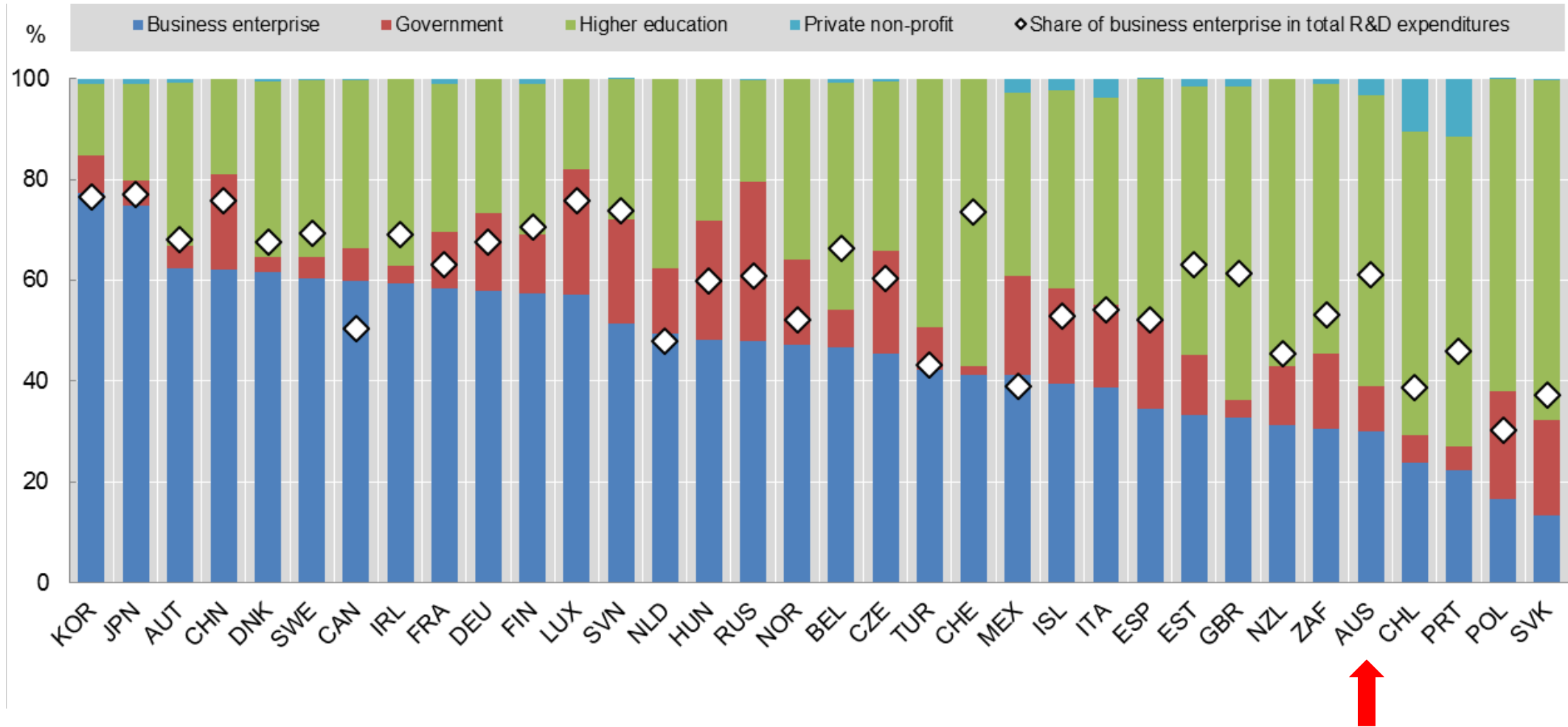
Funding incentives - Supply side incentive

Figure 1. Research block grant allocations under existing and new models



Limiting factor number 1 - Absorptive capacity

Figure 2. Researchers by employment sector



Limiting factor number 2 - R&D Tax Incentives

- Services represent around 70% of Australia's GDP and employ 4 out of 5 Australians* but...
- "...none of the following activities are **core R&D activities** [...] (d) research in social sciences, arts or humanities" INCOME TAX ASSESSMENT ACT 1997, 355-25
- R&D Tax Incentive excludes humanities and social sciences including logistics, supply chain, marketing, accounting, finance, banking, tourism, media, education etc.

* <http://dfat.gov.au/international-relations/international-organisations/wto/pages/the-importance-of-services-trade-to-australia.aspx>

Limiting factor number 3 - Australian private sector

- 60.7% of actively trading businesses in Australia had no employees,
 - 27.6% had 1-4 employees
 - 9.2% had 5-19 employees
 - 2.3% had 20-199 employees
 - 0.2% of had 200 or more employees
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- What do very small SMEs need from universities?
 - How do they engage universities' legal and administrative processes?

* <http://www.abs.gov.au/ausstats/abs@.nsf/mf/8165.0>

Limiting factor number 4 - BERD is contracting

BUSINESS RESOURCES DEVOTED TO R&D

		2009-10	2010-11	2011-12	2013-14	2015-16
Expenditure on R&D						
Current prices	\$m	16 760	18 007	18 321	18 849	16 659
Chain volume measures(a)	\$m	17 877	19 209	19 054	19 255	16 659
Human resources devoted to R&D	PYE	57 936	56 511	64 906	78 839	70 467

(a) The reference year for chain volume measures is 2015-16. Refer to the Explanatory Notes for details.

- During 2015-16, expenditure on R&D by Australian businesses was \$16,659 million
- Business expenditure on R&D (BERD) decreased by 12% in current price terms
- Largely driven by the Mining and Manufacturing industries down \$954 million (34%) and \$936 million (19%) respectively from 2013-14.

Discussion

- Supply side vs demand side
- Complex problem – policy, economics, employment, training
- Skills base vs research base
- Unintended consequences e.g. full vs marginal costs of research and cross subsidisation from teaching



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