

THE AUSTRALIAN GOVERNMENT'S 2006-07 SCIENCE AND INNOVATION BUDGET TABLES

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Background and Explanatory Notes

(1) The Science and Innovation Budget Tables are an annual publication summarising the support provided by the Australian Government for science/technology related research and development and innovation programmes.

(2) The current tables generally retain the format used in earlier years, thus, providing continuity and comparability with earlier budget tables. The new feature introduced since the 2004-05 Budget is the reclassification of programme groupings in Table 1 according to the sectors of the economy. This is consistent with the nomenclatural conventions recommended in the Frascati Manual (2002, OECD).

(3) The tables also conform as closely as possible with the standards for reporting government budget appropriations and outlays on research and development as recommended in the 2002 edition of the Frascati Manual published by the OECD. Accordingly, extramural expenditures report only current costs and capital expenditures. It is important to note that the expenditure categories reflect the funder's perspective, which are then aggregated according to the sectors of performance.

(4) The support for science and innovation programmes, administered on behalf of the Australian Government, may be provided either through annual appropriations (see Table 3) or through special appropriations (see Table 4). Up till the 1998-99 financial year, the Commonwealth Budget information had been reported on a cash accounting basis. Following the 1999-2000 Budget, Government expenditures have been reported in accordance with the principles of accrual accounting. This creates a break in the time-series between 1998-99 and 1999-2000.

(5) Table 1 summarises the total Australian Government support by sectors of performance. Tables 2, 3 and 4 provide a detailed decomposition of the total expenditure identified in Table 1 by programme, which can be identified by the posting references. Table 5 identifies the allocation of science and innovation support by socio-economic objective. To assist with the use of the budget tables, definitions are provided below for key terms that are used in these tables.

Definitions

Budget and Special Appropriations. Budget appropriations refer to funding appropriated annually, in particular, under *Appropriation Act No.1* and *No.2* of a given financial year (additional funding is appropriated under *Appropriation Act No.3* and *No.4*). Special appropriations refer to funding appropriated through provisions in other legislation such as the *Higher Education Support Act (2003)*, the *Income Tax Assessment Act (1936)* and the *Industry Research and Development Act (1986)*.

Intramural Expenditure. Intramural expenditures are all expenditures for R&D performed within a statistical unit or sector of the economy during a specific period, whatever the source of funds (Frascati Manual, 2002, OECD).

Extramural Expenditure. Extramural expenditures are sums a unit, organisation or sector reports having paid or committed themselves to pay to another unit, organisation or sector for the performance of R&D during a specific period. This includes acquisition or R&D performed by other units and grants given to others for performing R&D (Frascati Manual, 2002, OECD).

TABLE 1. SUMMARY OF MAJOR COMMONWEALTH SUPPORT FOR SCIENCE AND INNOVATION THROUGH THE BUDGET AND OTHER APPROPRIATIONS - ACTUAL COST IN YEAR INCURRED ^{a,h}

	post. ref. ^a	Cash Outlays (\$m)				Accrual Expenses (\$m)					
		←		→		←				→	
		1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	estimated actual 2005-06	budget estimate 2006-07
INTRAMURAL EXPENDITURE ON SCIENCE AND INNOVATION ^b											
Major Federal Research Agencies											
· Defence Science & Technology Organisation	1	212.1	221.3	237.6	261.0	275.0	283.4	293.9	314.4	349.1	340.7
· CSIRO	2	466.8	475.4	500.0	496.7	509.6	532.1	568.6	577.1	593.9	607.2
· Other R&D Agencies	3	256.4	244.2	272.5	338.3	385.9	402.7	441.6	413.1	399.9	403.8
SUB-TOTAL		935.3	940.9	1010.1	1096.0	1170.5	1218.1	1304.1	1304.6	1343.0	1351.7
EXTRAMURAL EXPENDITURE ON SCIENCE AND INNOVATION ^b											
Business Enterprise Sector											
· Industry R&D Tax Concession ^c	4	420.0	370.0	460.0	536.0	461.0	566.0	552.0	587.0	622.0	657.0
· Other R&D Support	5	20.0	60.1	176.9	176.8	237.9	158.55	231.2	47.9	63.4	81.6
· Other Innovation Support	6	120.4	166.6	112.0	124.6	284.3	244.4	216.1	356.6	427.3	513.9
SUB-TOTAL		560.4	596.7	748.9	837.4	983.2	969.0	999.3	991.5	1112.7	1252.5
Higher Education Sector											
· Australian Research Council ^d	7	-	-	-	247.8	265.8	298.3	399.6	480.9	546.2	570.3
· Performance Based Block Funding	8	-	-	-	942.5	1012.5	1086.5	1172.2	1178.0	1234.7	1214.3
· R&D Support under Former Funding Framework ^e	9	1675.4	1737.2	1775.9	-	-	-	-	-	-	-
· Other R&D Support	10	2.5	2.5	15.7	614.0	598.9	588.0	594.8	589.2	449.7	449.7
SUB-TOTAL		1677.9	1739.7	1791.6	1804.3	1877.2	1972.8	2166.6	2248.1	2230.6	2234.3
Multisector ^f											
· NHMRC and Other Health	11	179.9	195.7	174.4	184.1	243.8	291.3	369.0	384.7	698.9	467.0
· Cooperative Research Centres	12	144.3	142.3	137.5	139.7	145.3	148.6	201.8	194.6	208.2	189.4
· Rural	13	140.5	150.2	138.2	141.3	197.5	204.3	210.7	213.6	220.7	221.4
· Energy and the Environment	14	25.2	8.9	11.8	20.9	33.6	29.1	35.8	43.7	64.1	140.6
· Other Science Support	15	28.7	12.1	7.0	6.7	13.3	39.2	50.3	57.6	73.1	117.2
SUB-TOTAL		518.6	509.2	468.9	492.7	633.6	712.6	867.6	894.2	1265.0	1135.5
TOTAL COMMONWEALTH SUPPORT		3692.2	3786.5	4019.5	4230.4	4664.5	4872.6	5337.6	5438.4	5951.2	5973.9
% Total Commonwealth Expenditure ^g		2.48%	2.58%	2.57%	2.69%	2.80%	2.85%	2.93%	2.79%	2.89%	2.78%

