

Press Release

Longer-Term Outlook for Science and Technology Budgeting Critical to Ireland's Competitiveness

Continued development of supports essential to promote enterprise R&D and Ireland as a location for world-class research

In its Statement on *State Expenditure Priorities for 2005* published today (**Thursday, 9th September, 2004**), the Irish Council for Science, Technology and Innovation (ICSTI) stressed the critical importance of sustaining Ireland's commitment to investment in research and innovation as a means to increase productivity and international competitiveness of the enterprise base.

The sustained Government funding of national scientific research capabilities through Science Foundation Ireland (SFI), the Higher Education Authority (HEA), and of in-company technological and innovation activities through Enterprise Ireland and IDA Ireland provides evidence of Ireland's commitment to Science and Technology (S&T). However, the research community, which has developed three to five year research strategies on the basis of the current National Development Plan (2000-2006), must be given the opportunity to make plans after 2006. A new and longer-term outlook, based on international best practice for multi-annual budgeting for science and technology (S&T) should be developed to provide stability to the research system and to strengthen Ireland's competitiveness as a location for world-class science and engineering.

Priorities

In this context, the ICSTI recommends a number of expenditure priorities for 2005:

- Rapid and strategic implementation of the Irish Action Plan for increasing R&D to 2010, which will provide constancy to public R&D expenditure and performance over the period to 2010;
- Completion of funding of the HEA Programme for Research in Third Level Institutions (PRTL) and provision for a successor programme;
- Continued development of a competitive mix of fiscal incentives and financial supports to promote enterprise R&D, particularly for Small-Medium Enterprises (SMEs);

- Sustained funding for research excellence through SFI and increased funding for the Irish Research Council for Science, Engineering and Technology (IRCSET), to train larger numbers of researchers; and
- Further investment in the higher education sector to position the sector to meet the challenges of a growing knowledge society. *(Ireland ranks only ninth in the OECD on expenditure on tertiary education per student. Further decreases, in real terms, in the budgets of the higher education sector will, have serious impact on the provision of services to students).*

“Ireland has now recognised that a substantial increase in investment in R&D is an essential foundation to the development of its knowledge-based economy within the European Research Area. The investments made by Government to date are putting Ireland on the world map as a choice location for knowledge-intensive manufacturing, services and research activities, creating well-paid and high quality employment. Ireland’s future development requires a significant strengthening of its research capabilities and a sustained commitment to this goal. It is critical that the research community, which has developed remarkably in the past three to five years, be given the opportunity to confidently plan onwards from 2006 ” said Dr. Edward M. Walsh, Chairman of the Irish Council for Science, Technology and Innovation.

“A good start has been made under the current National Development Plan in demonstrating that Ireland is determined to further strengthen its research infrastructure and provide an increased output of postgraduate researchers capable of attracting and supporting the most advanced knowledge-driven enterprise. It is encouraging to that already Ireland’s new commitment to research investment has strengthened our competitive position and we are now attracting new knowledge-intensive investment of a kind that would not have been possible a few years ago. However, our public and private investment levels in research still lag behind our competitors. Data from the National Competitiveness Council show that Ireland is placed 11th out of 15 OECD countries in terms of total R&D expenditure and nearly last in terms of government expenditure on R&D. Unless we increase these levels significantly we cannot hope to achieve our ambition to be a knowledge-based society comparable to other small EU countries such as Finland and Denmark. The only signal Ireland must give the international community is its absolute determination to sustain and strengthen investment while continuing to build Ireland’s reputation as a unique European centre for investment,” he continued.

“The HEA PRTL I has helped create research infrastructure that has facilitated the establishment of critical mass for research groups capable of competing at the highest level, as shown in the recently published impact assessment¹. However, the level of capital provision through PRTL I for 2004, and the proposed phasing over five years, will not match the demand for immediate provision of capacity and facilities. The higher education sector will need to enhance its output of researchers and this can only be done on the basis of an expanded and well resourced infrastructure” said Dr. Walsh.

“The introduction of a tax credit for incremental R&D in the Finance Act, 2004 is an important step in developing a competitive mix of supports for enterprise R&D in Ireland to assist in the promotion of a dynamic knowledge intensive enterprise base. However, it needs to be recognised that this will not be of immediate benefit to low R&D-intensive SMEs or to high technology start-ups in the early years. Consideration needs to be given to the introduction of a SME-specific instrument, in addition to the expansion of the R&D tax credit,” he concluded.

Ends.

¹ *PRTL I Impact Assessment. Report by the International Assessment Committee.* August 2002