



THE INSTITUTION OF ENGINEERS OF IRELAND

SUBMISSION TO

BRIAN COWEN TD

Minister for Finance

ON

2005 BUDGET

OCTOBER 2004

INTRODUCTION:

The Institution of Engineers of Ireland (IEI) represents the Engineering Profession on the island of Ireland at both a national and international level. With 21,000 members, it is the largest professional body in the country. Engineering professionals across all disciplines in both the private and public sectors comprise by far the largest element of the scientific and technological community in Ireland. Ireland's economic success has been founded on attracting and growing significant international companies across a wide spectrum of industries. All of these industries are based on and critically dependent on engineering competence. Industrial and economic success depends on our ability as a nation to continue supplying the economy with adequate numbers of engineering professionals, in keeping them continually updated to best international standards, in building the infrastructure needed in a modern economy and in creating an environment in which enterprise can thrive.

The Institution of Engineers of Ireland strongly recommends that in framing the Budget for year 2005 you ensure the details of the Budget are supportive of the broad spectrum of engineering industry and the engineering profession on which Ireland's current and future economic success depends. In particular, the Institution recommends the following items for consideration by you in deciding on the provisions of the 2005 Budget.

1. BUILDING WORLD CLASS ENGINEERING COMPETENCE:

The July 2004 Enterprise Strategy Group's Report "Ahead of the Curve", identified: -

- Expertise in Technology – Product and Service Development
- World Class Skills, Education & Training

as key sources of competitive advantage for Ireland.

Building world class science, engineering and technological (SET) competence must be at the heart of any realistic aspirations to Ireland becoming a knowledge society and sustaining a competitive modern economy.

IEI welcomes "Ahead of the Curve" and other allied Government policy documents and statements which point to the central role SET has in ensuring Ireland's future economic success. However, this policy position must be seen against a background of: -

- A falling interest among second level students in mathematics and the sciences and in pursuing careers in science, engineering and technology (SET)
- Minimal implementation of the recommendations of the Task Force on the Physical Sciences and small government investment in promoting SET.
- Budgetary cuts to the 3rd level sector over the past two years with this sector expected to cope with the impact of benchmarking, general inflation, increasing numbers and an expectation of increased quality.
- A lack of recognition among some professionals and their employers that skills learned twenty years ago are not enough for Ireland to excel in the current technology business internationally.

Recommendations for Government:

- Double the annual budget to Government's Discover Science and Engineering Programme from €1.5m to €3m per annum.
- Provide matching public/industry funding for IEI's Science, Technology and Engineering Programme for Schools (STEPS) i.e. increase current public funding via the Department of Education & Science from €65,000 to €150,000 per annum.
- Fund implementation of the recommendations of the Task Force on the Physical Sciences in full.
- Encourage engineering re-education, up-skilling and Continuing Professional Development through investment and tax breaks

Actions for IEI:

- Implement the “STEPS” Programme in the most effective manner possible in consultation with the Discover Science & Engineering Programme and industry stakeholders.
- Increase IEI’s financial commitment by €50,000 per annum to the Institution’s Continuing Professional Development Accreditation Scheme for industry and public sector organisations. Meet all targets set by the Department of Trade, Enterprise & Employment.
- Prepare a submission for Government on “Funding 3rd Level Engineering Education” by early 2005.

2. INCREASING NATIONAL PRODUCTIVITY:

The cost of doing business in Ireland has risen significantly in recent years. It is eroding the relative competitiveness of our goods and services sectors, reducing our attractiveness for new foreign direct investment and increasing the possibility of existing multinational companies located in Ireland leaving the country.

National productivity is a key business success factor. However, across many aspects of public service and private sector business, little or no benchmarking in relation to best international practice is completed. Where it is carried out, progress to redress poor performance can be painfully slow.

There is no doubt that regulation in the public interest, health and safety, individual's rights and protection of the environment are all issues that are important and must be addressed effectively. However, Government must ensure that all bureaucracy is kept to a minimum and that enterprise does not become burdened with unnecessary regulation and form-filling which are both time-consuming and a source of additional overhead cost.