- Notes**
- a. The financial data presented in this table are an aggregate of the expenditure data sourced from tables 2, 3 & 4. Posting reference numbers in Column 2 identify their respective disaggregated source data in Tables 2, 3 & 4.
- b. A definition of the expenditure categories is provided on page 1.
- c. The amounts indicated for the R&D tax concession are estimates only. The estimates presented in the table relate to the year in which companies undertake the R&D for which they subsequently claim the concession. They reflect data published in the Taxation Expenditures Statement 2005 and will require revision as new taxation data become available.
- d. New funding arrangements due to the establishment of the Australian Research Council (ARC) as an independent statutory authority and the introduction of new performance block funding schemes for research and research training under the *Australian Research Council (Consequential and Transitional Provisions) Act 2001* have resulted in a break in the series for the published breakdown between ARC and other R&D support prior to 2000-01. However, the sub-totals shown are comparable throughout the series.
- e. This refers to funding arrangements for the higher education sector prior to the implementation of the Knowledge and Innovation Reforms announced in 1999.
- f. 'Multisector' includes programmes that may be accessed by several sectors, including Commonwealth Government agencies.
- g. For the 1997-1998 FY, government expenses were expressed on a cash accounting basis. Therefore, the ratio is not comparable with subsequent years where government expenses have been recorded on an accrual basis. The ratio is calculated based on the expenditure (and forward estimate) published in Statement 13: Historical Australian Government Data, Budget Paper No. 1, 2005-06 Budget.
- h. A breakdown of the total expenditure by portfolio is summarised in the table below:

Portfolio	Cash Outlays (\$m)				Accrual Expenses (\$m)					
	←		→		←				→	
	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	estimated actual 2005-06	budget estimate 2006-07
Agriculture, Fisheries and Forestry	146.6	156.3	145.3	148.1	207.1	217.2	232.0	238.5	249.7	247.8
Communications, Information Technology and the Arts	-	2.4	52.3	24.0	76.0	50.4	34.1	40.3	44.8	41.0
Defence	212.1	221.3	237.6	261.0	275.0	283.4	293.9	314.4	349.1	340.7
Education, Science and Training	2402.5	2464.7	2538.7	2611.5	2725.6	2887.6	3215.0	3265.5	3314.1	3296.7
Environment and Heritage	100.0	83.6	112.9	126.6	149.6	139.4	143.7	157.1	184.0	266.3
Health and Ageing	179.9	195.7	174.4	184.1	243.8	291.3	369.0	384.7	648.9	467.0
Industry, Tourism and Resources	648.9	661.1	756.1	873.3	985.5	1001.4	1048.0	1035.0	1156.3	1310.0
Prime Minister and Cabinet	-	-	-	-	-	-	-	1.0	2.0	2.1
Transport and Regional Services	2.2	1.4	2.2	1.8	1.8	1.8	1.9	1.9	2.4	2.4
Total	3692.2	3786.5	4019.5	4230.4	4664.5	4872.6	5337.6	5438.4	5951.2	5973.9

TABLE 2. MAJOR COMMONWEALTH RESEARCH AGENCIES - BUDGET EXPENDITURES^a

PORTFOLIO/AGENCY	post. ref. ^a	Cash Outlays (\$m)				Accrual Expenses (\$m)					
		←		→		←		→			
		1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	estimated actual 2005-06	budget estimate 2006-07
AGRICULTURE, FISHERIES AND FORESTRY											
Australian Animal Health Laboratory	3	6.1	6.1	6.1	5.8	5.8	6.1	6.2	6.8	6.9	7.0
DEFENCE											
Defence Science and Technology Organisation ^b	1	212.1	221.3	237.6	261.0	275.0	283.4	293.9	314.4	349.1	340.7
EDUCATION, SCIENCE AND TRAINING											
CSIRO											
Australian Nuclear Science & Technology Organisation ^d	3	466.8	475.4	500.0	496.7	509.6	532.1	568.6	577.1	593.9	607.2
Australian Institute of Marine Science	3	72.7	74.5	80.0	140.8	158.7	173.2	205.7	167.5	138.1	129.7
Anglo-Australian Telescope	3	16.4	18.5	21.1	21.4	22.4	24.3	22.1	22.5	23.1	23.6
ENVIRONMENT AND HERITAGE											
Antarctic Division	3	3.5	3.6	3.7	3.7	3.8	3.9	4.0	4.1	4.6	4.7
Bureau of Meteorology Research Centre (BMRC)	3	61.9	62.7	80.1	83.8	92.0	84.6	85.5	86.5	94.6	99.7
Environmental Research Institute of the Supervising Scientist	3	4.5	4.4	10.3	10.7	9.4	9.7	10.1	11.0	11.7	12.0
Great Barrier Reef Marine Park Authority	3	4.3	4.2	6.5	7.4	8.4	8.0	7.1	7.8	7.5	7.9
INDUSTRY, TOURISM AND RESOURCES											
Geoscience Australia ^e	3	4.1	3.4	4.2	3.8	4.1	4.1	3.9	6.0	6.1	6.1
TOTAL		935.3	940.9	1010.1	1096.0	1170.5	1218.1	1304.1	1304.6	1343.0	1351.7

