

**SCDI HIGHLANDS AND ISLANDS ANNUAL DINNER AND
BUSINESS EXCELLENCE AWARDS 2009**

**WELCOMING REMARKS BY JOE MOORE, SCDI HIGHLANDS
AND ISLANDS AREA COMMITTEE CHAIRMAN**

- On behalf of SCDI, it gives me great pleasure to welcome all our guests tonight and thank our Principal Partners:

1. Caledonian MacBrayne
2. The Crown Estate
3. Global Energy Group
4. Gordon & MacPhail
5. Highlands & Islands Enterprise
6. HSBC; and
7. SEPA

- And our Associate Partners:

1. Diageo
2. Highland Spring
3. LifeScan Scotland; and

4. Marine Harvest.

- **SCDI is very grateful for your support and the continued backing of our members, especially in this challenging period for the business and economic community.**
- **In this Year of Homecoming, we are delighted that our Principal Guest and Speaker is Orkney's own John Rendall, the new Chief Executive of HSBC in Scotland, and we are all looking forward to his observations on what the future holds for the Highlands economy.**
- **It seems hard to believe that it is only 12 months ago that James Smith, Chairman of Shell UK, addressed us at the height of the financial crisis and said that, frankly, he did not know what was coming next.**
- **I suspect that none of us guessed just how tough the last year would be and I do not intend to rake over the coals tonight. But it is important to say that your support has enabled SCDI to do a tremendous amount of work on your behalf to influence the government response.**

- **At a national level, with the changes at the Scottish banks, we brought their directors together with Scotland's political, business and civic leaders to discuss the implications for the Scottish economy. We have worked with them to secure continued support for the real economy, and we are now seeing more promising signs for the future. We also responded rapidly to produce, with members, a 10-point Construction Action Plan and many of our recommendations, including accelerated public spending, were accepted and have made a difference to workloads. Our report, *The Future of Electricity Generation in Scotland*, the first major independent study of Scotland's renewable energy targets, has led the national debate and highlighted opportunities for the industry and wider supply chain, not least in this region.**
- **And specifically in the Highlands and Islands, we have worked with our members and partners on addressing the immediate challenges to sustain businesses, for example through the Highland Business Growth Fund.**

We have been getting out and about around the region to focus on the issues in different areas of the economy. We have seen good reasons to be optimistic in the comparative strength of many of our key industry sectors, many of which we will be recognising shortly. And we have contributed evidence on specific opportunities such as the development of the Nigg fabrication yard, offshore wind energy and Inverness College Campus at Beechwood. And we have worked with partners to promote investment in these projects from national and international institutions. We are now working with members to set out their vision of development in the Highland area over the next 20 years.

- Delivering this vision will be harder due to the public spending straitjacket in which we will have to work. As the fog of the credit crunch has cleared, it has become evident that stability has been secured, but at a terrible price. UK debt has already ballooned by £145bn.**
- If, as Mervyn King said, the last decade was the 'nice decade', the next decade will be one of tough choices.**

This is unquestionably going to be a period of prolonged challenge on both sides of the tax and spending equation. And - however tempting it might be - there is no useful point in prolonging the blame game - we need to start planning our long-term response now.

- Much of the early debate seems to have focused on ring-fencing protected areas of public spending growth. In SCDI's view, this has to be the wrong starting point. Can we afford to insulate some areas, but not others, from scrutiny and fresh thinking? And, above all, is it not a return to economic growth which will pull us out of the mire and enable higher long-term investment in public services?**
- The Scottish Government has consistently made clear that its purpose is increasing sustainable economic growth. Maintaining that purpose becomes far tougher in an era of tough choices. But at this dawning of the Age of Austerity, the "North Star" of sustainable economic growth has to shine even more brightly.**

- **SCDI has supported the acceleration of public sector spending as a prop for private sector recovery. The flip side is forthcoming reductions in spending, but these pressures should actually sharpen our focus on the purpose of spending. Capital spending is investment in our economic future. SCDI is therefore concerned that it seems to have been hit disproportionately hard in the draft Scottish Budget which was published yesterday.**
- **While the decisions announced on transport projects directly impact elsewhere in Scotland, they raise questions which are relevant to us all about whether the priorities for public spending are right for the economy. And they do not inspire confidence in business and the construction industry on delivery of the commitments to competitive transport infrastructure in this region.**
- **We will be seeking reassurances from the Transport and Infrastructure Minister when speaks at an SCDI event in the Highlands next week.**

- **A number of these commitments are enablers to deliver our future skills needs, at the same time acting as an incubator for future business; for instance the education and research campus at Beechwood. SCDI welcomes the announcement yesterday by Highlands and Islands Enterprise of investment in the project. This decision highlights the economic leverage of capital investment and, with strong links between Inverness College in Inverness and all the collegiate colleges, the whole of the Highlands and Islands stands to benefit. All we need is the icing on the cake, University status, which I view as already earned and I am confident will be recognised in the near future.**
- **Tough choices also face the Highlands and Islands. But this should not become simply an exercise in book-keeping. Together, the public sector, business community and voluntary groups, need to focus on the outcomes we want for our economy and society, prioritise and be imaginative in working out how they can be attained. We will not be able to do everything or financially assist everyone, but this is not a zero-sum**

game. The public sector may be less of a funder, but it should continue to become more of a facilitator of economic development. In the prevailing financial climate, there is a danger that the public sector becomes internally-focussed and that gaps in support for business will grow. This is a time for the full economic community of the Highlands and Islands to be bold, pull together and show leadership; I believe such a partnership cannot and will not fail.

- Times are tight, but, at SCDI, our perspective and our relationships are for the long-term. These Awards are now entering their second decade and judging by the quality of our winners and nominees there is every reason to believe that our Highlands and Islands' glass is more than half full. Which is always good news at a dinner.....! Thank you and enjoy your night.**