Ireland is now a high cost economy and government fiscal policy should be aimed at reducing costs to enterprise thereby improving competitiveness and the potential for job retention/creation.

Recommendations for Government:

- Radically overhaul the courts and the legal system to reduce costs and increase efficiency.
- Adopt a national strategy in relation to the cost of insurance and litigation to the State. Include a review of the total cost to the State of Professional Indemnity Insurance for engineers, doctors etc. employed directly or indirectly by the State and how this might be reduced.

Actions by IEI:

- Ensure the requirements for benchmarking, efficiency, effectiveness and cost benefit analysis are stressed in IEI's Continuing Professional Development Programme for members and in the Institution's monthly Journal to members.
- Progress by December 2004 a submission for Government resulting from the Institution's October 2004 Annual Conference on "Achieving Competitiveness through Engineering Excellence".
- Communicate directly with relevant Government Departments and bodies, the Institution's recommendations on particular topics which will help improve national productivity.

3. REDRESSING THE INFRASTRUCTURE DEFICIT:

Ireland's infrastructure is unable to support the efficient discharge of business or the lifestyle the population aspires to. Failure to close the infrastructure deficit will fatally undermine Ireland's attractiveness as a location for inward investment. This view has been supported by the ESRI's Mid Term Evaluation of the National Development Plan which agrees that Government should prioritise investment in infrastructure over other calls on the public finances.

While the National Development Plan investment is welcomed and has commenced the process of improving the country's infrastructure, the country's economic and population growth has further increased the pressure on infrastructure and our competitors internationally continue to improve their own infrastructure, thus raising the benchmark standard even further. Much needs to be done:

- Commuting continues to be a nightmare, Dublin transport is unsatisfactory and traffic congestion is adding significantly to the cost of doing business.
- The country's waste infrastructure is grossly inadequate.
- The cost of power is uncompetitive for industry.
- Competition in telecommunications is poor.
- Water and sewerage infrastructure, while improving is inadequate in many locations.

Recommendations for Government:

- Increase investment in infrastructure, especially roads, public transport, waste management and water supply to 5% of GDP.
- Implement the Strategic Infrastructure Bill as a matter of urgency.

Actions for IEI:

- Make a detailed submission to Government before the end of 2004 on delivery of the NDP and future infrastructure development.
- Run a comprehensive range of training programmes for members and others on best practice project management, project planning, cost control etc.
- Promote best practice project management and cost control through articles in the Institution's monthly Journal to members.

4. PROMOTE SUSTAINABILITY:

Sustainability is perhaps the main challenge facing society and governments in the early years of the 21st century. Government has an obligation to ensure that all its policies take account of the needs of both present and future generations and fiscal policy and budgetary provisions should be framed with sustainability obligations in mind. Government faces particular sustainability challenges in the areas of greenhouse gas emissions, energy and water supply, waste management and transport.

Recommendations for Government:

- In finalising the 2005 budget, review all proposed provisions against sustainability requirements.
- Introduce a tax credit scheme for investment by companies in energy reduction initiatives.
- Introduce regulations requiring retailers to provide disposal facilities for packaging waste with a major emphasis on the use of reusable containers, and impose a tax on disposable packaging.
- Introduce measures to ensure all users of water, including domestic users, pay for water and implement a plan to phase in metering of domestic consumers.

Actions for IEI:

- Ensure all IEI members are aware of their obligations under the Institution's Code of Ethics in relation to sustainability.
- Through training programmes and IEI's monthly Journal for members, promote the principles and practices of sustainable development.
- Continue to communicate with relevant Government Departments and bodies in relation to the Institution's submissions to Government in the Republic (December 2003) and to Ministers in the Northern Ireland Administration (January 2004) in relation to Delivering Sustainability (the theme of IEI's October 2003 Annual Conference)