Notes:

- a. The financial data have been supplied and confirmed by the departments and agencies responsible for administering the programmes listed in the table. Posting reference numbers in Column 2 reconcile agency expenditures with their respective sector aggregates in Table 1.
- b. At the commencement of the 1997-98 financial year, the management of overheads and administrative support within the Department of Defence was centralised. The reduction in DSTO's outcomes from 1997-98 represents the transfer of resources associated with these functions to the Corporate Support and Infrastructure Group. DSTO outcomes since 1997-98 are for direct expenses on the research programme and exclude costs associated with overheads and administrative support.
- c. The accrual data include items such as superannuation, overheads, and funds in trust accounts, which were not included in the cash expenditure data reported for financial years prior to 1999-00.
- d. The reduction in budget expenditures for 2004-05 when compared to 2003-04 for ANSTO is a timing issue relating to two special purpose projects: disposition of spent fuel and replacement research reactor.
- e. The outlay in 1997-98 FY included major expenditure on capital works. In 2001-02, AGSO merged with AUSLIG to become Geoscience Australia.

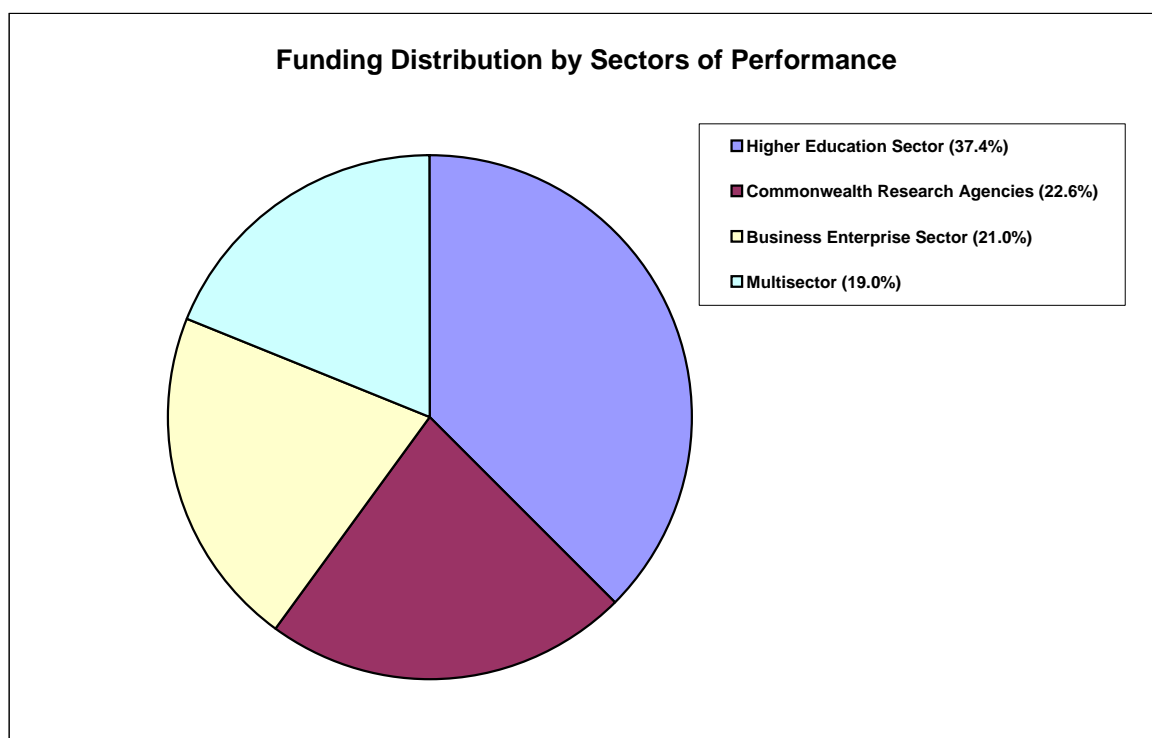


Figure 1. Percentage breakdown of Commonwealth support for science and innovation by sectors of performance.

