



SUBMISSION TO

BRIAN COWEN TD

Minister for Finance

ON

2007 BUDGET

NOVEMBER 2006

INTRODUCTION:

Engineers Ireland was founded in 1835, has over 21,000 members and is the largest professional body operating on the island. It is concerned with promoting the development of the engineering profession and an environment that will stimulate world-class development on the island. Engineers Ireland is the operating name of The Institution of Engineers of Ireland.

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 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. In particular, Ireland's engineers will play a crucial role in the successful delivery of the National Development Plan (NDP) 2007 - 2013

Engineers Ireland strongly recommends that in framing the Budget for year 2007 the Minister for Finance ensures 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, Engineers Ireland recommends the following items for consideration by you in deciding on the provisions of the 2007 Budget.

1. BUILDING WORLD CLASS ENGINEERING COMPETENCE:

The October 2005 Engineers Ireland / Irish Academy of Engineering report "Engineering a Knowledge Island 2020" documents the major role that engineers have played in the recent economic development of Ireland and Northern Ireland. The report presents a vision of a knowledge-based economy in 2020, and clearly identifies the need for a robust increase in the supply of highly qualified engineers and IT staff to help achieve the vision. Specifically, the report recommends that the supply of engineers increase by 7 per cent, IT staff by 6 per cent, and PhDs by 13 per cent per annum.

The report also identifies the need for engineers to be fully engaged in lifelong learning. The need to upskill the existing workforce through continuing professional development, has been clearly signalled in the Towards 2016 partnership agreement and in the National Skills Strategy, due to be published shortly.

Recommendations for Government:

- Fund full implementation of the recommendations contained in the report of the Task Force on the Physical Sciences, in order to ensure an adequate supply of engineers, scientists & IT professionals for our future economy.
- Increase the Government's Discover Science & Engineering (DSE) programme budget to €6m per annum, and allow adequate staff resources to be deployed in the DSE team. Ensure a particular focus on the promotion of engineering as a career.
- Support 3rd level colleges in the development of world class five year, two-cycle engineering Masters Degree Programmes (see Policy Paper "A New Structure for Engineering Education in Ireland – Implementation of the Bologna Declaration", November 2003).
- Provide flexible tax support mechanisms for companies and individuals to encourage greater involvement in lifelong learning. Cumulative tax credits should be available for individuals to encourage training and further education, as a means of compensating for displaced income.
- Extend and increase National Training Fund support for Engineers Ireland's successful Continuing Professional Development programme, to enable greater involvement of indigenous engineering firms and public sector employers in the programme.
- Allow all professionals, including engineers, to offset membership subscriptions of professional bodies against their tax, similar to the tax relief granted for Trade Union membership. Active involvement with professional bodies, such as Engineers Ireland, increases the likelihood that engineers are actively involved in Continuing Professional Development, supporting the

Government's lifelong learning agenda. In addition, Engineers Ireland provides a critical information role for its members in important areas for government policy, such as Health & Safety legislation, new forms of construction contract, which will be critical to the successful roll-out of the new NDP.

- Flat rate expenses for engineers to be allowable against tax, consistent with levels of other professional groups such as teachers.

2. CLIMATE CHANGE STRATEGY:

As advised in the National Climate Change consultation strategy, changes in the transport sector in Ireland have had the greatest impact on emissions over the last decade. In order to encourage a positive response from the public, it is vital that financial incentives be put in place to modify consumer behaviour.

Recommendations:

- Modify the current Vehicle Registration Tax and motor tax regimes to incentivise people to reduce emissions from private cars.
- Extend the 50% VRT rate reduction on flexible fuel (biofuels) and hybrid electric vehicles to at least 31st December 2009.
- Consider expanding the level and duration of the five year biofuels excise relief package announced in Budget 2006.
- Provide additional support mechanisms to enable efficient, affordable public transport, as an alternative to private car use, for example integrated ticketing and extended personal tax relief for public transport use.
- Offer an incentive package to generate investment in establishing a biofuels distribution infrastructure suitable for adoption by, amongst others, taxi and public sector vehicle fleets.

3. BROADBAND PENETRATION:

Ireland aspires to play a leadership role in the knowledge-based economy, yet broadband penetration is very low compared with international benchmarks. Only when high-speed broadband (100MB/sec) is universally available will the true potential of the knowledge economy be realised. Greater incentives are necessary to increase the number of people signing up for broadband.

Recommendation:

- Introduce a tax credit for personal broadband charges to support broadband penetration, and to deepen the acceptance and creative use of IT productivity-enhancing tools.

For more information on Engineers Ireland visit www.engineersireland.ie