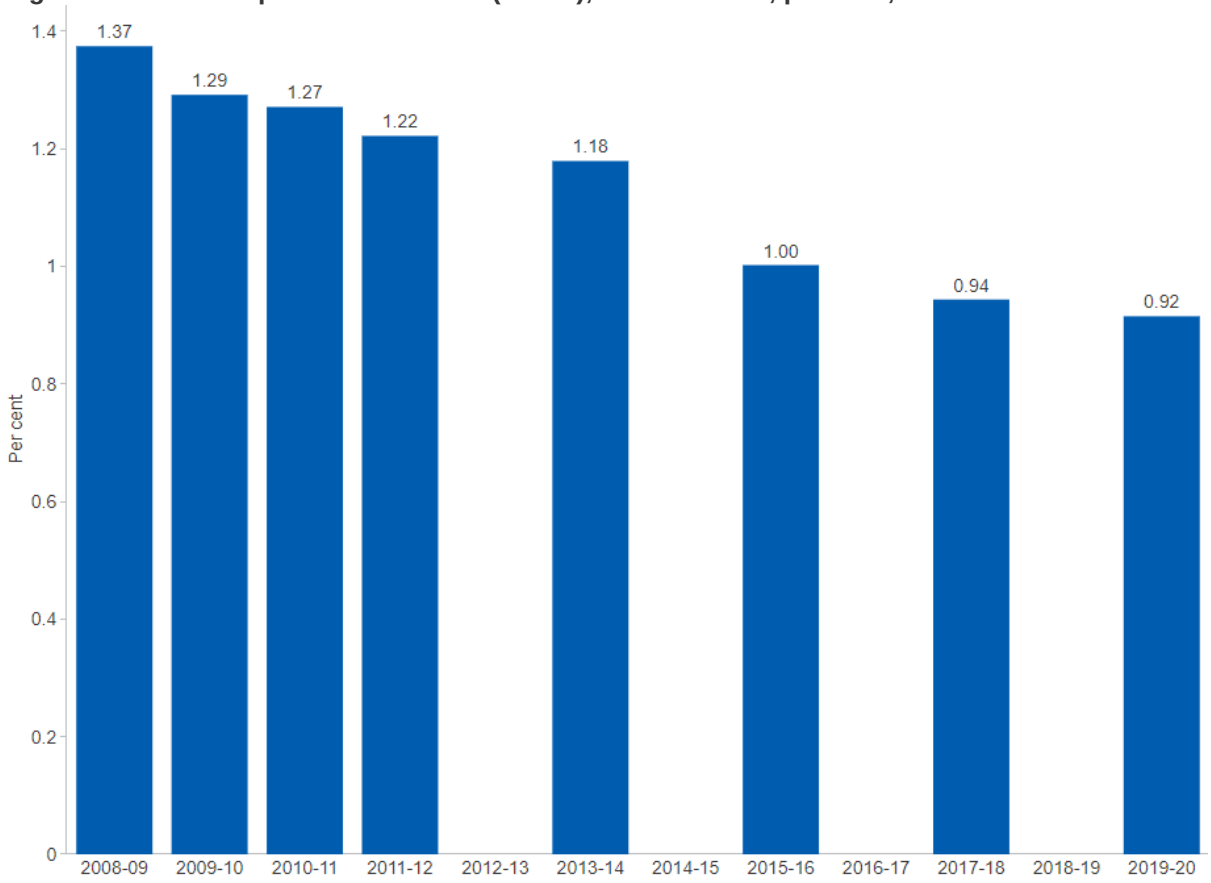
3.1.3 Business expenditure on R&D (BERD) as a share of GDP

In many OECD countries, R&D activity in the business enterprise sector represents the largest contribution to overall R&D activity. The ratio of BERD to GDP provides a convenient measure for making cross-country comparisons. It also gives an indication of the trend of a country's business R&D intensity over time. Year-to-year changes in the value of BERD to GDP reflect changes in both BERD as well as GDP, so they should be interpreted with caution. Australia's BERD to GDP declined steadily from 1.37 per cent in 2008–09 to 0.92 per cent in 2019–20. This trend reflects a combination of the stagnating value of BERD (numerator), measured against a growing value of GDP (denominator). A closer look at the data reveals that the bulk of the stagnation is the result of large declines in a handful of industry subdivisions in *Mining* — most notably *Metal ore mining*, *Coal mining*, and *Oil and gas extraction*. The data suggest a large withdrawal of R&D spending from the field of *Engineering*, most evidently by large businesses based in Western Australia and Queensland.[1]

Figure: Business expenditure on R&D (BERD), share of GDP, per cent, latest 2019–20



[1] ABS, *Research and Experimental Development, Businesses, Australia*, Cat. No. 8104.0 (https://www.abs.gov.au/statistics/industry/technology-and-innovation/research-and-experimental-development-businesses-australia/latest-release)