TABLE 3. MAJOR R&D GRANTING PROGRAMMES AND OTHER SUPPORT FOR SCIENCE AND INNOVATION THROUGH THE BUDGET *a, b*

PORTFOLIO/PROGRAMME	post. ref. ^a	Cash Outlays (\$m)				Accrual Expenses (\$m)					
		←		→		←			→		
		1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
AGRICULTURE, FISHERIES AND FORESTRY^c											
Wool Research	13	7.2	9.6	9.2	9.0	22.5	16.2	16.2	13.7	16.2	16.2
Meat Research	13	22.8	21.4	20.2	20.2	23.5	26.3	28.5	35.6	36.3	36.3
Fishing Industry Research	13	11.2	12.1	13.1	12.8	15.8	25.5	27.9	31.7	32.8	28.0
Grains	13	33.8	33.6	31.9	34.0	40.8	39.2	39.2	35.1	35.1	36.0
Horticulture Research	13	11.4	15.3	15.8	15.8	29.5	30.2	30.0	30.0	32.9	32.9
Land & Water Research	13	10.8	11.0	11.0	11.3	11.6	11.9	12.2	12.5	12.5	12.8
Rural Industries R&D Corporation	13	10.8	11.0	3.8	3.7	17.2	14.9	14.8	17.3	17.1	20.0
Other Rural Research	13	32.5	36.2	33.2	34.5	36.6	40.1	41.9	37.7	37.8	39.2
New Industries Development Programme ^d	6	-	-	1.0	1.0	3.8	4.0	3.2	3.5	2.6	2.3
Food Innovation Grants - National Food Industry Strategy	6	-	-	-	-	-	1.9	8.9	10.8	15.4	13.1
Centres of Excellence - National Food Industry Strategy	6	-	-	-	-	-	0.9	3.0	3.4	2.4	2.3
Centres of Excellence - Biosecurity Risk Analysis and Research	15	-	-	-	-	-	-	-	0.4	1.7	1.7
COMMUNICATIONS, INFORMATION TECHNOLOGY AND THE ARTS											
ICT Centre of Excellence ^d	5	-	-	-	-	-	10.3	11.3	17.2	23.5	24.0
Building Information Technology Strengths (BITS) – Incubators ^d	6	-	-	19.5	6.0	22.7	16.1	11.6	12.6	10.6	7.5
BITS – Intelligent Island (Tas.)	6	-	-	20.0	-	20.0	-	-	-	-	-
BITS – Advanced Networks Programme ^d	6	-	-	-	-	21.9	8.8	6.6	8.0	7.0	5.0
Information Technology Online (ITOL) ^{d,e}	6	-	-	1.9	1.4	0.8	2.3	2.2	1.9	2.3	1.3
Software-Engineering Australia	6	-	1.2	5.2	5.4	3.3	2.0	1.1	-	-	-
Test-It	6	-	-	0.5	1.5	0.7	0.4	-	-	-	-
Société Internationale de Télécommunications Aéronautiques	6	-	1.2	2.2	1.7	2.3	1.7	0.3	-	-	-
Anti-doping Research Program (ADRP)	15	-	-	-	-	0.8	0.8	0.9	0.6	1.1	2.9
Australia Council - Synapse program	15	-	-	-	-	-	-	0.1	-	0.3	0.3
EDUCATION, SCIENCE AND TRAINING											
Cooperative Research Centres Grants ^d	12	144.3	142.3	137.5	139.7	145.3	148.6	201.8	194.6	208.2	189.4
Major National Research Facilities ^{d,f}	15	20.9	10.7	4.8	4.9	4.5	25.0	38.5	42.3	42.3	-
National Collaborative Research Infrastructure Strategy ^d	15	-	-	-	-	-	-	-	-	13.2	98.2
International Science Linkages ^{d,g}	15	-	-	-	-	4.1	7.6	7.6	9.3	10.2	9.6
Research Evaluation ^h and Grants for Learned Academies	10	2.0	2.5	2.3	2.5	2.4	2.4	2.5	2.2	2.0	2.0
Targeted Institutional Links Programme	10	0.5	-	-	-	-	-	-	-	-	-
Capital Works for John Curtin School of Medical Research	11	-	-	-	-	-	-	-	-	50.0	-
ENVIRONMENT AND HERITAGE											
Australian Biological Resources Study	14	1.0	1.4	2.0	1.6	4.5	3.7	3.1	3.0	3.0	3.0
Greenhouse Research (NGRP)	14	3.6	3.1	4.0	3.8	3.9	3.9	4.1	-	0.0	0.0
Renewable Energy Commercialisation Programme	14	-	-	-	6.8	8.9	9.2	9.2	2.7	3.1	0.7
Renewable Energy Equity Fund	14	-	2.0	2.7	2.8	2.5	1.9	3.8	3.2	1.5	1.1
Energy Research	14	20.6	1.5	-	-	-	-	-	-	-	-
National Carbon Accounting System ⁱ	14	-	0.9	3.1	5.9	4.8	3.2	3.6	-	-	-
Greenhouse Gas Abatement Programme	14	-	-	-	-	9.0	7.2	12.0	12.9	15.7	21.6
Climate Change Science Programme	14	-	-	-	-	-	-	-	6.7	6.9	8.6
Emissions Measurement and Analysis ⁱ	14	-	-	-	-	-	-	-	7.4	8.8	8.8
Low Emissions Technology and Abatement	14	-	-	-	-	-	-	-	2.5	7.0	9.4
Low-Emissions Technology Demonstration Fund	14	-	-	-	-	-	-	-	1.7	2.1	52.0
Advanced Electricity Storage Technologies	14	-	-	-	-	-	-	-	0.4	3.8	5.9
Wind Forecasting Capability	14	-	-	-	-	-	-	-	1.2	5.2	4.8
Marine Research	14	-	-	-	-	-	-	-	1.8	2.1	1.8
Commonwealth Environment Research Facilities	14	-	-	-	-	-	-	-	-	4.8	22.1
Bilateral Climate Change Partnerships Programme	14	-	-	-	-	-	-	-	0.2	0.1	0.8
HEALTH AND AGEING											
NHMRC Research Grants ^j	11	164.3	177.1	173.6	183.3	243.0	290.4	332.4	369.4	403.5	437.6
Capital Works for Medical Institutes	11	2.7	5.7	-	-	-	-	3.7	4.1	2.0	-
Health Sciences - Australian Longitudinal Study on Women's Health ^k	11	0.9	0.9	0.8	0.8	0.8	0.9	1.7	1.1	1.4	1.4
AIDS Research	11	12.0	12.0	-	-	-	-	-	-	-	-
Health & Medical Research - Overhead infrastructure Support ^d	11	-	-	-	-	-	-	-	10.1	27.0	28.0
Medical Research Infrastructure Projects	11	-	-	-	-	-	-	31.2	-	215.0	-
INDUSTRY, TOURISM AND RESOURCES											
Industry Innovation Programme (Includes R&D Start Grants) ^{d,l}	5	-	-	154.9	155.3	207.0	115.5	132.8	-	-	-
R&D Start Loans Programme	5	-	-	15.9	12.8	16.1	7.8	11.8	10.4	8.0	-
Commercialising Emerging Technologies (COMET) ^d	6	-	-	2.1	8.9	12.2	11.4	8.7	7.9	8.4	10.3
Commercial Ready Programme ^{d,l}	6	-	-	-	-	-	-	-	152.1	152.5	199.0
Industry Innovation Programme	6	102.7	130.7	-	-	-	-	-	-	-	-
Innovation Investment Fund ^m	6	4.0	20.7	35.2	25.3	27.3	24.7	17.6	19.6	16.5	18.4
Pre-Seed Fund ^d	6	-	-	-	-	-	4.2	6.4	6.7	13.4	12.0
Biotechnology Centre of Excellence ^d	5	-	-	-	-	0.8	3.6	4.6	5.8	7.1	6.5
Biotechnology Innovation Fund ^{d,l}	6	-	-	-	-	4.0	11.9	13.4	-	-	-
Innovation Access Programme – Industry (IAcCP) ^{d,g,l}	5	-	-	-	-	-	5.0	11.4	2.3	-	-
Technology Diffusion Programme	6	-	12.8	15.9	14.2	12.9	4.2	-	-	-	-
Technology Support Centres	6	13.7	-	-	-	-	-	-	-	-	-
International S&T Programme	15	5.6	-	-	-	-	-	-	-	-	-
National Space Programme	5	0.5	1.5	-	-	-	-	-	-	-	-

