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State Expenditure on Science & Technology, 1999

£932m (€1,183m)* Million Invested by Government in Science and Technology - Forfás Report

A report on state investment in science and technology¹ for 1999 is published today, Monday, 19 June 2000 by Forfás.

The report, State Expenditure on Science & Technology, 1999 shows that:

- total Government allocations to science and technology (S&T) activities in 1999 were £932 million (€1,183m), an increase of £46.5 million (€59.0m) or 5.2% over the 1998 level;
- the exchequer component of this total spend amounted to £608 million (€772m), 65% of the total and a £21 million (€27m) (4%) increase on the 1998 level;
- the contribution of the EU's Community Support Framework to public sector science and technology continues to be a significant and important source of funding, rising to £168 million (€213m) in 1999 from £142 million (€180m) in 1998, an increase of 18%;
- the balance of the £932 million (€1,183m) allocation represents non-exchequer monies – mainly fees earned by state agencies for the performance of S&T activities – and amounted to £156 million (€198m) in 1999, remaining unchanged from 1998;
- total public funding of research and development² in the economy increased from £154.5m (€196.2m) in 1998 to an allocation of £176.1m (€223.6m) in 1999, an increase of 14%. A significant proportion of this increase represents additional support for R&D in enterprises via the Department of Enterprise, Trade and Employment.

Launching the report, Mr John Travers, Chief Executive of Forfás, said the '*Science and Technology Budget*' provides details of expenditure by nine Government Departments and 34 separate agencies. It represents the most detailed and comprehensive picture of spending on S&T available in Ireland and shows trends in S&T spending going back over ten years. The report is an essential policy document for S&T policy analysis.

The scale of public investment detailed in the 'Science and Technology Budget' is large because it includes a very wide range of public sector activities which have a scientific or technological component. Examples include the Central Statistics Office, Met Eireann, the Geological Survey of Ireland and the National History Museum. It is a more comprehensive document on science and technology spending than is available in most other countries.

Between 1990 and 1999 the total value of the 'Science and Technology Budget' increased from £348m(€442m) to £931.6m(€1182.9m). In that period the percentage of the total which is funded by the Exchequer remained broadly constant around 65%, while the EU contribution increased from 8% to 18%. The proportion from private (earned) funds fell from 27% to 17%.

Nearly two thirds (64%) of the increase over this period was accounted for by additional expenditures on education and training for science and engineering. A further 17% increase occurred in industry-related S&T and there were lesser percentage increases for agriculture, marine, environment, health, and general public service S&T activities. The decline in private funding of public sector science and technology activities over the period mainly reflects the recent changes in the way third level education is funded and the abolition of tuition fees.

Mr Travers highlighted the contribution of the European Union's Community Support Framework (CSF) to Irish science and technology. Of the £776 million (€985m) in the 'S&T Budget' from public sources in 1999, some £168 million (€213m) or 22% comes from the CSF. Furthermore, this EU support is concentrated in a number of key areas:

- research and development, where £78 million (€99m), or 45% of total public funds of £176 million (€223m), are from the EU's Community Support Framework (CSF);
- S&T activities for industry, where £78 million (€99m) or 65% of public funds are from the CSF;
- S&T activities for agriculture, where £10 million (€13m) or 19% of public funds are from the CSF.

The current CSF came to an end in 1999. Substantial additional funds for research, technological development and innovation have been included in the National Development Plan 2000 –2006 and the EU contribution remains to be determined as part of the Government negotiations with the European Commission on a new CSF.

Importance of Research and Development (R&D)

Mr Travers noted that, for most other countries, the emphasis in reporting on public sector science and technology is on research and development activities only. Research and development is seen as important because of its central role in promoting innovation in the economy and in generating new ideas and know-how which are vital for the knowledge-based society of tomorrow.

Mr Travers welcomed the recent launch of the new £560m (€711m) Technology Foresight Fund by the Government. The Fund will be used to establish Ireland as a location for world class research excellence in niche areas within information and communication technologies (ICTs) and biotechnology. A dedicated Research Foundation is being established by Forfás at present to evaluate research projects and to manage and allocate funding. This Government initiative, together with equally significant investments in third level research included in the National Plan by the Department of Education and Science, will have a dramatic impact on the Irish S&T landscape.

Ireland has been very successful in attracting high technology industries and they now account for a high proportion of industrial exports. However, a substantial proportion of the high technology companies located here have been based on the research activities of their parent companies with the emphasis now being placed by Government policies on developing top class research facilities of high international standing and reputation in Ireland. Mr Travers said that in future years the development of both overseas-owned and Irish owned-companies could be expected to develop from research undertaken within Ireland and give further support for the location of investment in advanced industrial

projects here. Mr Travers welcomed recent announcements by a number of major pharmaceutical and ICT companies, with manufacturing plants in Ireland, of an increase in their research capabilities here. He expected that recent government commitments to the Irish research system would be matched by a similar response from industry.

Increased investment in the research, technology and innovation infrastructure is an essential component of developing a strong indigenous industrial sector capable of competing successfully in international markets. Successful indigenous companies such as Elan, Iona Technologies, Trintech and Baltimore Technologies which developed from a research based environment are examples of the potential benefits of continuing investment in R&D.

Despite significant increases in recent years the level of public funding R&D in Ireland is still below that of our competitors, both inside and outside of the EU. Mr Travers stressed the importance of public investment in R&D, both to provide a supporting research infrastructure for high-technology industry in Ireland and as a mechanism for making available to government departments and agencies the information and know-how to help them achieve their strategic objectives. Without an adequate research base to analyse the major social, economic and environmental issues of the day it will prove very difficult to identify the most appropriate public policy responses, he said.

(ENDS).

* *All money figures referred to in this release are in real (1999) terms.*

¹ Science and Technology activities can be defined as all systematic activities which are closely concerned with the generation, advancement, dissemination, and application of scientific and technical knowledge in all fields of science and technology, that is the natural sciences, engineering and technology, the medical and agricultural sciences (NS), as well as the social sciences and humanities (SSH).

² Research and experimental development (R&D) comprise creative work undertaken on a systematic basis in order to increase the stock of knowledge of man, culture and society and the use of this stock of knowledge to devise new applications. R&D is a term covering three activities: basic research, applied research and experimental development.

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