



NEWS RELEASE

1st December 2004

The Competition Authority publishes final report on Engineering Profession

The Competition Authority has today (1st December) published its final report and recommendations on competition in the Engineering Profession. Following the resolution and clarification of most of the concerns highlighted in its preliminary report the Authority has concluded that the current regulatory regime in the engineering profession facilitates competition. However the Authority has issued two recommendations in its final report to address outstanding issues.

According to John Fingleton, Chairperson of The Competition Authority, "The Engineering Profession in Ireland, and their clients, have benefited from a light regulatory structure. This has produced high quality of service domestically and allowed Irish based engineering companies to compete internationally. This profession illustrates how competition supported by direct regulation of quality can produce value and quality for customers of professional services. I welcome the resolution of most of the Authority's concerns and believe the full implementation of our recommendations will facilitate ongoing competition in the sector to the advantage of consumers of engineering services and the economy as a whole."

The Competition Authority published a preliminary report and consultation paper in August 2003 following its initial analysis of competition in the engineering profession. Of the ten initial recommendations put forward by the Authority, the nine recommendations relating to the professional engineering bodies have all been satisfactorily resolved.

- The Institution of Engineers in Ireland (IEI) and the Association of Consulting Engineers (ACEI) have both agreed to remove certain advertising restrictions;
- The IEI also agreed to amend potential restrictions relating to criteria for the title of Chartered Engineer, and;
- The ACEI has ceased to publish statements and information that have the potential to mislead buyers and hinder competition.

In addition both the IEI and the ACEI have adequately justified other restrictions identified by the Authority's. For example;

- The rule of the IEI, which requires engineers who take over projects to communicate with the original engineer, is justified on the basis that it ensures that all relevant information concerning the project is shared, preventing costly delays, and;
- The ACEI explained a rule prohibiting members from contacting the clients of other members as being directed only at misleading or unethical behaviour and not at cold-calling in general. The Authority also took into account that many engineering consulting firms in Ireland are not members of the ACEI at all and, therefore, are not subject to its rules.

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The report concludes that the current light regulatory framework has few barriers to entry and limited, but appropriate, restrictions on who can perform engineering work. This allows engineers to compete with each other, despite the complexity of the services they provide and without compromising the quality and safety of the work undertaken.

Following the consultation process, the issue of further state restrictions on the Engineering profession remains unresolved. The Competition Authority believes that the case has not been adequately made for any further regulation on the engineering profession, as suggested by the Institution of Engineers of Ireland (IEI).

If the Minister for the Environment, Heritage & Local Government is to consider imposing further regulation on engineers, the Authority recommends that he should first undertake a Regulatory Impact Assessment (RIA) as outlined in the Government's White Paper 'Better Regulation'.

In its recommendations the Authority has outlined how Regulatory Impact Assessments (RIAs) can be used to ensure that the impact of further regulation is fully considered.

In addition the issue of accreditation for engineering degrees was raised with the Authority for the first time during the consultation process and is also the focus of the final recommendations.

Final Recommendations of The Competition Authority on the Engineering Profession

Recommendation concerning State restrictions on the engineering profession	Organisation / individual responsible for implementing recommendation
No further regulation should be imposed on the engineering profession without a Regulatory Impact Assessment (RIA) being carried out by the Minister for the Environment.	Minister for the Environment, Heritage & Local Government
Recommendation regarding accreditation of engineering degrees	Organisation / individual responsible for implementing recommendation
<p>The accreditation system for engineering degree by the Institution of Engineers of Ireland (IEI) must be made more open and transparent. Specifically</p> <p>(a) Membership of the IEI should not be a pre-requisite for inclusion in the accreditation process, and;</p> <p>(b) Interested parties should be provided with reasons regarding accreditation decisions made by the IEI.</p>	Institution of Engineers of Ireland (IEI)

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For further information contact:

Mark Garrett, Communications Manager, The Competition Authority
 Tel: 01 8045406 Mobile: 086 601 9655 email: mg@tca.ie

Notes for the Editor

The Engineering Profession in Ireland

There are over 50,000 professionals describing themselves as engineers or engineering technicians in Ireland. Total income of the engineering profession in Ireland is in the range of €750 million to €1 billion per year, or just under one percent of Gross Domestic Product (GDP).

The Authority's highlights that the importance of engineering to the economy and society goes far beyond the income generated by those involved in the profession. The engineer makes the benefits of science and technology accessible to society through the design, construction and maintenance of buildings, machinery, vehicles and infrastructure. Engineering plays a valuable role in providing safe housing, transportation and work environments for millions of people throughout Ireland every day.

Statutory regulation of the profession consists largely of planning and building regulations.

The purpose of this Study

In March 2003, a report commissioned by The Competition Authority, identified a number of restrictions to competition across a range of eight professions in the construction, legal and medical sectors of the Irish economy. The specific professions reviewed were engineers, architects, dentists, optometrists, veterinary surgeons, medical practitioners, solicitors and barristers. The work for this report was carried out by Indecon economic consultants and was used as the starting point by the Authority to carry out a series of in-depth Studies into each of the eight professions. Engineers are the first in this series to be analysed by the Authority.

This Study of selected professions is being carried out by the Authority following an OECD Report in 2001, which suggested that competition in the professional services sector in Ireland could be stronger. The purpose of the study is to;

- Identify any regulations or practices that may restrict competition within these professions;
- Evaluate any consumer benefits claimed to exist from any these restrictions, and;
- Consider whether the restrictions are proportionate to any benefits.