TABLE 3 - CONTINUED.

PORTFOLIO/PROGRAMME	post. ref. ^a	Cash Outlays (\$m)				Accrual Expenses (\$m)					
		←		→		←			→		
		1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	estimated actual 2005-06	budget estimate 2006-07
Shipbuilding Innovation Scheme	6	-	-	5.5	7.8	6.4	8.7	7.0	2.1	-	-
Assistance under the Bounty (Computers) Act 1984 ⁿ	5	19.5	58.6	-	-	-	-	-	-	-	-
Pharmaceutical Industry Investment Programme ^o	5	-	-	6.1	8.7	14.0	16.4	59.3	-	-	-
Small Scale Mammalian Cell Production Facility	5	-	-	-	-	-	-	-	-	-	2.5
Pharmaceutical Partnerships Programme ^p	5	-	-	-	-	-	-	-	4.2	10.2	31.6
Automotive Competitiveness and Investment Scheme	6	-	-	-	43.4	142.5	133.3	126.1	128.0	194.0	238.0
Motor Vehicle Producer R&D Scheme	5	-	-	-	-	-	-	-	-	6.6	9.0
Industry Co-operative Innovation Programme	6	-	-	-	-	-	-	-	-	2.2	4.7
National Measurement Institute	5	-	-	-	-	-	-	-	8.0	8.0	8.0
PRIME MINISTER AND CABINET											
Research Support for Counter Terrorism ^d	15	-	-	-	-	-	-	-	1.0	2.0	2.1
TRANSPORT AND REGIONAL SERVICES											
Payments to Austroads/ARRB Transport Research Ltd.	15	2.2	1.4	2.2	1.8	1.8	1.8	1.9	1.9	2.4	2.4
TOTAL		661.5	738.4	757.1	788.6	1152.6	1106.1	1316.1	1298.8	1757.6	1733.0

Notes:

- a. The financial information has been supplied and confirmed by the departments and agencies responsible for administering the programmes listed in the table. The information has also been checked by the Department of Finance and Administration. Posting reference numbers in Column 2 reconcile programme expenditures with their respective sector aggregates in Table 1.
- b. Departmental expenses attributable to the administration of programmes are excluded from the data in accordance with the recommendations of the Frascati Manual (2002, OECD).
- c. The R&D expenditures for wool, meat, other rural research, fish, horticulture and grains sectors exclude that component of Commonwealth outlays funded from industry levies. Industry Contributions - Rural Research Levies (estimated proportion of levies attributable to research purposes - \$m) are presented in the table below:

