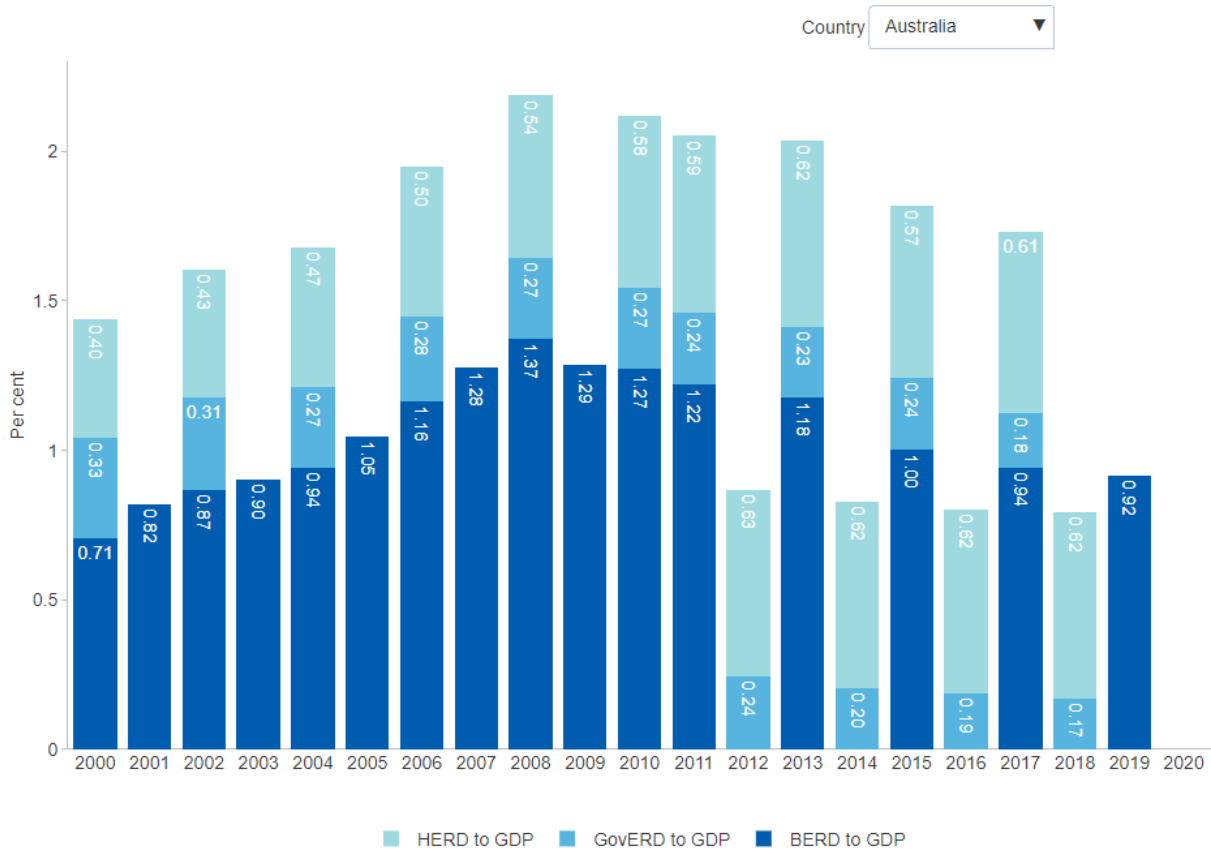


### 3.5.2 Gross expenditure on R&D (GERD) as a share of GDP by sector

GERD is the aggregate expenditure devoted to R&D by the business, government, higher education and private non-profit sectors. The largest component is business expenditure on R&D (BERD) and its stagnation in recent years has been a major factor driving the decline in Australia’s GERD as a proportion of GDP (or national R&D intensity). The latest *BERD to GDP* estimate is 0.92 per cent in 2017–18, having declined from 1.00 per cent in 2015–16 and 0.94 per cent in 2017–18. Government expenditure on R&D as a share of GDP (*GovERD to GDP*) has also been declining but not nearly to the same extent, with latest estimate at 0.17 per cent in 2018–19. Meanwhile, higher education expenditures on R&D as a share of GDP (*HERD to GDP*) has remained relatively steady over the last five years or so, with the latest estimate at 0.62 per cent for 2018.<sup>1</sup> With BERD being a key driver of Australia’s overall R&D intensity, the GERD to GDP estimate should be interpreted in the context of other relevant information, particularly the role of major R&D industries such as *Manufacturing* or *Mining*.<sup>2</sup>

**Figure: Gross expenditure on R&D (GERD), share of GDP, by sector, OECD countries, per cent, latest 2020**



<sup>1</sup> OECD (2021) *Main Science and Technology Indicators*, September 2021, OECD Publishing (<http://www.oecd.org/sti/msti.htm>)

<sup>2</sup> ABS, *Research and Experimental Development, Businesses, Australia*, Cat. No. 8104.0 (<https://www.abs.gov.au/ausstats/abs@.nsf/mf/8104.0>)