LIMITS TO RESEARCH ENGAGEMENT AND IMPACT

Dr Tim Cahill, Associate Director, Advisory 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

<table>
<thead>
<tr>
<th>Category</th>
<th>Old</th>
<th>New</th>
<th>2017 Allocation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Competitive (Cat 1)</td>
<td>36%</td>
<td>35%</td>
<td>RSP $0.88 billion</td>
</tr>
<tr>
<td>Engagement (Cat 2, 3, 4)</td>
<td>24%</td>
<td>38%</td>
<td>RTP $1.01 billion</td>
</tr>
<tr>
<td>HDR Completions</td>
<td>27%</td>
<td>27%</td>
<td></td>
</tr>
<tr>
<td>Research Publications</td>
<td>7%</td>
<td>0%</td>
<td></td>
</tr>
<tr>
<td>HDR Load</td>
<td>6%</td>
<td>0%</td>
<td></td>
</tr>
</tbody>
</table>

© 2017 KPMG, an Australian partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative (“KPMG International”), a Swiss entity. All rights reserved. The KPMG name and logo are registered trademarks or trademarks of KPMG International. Liability limited by a scheme approved under Professional Standards Legislation.
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.

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

- What do very small SMEs need from universities?
- How do they engage universities’ legal and administrative processes?

Limiting factor number 4 - BERD is contracting

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