SECTOR	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
Wool	13.1	10.5	12.0	11.8	56.3	62.6	40.4	40.4	42.0	43.6
Meat	24.5	12.3	21.3	23.5	15.9	19.4	20.5	21.1	21.8	22.4
<i>Grains</i>										
Wheat	32.0	31.6	29.1	27.4	37.1	39.4	41.4	41.5	41.5	41.5
Other Grains	20.4	18.0	17.8	21.1	24.8	25.6	28.2	25.7	25.9	26.1
Special Rural	1.9	1.8	-	-	-	-	-	-	-	-
Fish	2.9	3.3	3.6	3.6	4.4	5.0	6.1	2.0	5.7	5.7
Horticulture	9.1	8.9	9.8	10.8	10.4	22.4	25.3	26.5	26.5	26.5
<i>Other Rural Research</i>										
Chicken Meat	0.8	0.8	0.8	0.9	0.9	1.1	1.1	1.1	1.1	1.1
Cotton	5.5	5.6	5.4	5.4	5.0	7.2	3.4	3.5	4.1	4.7
Dairying	10.9	11.9	14.3	15.7	11.5	12.9	16.3	31.0	31.0	31.0
Dried Fruit ^q	0.4	0.7	0.7	0.7	0.5	0.6	-	-	-	-
Grape & Wine	2.4	4.6	5.6	5.5	7.4	7.8	7.7	7.9	7.9	7.9
Honey	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Pig Industry	3.5	3.5	3.7	3.9	11.8	13.3	13.3	13.5	13.5	13.5
Egg Industry	0.8	0.7	0.7	0.7	0.7	0.5	5.3	4.4	4.4	4.4
Sugar	6.2	6.0	6.0	6.2	4.3	5.3	5.5	5.5	5.5	5.5
Tobacco ^r	0.8	0.6	0.8	0.7	0.6	-	-	-	-	-
Forestry	2.5	2.6	3.1	3.2	3.0	3.0	3.8	3.8	3.8	3.8
Rural Industries R&D Corporation	-	-	-	-	-	-	-	2.6	3.0	3.3
Total	137.8	123.5	134.7	141.2	194.9	226.3	218.5	230.8	237.9	241.2

d. These programmes have received funding under *Backing Australia's Ability*, announced in the 2001-02 Budget, and/or *Backing Australia's Ability - Building Our Future through Science and Innovation*, announced in the 2004-05 Budget.

e. The budget estimate for 2005-06 is net of \$0.63 m, which has been re-phased to 2006-07.

f. The Major National Research Facilities Programme will be replaced by the National Collaborative Research Infrastructure Strategy.

g. Following the transfer of the science functions to the Department of Education, Science and Training (DEST) at the end of 2001, the administration of the Innovation Access Programme (IAP) - International S&T, now called International Science Linkages, component was transferred to DEST, while administration of the IAP - Industry component has been retained by the Department of Industry, Tourism and Resources (DITR).

h. The Research Evaluation Programme ceased in 2004-05.

i. The funding for the National Carbon Accounting System has been merged with that of the Emissions Measurement and Analysis programme and is reported as part of the new programme.

j. Includes funding for health and health services research grants, and from 1999-2000 also includes AIDS research and the Medical Institutes. During 2001-02, the Department changed its accounting policy for the recognition of expenditure on research grants, with consequent adjustments to the appropriations, in line with Australian Accounting Standards (AAS 29) and changes to the Minister for Finance Orders. Adjustments have been made to the estimates to expense funds progressively in each year in which research is conducted, rather than in full when multi-year grant commitments are accepted. Thus, the adjustments only reflect changes to the timing of the recognition of expenses and do not impact on the aggregate level of multi-year grants able to be approved each year.

k. The 1993-94 budget initiative for the Women's Health Program provided initial funding for the study from 1995 to 1998. From 1998 the study was funded from within existing resources of the health portfolio for a further 5 years until 2003. From 2004-05, funding for the study was provided by a new measure called Australian Longitudinal Study on Women's Health. The \$1.7m in 2003-04 includes \$0.8m from the Office for the Status of Women.

l. From 1 July 2004, funding for BIF, R&D Start Grants and part of the Innovation Access Programme - Industry were combined with the new Commercial Ready funding to form a single programme.

m. Appropriated via administered capital.

n. The Bounty Scheme concluded in 1998-99. It provided assistance for local manufacturers of computer hardware, systems software and electronic microcircuits and covered design and development costs.

o. Funding allocated to supporting research and development activities under this programme. It concluded on 30 June 2004.

p. This programme began on 1 July 2004.

q. This levy is now combined with the Horticulture levy.

r. This levy has ceased.

TABLE 4. ESTIMATED COSTS OF PROGRAMMES AND INCENTIVES PROVIDING SUPPORT FOR SCIENCE AND INNOVATION THROUGH SPECIAL APPROPRIATIONS AND OTHER MEASURES^{a, b}

