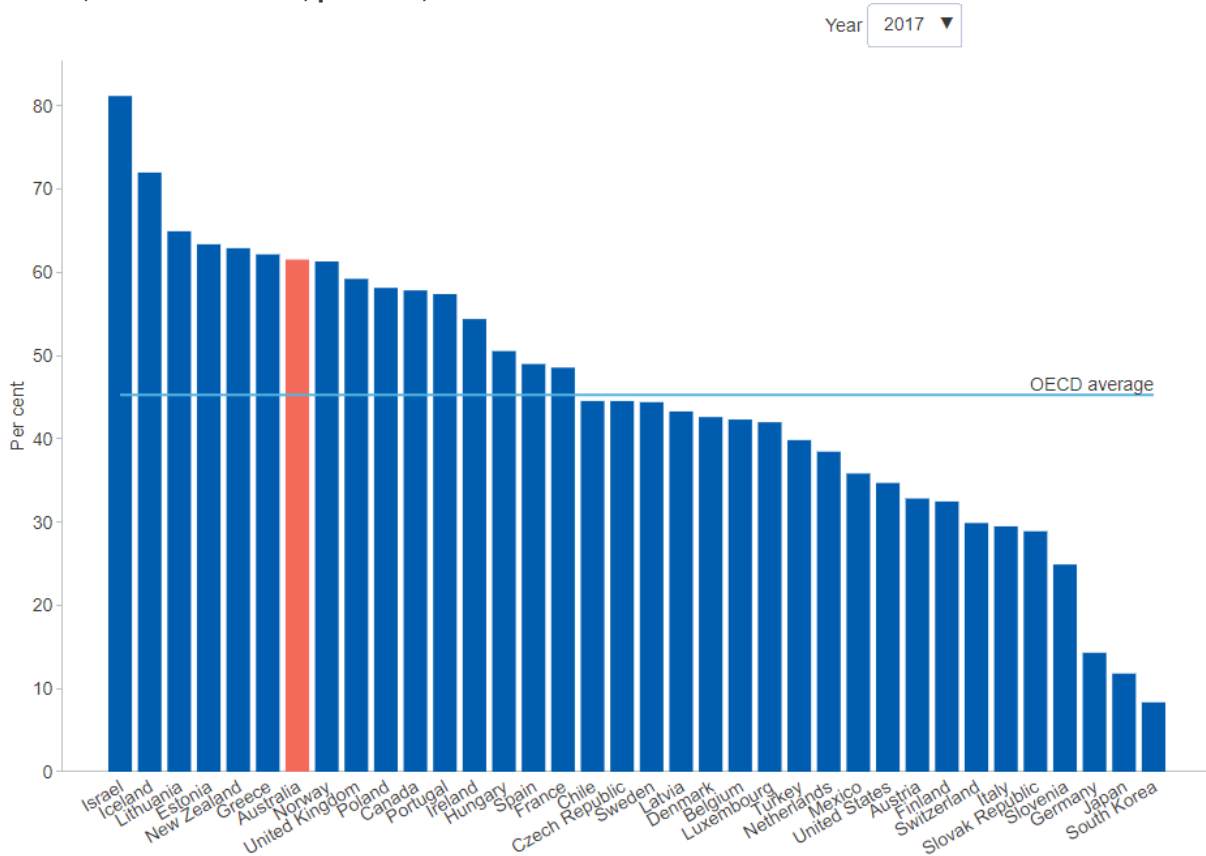


### 3.5.3 Business expenditure on R&D (BERD) performed in service industries

Across OECD countries, a sizeable and growing share of BERD is performed in service industries. Service industries supply services, as opposed to physical goods. For example, services include accommodation, recreation, health, education, retail, as well as information and communication technologies (ICTs). In *Australia*, the share of BERD performed by service industries in 2018–19 was around 65.5 per cent — well above the *OECD average* of 37.9 per cent. Australia ranks 1st of 8 OECD economies for which data is available on this metric.<sup>1</sup> Only five years earlier, Australian service industries accounted for less than half of total BERD, and a decade ago it was barely above 40 per cent. This broad economic shift towards service industries is occurring across nearly all OECD economies, in part due to the rapid growth in the uptake of new digital technologies. Across OECD economies, ICTs account for a substantial and growing part of BERD, and are disproportionately represented by innovative businesses.<sup>2</sup>

**Figure: Business expenditure on R&D (BERD) performed in service industries, share of total BERD, OECD countries, per cent, latest 2019**



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

<sup>2</sup> OECD (2017) *OECD Science, Technology and Industry Scoreboard 2017: The digital transformation*, OECD Publishing ([https://www.oecd-ilibrary.org/science-and-technology/oecd-science-technology-and-industry-scoreboard-2017\\_9789264268821-en](https://www.oecd-ilibrary.org/science-and-technology/oecd-science-technology-and-industry-scoreboard-2017_9789264268821-en))