PORTFOLIO/PROGRAMME	post. ref. ^a	Cash Outlays (\$m)				Accrual Expenses (\$m)					
		←		→		←			→		
		1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06 estimated actual	2006-07 budget estimate
COMMUNICATION, INFORMATION TECHNOLOGY AND THE ARTS											
Support from the Federation Fund - Commonwealth Technology Port	6	-	-	3.00	8.00	3.50	8.00	-	-	-	-
EDUCATION, SCIENCE AND TRAINING											
<i>Former Funding Framework</i>											
Science Lectureships	10	-	-	3.9	11.0	-	-	-	-	-	-
<i>Funding for research and research training provided under HEFA (1988)</i>											
Special Research Assistance ^{c,d}	9	420.4	451.2	442.9	-	-	-	-	-	-	-
Research Quantum (RQ) ^d	9	219.0	219.0	220.0	-	-	-	-	-	-	-
Research Training Component (RTC) ^d	9	482.0	468.4	487.0	-	-	-	-	-	-	-
Funding for ANU Institute of Advanced Studies ^e	9	151.0	151.0	151.0	-	-	-	-	-	-	-
Estimate of Other Research and Research Training Support Sourced in the Operating Grant ^{d,f}	9	403.0	447.6	475.0	-	-	-	-	-	-	-
<i>Current Funding Framework</i>											
<i>Performance based block funding for research and research training under HEFA (1988) and HESA (2003)^g</i>											
Research Training Scheme	8	-	-	-	504.5	515.6	528.0	541.9	552.2	562.6	573.9
Institutional Grants Scheme	8	-	-	-	257.2	262.9	286.4	285.2	290.6	296.1	302.0
Research Infrastructure Block Grants	8	-	-	-	81.5	111.2	136.7	160.6	183.0	199.9	203.9
Systemic Infrastructure Initiative ^h	8	-	-	-	-	23.6	28.4	71.4	39.9	61.4	17.1
Australian Postgraduate Awards	8	-	-	-	83.1	83.2	87.1	89.5	91.2	93.1	95.3
International Postgraduate Research	8	-	-	-	16.2	14.0	16.7	17.8	18.1	18.5	18.8
Regional Protection Scheme	8	-	-	-	-	2.0	3.2	5.8	3.0	3.1	3.1
Estimate of Other Research and Research Training Support Sourced from the Commonwealth ^j	10	-	-	-	591.0	589.0	585.0	585.0	587.0	447.7	447.7
Australian Research Council ^l	7	-	-	-	247.8	265.8	298.3	399.6	480.9	546.2	570.3
Mount Stromlo Observatory Reconstruction	10	-	-	-	-	-	-	-	-	-	-
<i>Support from the Federation Fund</i>											
National Marine Science Centre	10	-	-	6.00	1.45	4.50	0.10	-	-	-	-
Institute of Molecular Bioscience	10	-	-	3.50	8.00	3.00	0.50	-	-	-	-
ENVIRONMENT AND HERITAGE											
National Oceans Office ^k	15	-	-	-	-	2.1	3.9	1.3	2.1	-	-
INDUSTRY, TOURISM AND RESOURCES											
R&D Tax Concession ^l	4	390.0	340.0	430.0	480.0	360.0	440.0	460.0	490.0	520.0	550.0
Premium Tax Concession for Additional R&D ^m	4	-	-	-	20.0	55.0	90.0	85.0	90.0	95.0	100.0
R&D Refundable Tax Off-set ⁿ	4	-	-	-	-	40.0	30.0	**	**	**	**
Tax Deduction for Patents Designs and Copyright ^o	4	30.0	30.0	30.0	30.0	-	-	-	-	-	-
Pooled Development Funds ^o	4	-	-	-	6.0	6.0	6.0	7.0	7.0	7.0	7.0
TOTAL		2095.4	2107.2	2252.3	2345.8	2341.4	2548.3	2717.4	2835.0	2850.6	2889.3

Notes:

a. The financial information has been provided and confirmed by the departments responsible for administering the programmes listed in the table. The information is also checked by the Department of Finance Administration. Posting reference numbers in Column 2 reconcile programme expenditures with their respective sector aggregates in Table 1.

b. Departmental expenses attributable to the administration of programmes are excluded from the data in accordance with the recommendations of the Frascati Manual (2002, OECD).

c. Prior to 2000-01, 'Special Research Assistance' included funding for research grants, fellowships, centres, postgraduate awards and infrastructure provided on advice from the Australian Research Council (ARC) and the then Department of Education, Training and Youth Affairs (DETYA).

d. The data have been sourced from the Science and Innovation Budget Statement (1995-96 to 1999-2000). The Research Quantum (RQ) is an amount within the operating grant which was allocated to institute on the basis of research performance. The Research Training Component (RTC) is an estimate of the operating grant used for research training derived by using the actual higher degree research student load and weighted in accordance with a formula based on the Relative Funding Model.

e. This item refers to funds for research and research training provided to the Institute of Advanced Studies (IAS) of the Australian National University (ANU) through the ANU's operating grant. From 2000 onwards, this funding has been included under the item Estimate of Other Research and Research Training Support Sourced from the Commonwealth.

f. Up till the 2004-05 financial year, the item Estimated Research & Research Training Component Sourced in the Operating Grant represented an estimate of the operating grant expended on research. The estimate was based on the Australian Bureau of Statistics (ABS) survey of research expenditure of universities by source of funds. It reflects that component of Commonwealth funding for teaching and learning not specifically provided for research. The estimate from 2000-2001 onwards include the funds provided to the IAS through the ANU's operating grant. For the 2005-06 financial year, the amount has been estimated from a reconciliation between the R&D expenditure data published by the Australian Bureau of Statistics for the higher education sector (2002) and the higher education sector revenue data published annually by Department of Education, Science and Training. This approach is consistent with the implementation of the new funding arrangements for higher education institutions under the provisions of the Higher Education Support Act 2003 (HESA) from 2005 onwards.

g. Following from the 2002 Review of Higher Education, the Australian Government announced a package of new higher education policies, to be implemented between 2004 and 2008. The legislation to give effect to the reform package, the Higher Education Support Act 2003 (HESA), was passed by Parliament on 5 December 2003.

h. The Systemic Infrastructure Initiative will be replaced by the National Collaborative Research Infrastructure Strategy.

i. For the 2006-07 financial year it is not possible to calculate this figure. This is because the required ABS data will not be available until after Budget release. The most recently available figure is presented, which is the 2005-06 figure. The 2006-07 financial year figure will be updated in the 2007-08 tables. From the 2007-08 Budget on, this line item will be updated biennially where possible - contingent on data being available.

j. The ARC was established as an independent statutory authority on 1 July 2001 under the Australian Research Council Act (2001). The funding identified here represents administered funding only.

k. This programme has since 2004-05 been administered as part of the Marine Research programme.

l. The data series is based on estimates of revenue forgone as published in the Taxation Expenditures Statement 2005 (TES) and earlier issues. The TES estimates, particularly in the later years, are revised each year as more data come to hand. Thus, the series here will be revised in the future. The data relates to the financial year when companies undertake the activity for which they subsequently claim a concession or deduction, i.e. they are the estimated costs to revenue that would have occurred if companies had made the tax claim in the same financial year in which expenditure was incurred. Thus, the data series presented in this table are brought forward by one year with respect to that published in the TES, since the TES data series reports data in the year in which revenue is forgone by the Government (normally, the year after expenditure is undertaken by companies). This will bring the time series into alignment with: (1) business expenditure on R&D as reported annually by the Australian Bureau of Statistics, (2) R&D expenditure data as reported by companies registered for the 125% rate and, (3) time series for R&D programme data in Tables 2 and 3 above.

m. Supplementing the pre-existing 125% tax concession for industrial R&D and with effect from 1 July 2001, the Government's Innovation Statement *Backing Australia's Ability* introduced a 175% incremental (Premium) R&D Tax Concession for companies undertaking additional R&D. Note that the TES estimates provide for downwards adjustment of Pay as You Go (PAYG) tax instalments, particularly with respect to the first year in which the Premium applies (with an estimate of \$20 million for 2000-01).

n. The refundable R&D Tax Offset is treated as an expense item in the Tax Expenditure Statement (TES) and accordingly does not appear as a tax expenditure in its own right. Payments made under the Offset are exempt from tax and the figures that are included in the TES is the tax revenue forgone on the Offset payment (accrued because the Offset is a non-taxed payment to firms). The TES figures, thus, reflect only part of the total cost of the Offset. The actual cost to revenue of the Offset itself is recorded as an Administered expense in the ATO Portfolio Budget Statement. This cost is not, however, recorded as a separate line item in the ATO statement. Hence, the component of the cost to revenue cannot be identified.

o. PDFs buy shares in Australian companies and their income includes profits made on the sale of these shares and dividends on holding those shares. A PDF could make an investment but it could be several years before any tax benefits are realised. Therefore, caution should be exercised when analysing these figures with investments made by PDFs in any given year.

TABLE 5. COMMONWEALTH SUPPORT BY SOCIO-ECONOMIC OBJECTIVES^a

<i>Socio-Economic Objective</i> ^c	<i>← Accrual Expenses (\$m)^b →</i>							<i>estimated actual</i> 2005-06	<i>budget estimate</i> 2006-07	<i>% Tot.</i> <i>Gov. Exp.</i>
	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2004-05			
Exploration and exploitation of the earth	227.6	233.2	252.6	261.5	288.2	293.4	324.3	335.5	5.6	0.16
Infrastructure and general planning of land use ^d	47.2	59.3	64.2	75.2	90.4	83.1	98.1	97.8	1.6	0.05
Control and care of the environment ^e	44.2	77.2	84.9	84.6	108.1	122.0	229.8	310.4	5.2	0.14
Protection and improvement of human health	230.3	265.6	324.3	380.5	476.9	526.7	853.1	648.3	10.9	0.30
Production, distribution and rational utilisation of energy	90.4	111.1	113.0	121.6	134.7	132.1	156.9	163.5	2.7	0.08
Agricultural production and technology	279.9	305.1	375.2	403.2	442.0	420.2	253.1	292.8	4.9	0.14
Industrial production and technology	1005.8	1210.0	1398.0	1385.9	1472.8	1502.6	1421.4	1510.1	25.3	0.70
Social structures and relationships	26.5	59.6	63.0	74.1	93.3	112.6	110.5	118.0	2.0	0.05
Exploration and exploitation of space	-	-	-	0.7	9.0	1.0	38.2	39.2	0.7	0.02
Research financed from general university funds	1779.8	1544.4	1601.8	1671.9	1759.5	1760.8	1756.5	1774.1	29.7	0.83
Non-oriented research	41.1	122.3	131.2	144.0	174.5	196.6	337.1	318.7	5.3	0.15
Other civil research	-	-	-	-	-	1.4	3.0	2.9	0.0	0.00
Defence	246.8	242.7	256.2	269.3	287.8	286.0	369.1	362.6	6.1	0.17
TOTAL^f	4020	4230	4665	4873	5338	5438	5951	5974	100	2.78

Notes

- a. Table 5 represents the total Commonwealth support for science and innovation through the Budget and other appropriations allocated by broad socio-economic objective (SEO) categories. The allocation of Budget funds corresponds to the intentions of the funder. Hence, the allocation according to the SEO categories may vary from that achieved through the R&D surveys of the Australian Bureau of Statistics (ABS).
- b. The reporting of Australian Government financial data according to the principles of accrual accounting was introduced in the 1999-2000 financial year.
- c. The socio-economic objective (SEO) nomenclature is in accordance with the OECD's Nomenclature for the Analysis and Comparison of Scientific Programmes and Budgets (NABS) 1998 for reporting Government Budget Appropriations or Outlays on R&D (GBAORD), and reflects the recommendations of the Frascati Manual (6th edition, 2002, OECD). The funding allocation to the SEO categories were derived by concordance with the Australian Standard Research Classification (1998).
- d. This socio-economic objective incorporates the previously separate categories of *Transport & Telecommunications* and *Urban & Rural planning*.
- e. The socio-economic objective incorporates the previously separate categories of *Prevention of pollution* and *Identification & treatment of pollution*.
- f. The totals include the tax concession items.