



Delivering the future we all want

NI Assembly & Business Trust

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Joanne Stuart



Agenda

- The Institute of Directors
- The economic reality
- Vision for a sustainable economy
- Priorities for action
 - Growth
 - Skills
 - Cash
- Conclusion



The Institute of Directors

- A UK-wide body – 47k individual business leaders
- Around 1000 in Northern Ireland
- Members from the full range of industry sectors and all company sizes
- Prime objective to support business leaders by:
 - providing professional development
 - arranging events for networking and sharing experiences
 - lobbying to create a business-friendly environment
- Member of Business Alliance



The Economic Reality - Private Sector

- Unsustainable private sector / public sector ratio
 - Must tackle the economic deficit (lower public spending)
 - Only private sector growth will get us out of recession
 - Size of public sector has stifled private sector growth
 - Low productivity, SME economy, scale, development of skills
- Unemployment – 6.6% (UK 7.8%, RoI 13.3%)
 - Unemployed more than 1 year – 43.1% (rising)
 - Young People – 15.9%
 - Economically inactive - 28.8% (UK 23.4%)
- NI Region still contracting
 - Private sector business activity has fallen for 33 consecutive months (Ulster Bank PMI)
- Squeeze on cash flow
 - Longer payment terms
 - Difficulties accessing credit



The Economic Reality – Public Expenditure

- Size of Public Sector not sustainable
 - Spend per head in 08/09 22% more than UK average
- Public Expenditure cuts
 - Decade of continued public sector growth
 - Estimates between £1.2bn and £2bn over next 4 years
- Rising Public Sector Pay
 - 50% of Departmental Expenditure Limit (£4.3bn), 2% uplift for 2010/11
 - ASHE Report - public sector pay 40% above private sector (up 8% last 6 months)
- Capital receipts shortfall
- Committed to £400m+ of subsidies
 - water charges deferral, free prescriptions, NICS back pay, freeze on rates
- We cannot depend on Westminster making us a ‘special case’
 - Unless we have a radical plan to rebalance our economy

IoD vision

A sustainable economy which underpins our social and environmental aspirations

- Pro-business environment
- Dynamic and rapidly expanding private sector
- World-beating public services with efficient and effective public administration
- World-class education and skills
- Supported by world class infrastructure

Three Priority Areas for Regional Economic Strategy

- Economic Growth
 - Re-balance the economy, Export led, Sustainable, Increase Productivity
- Skills
 - Support economic growth, Innovation, Creativity
- Cash
 - How to fund business growth, raise revenue, invest to save

Actions for Growth

- Economy must be seen to be #1 priority in PfG
 - Political Leadership and collective responsibility
 - Decision making to maximise economic benefits
 - Prioritisation (Resources, McCarthy like Review)
 - Planned cuts in public sector - not random across the board
- Public sector must make space for private sector to grow
 - Make planning a facilitator of economic growth not a blockage
 - Reduce bureaucracy and streamline public sector
 - Decision Making
 - Audits / Parliamentary Questions / Fol's
 - RPA Implementation
 - LG / NDPB / Departments
- Identify areas of the public sector that could be better run by the private sector / social enterprise sector / partnership
 - MOT Testing, NI Water, Ports, Transport, Prisons, Tourism Attractions
 - PPP model for NI
 - Partnership and shared vision key (HRConnect)
 - Could this be the 'special case' - Invest to Save pot for re-engineering public service delivery

Facilitating Private Sector Growth

- Export Led Growth
 - Identifying new markets (MATRIX)
 - Scale (Collaboration)
 - Development of Skills
 - STEM / ICT
 - Selling / Partnering / Commercialisation
 - US / NI Mentorship Program
 - R& D and Innovation
 - Bombardier – Centre of Excellence / Spin Outs / Supply Chain
- Foreign Direct Investment
 - Pro – business environment
 - Maximising overseas goodwill
 - Proactive skill development
 - Job creation v's wealth creation
- Stimulate Demand in sustainable industries
 - Tourism, Creative Industries, Green / ICT/ Health / High Value Manuf /
 - MATRIX / PLACE – stimulating city centres
- Enterprise Zone – Tax incentives / Corporation Tax

Funding Business Growth

- Work with business to address pressures on cash flow
 - Payment Terms (prompt payment – LG / Edu / Health)
 - Fair Payment Charter (flow through to sub-contractors)
- Accessing Credit
 - Better implementation of government schemes (Green Paper)
 - Regional reporting on lending
- Private Investment
 - Culture
 - Co-operation with Republic of Ireland to tackle cross-border tax issues
 - All Island syndicates
 - Continue to develop co-investment fund (Scotland £72M / NI £3m)

Raising Revenue / Invest to Save

- Review subsidies in terms of cost to economy
 - Water Rates - £200m (rising to £400m)
 - Freeze in Domestic and non-domestic rates - £55m
 - Free Prescriptions - £13M
- Think creatively about raising revenue
 - Ulster Savings Certificate - £300m to £400m
 - Increase MoT charges - £25M
 - Recommendations of the Capital Assets Realisation Report?
- Invest to Save
 - Green New Deal
 - Jobs, energy price stability, security of supply, renewable energy targets
 - Tackle Fuel Poverty
- Private sector investment – Economic Infrastructure
 - Water & Sewerage, Infrastructure, Roads, Public Transport
 - Private funding of infrastructure projects
 - Venture capital / pension funds – scale
 - Create Northern Ireland Infrastructure Bank

Conclusion

- Accept the economy must be seen to be #1 priority
 - Leadership and culture
 - Collective Responsibility
 - Economy-proof decisions and budget allocations
- Make the hard decisions now so, we can take advantage of the opportunities
 - Proactive not reactive
- Re-engineer Public Service delivery
- Excellence in Implementation
 - Clarity on the process, responsibilities, budgets, priorities, timelines (CSAF Report did not measure up)
 - Appropriate structures in place to deliver
 - Capabilities within people tasked to deliver
 - Resources – priorities will be made with recognition that other programmes may be cut at the expense of the economic strategy
- It is not about doing the same things for less but doing things differently



Thank you for your time

IoD Northern Ireland

4 Royal Avenue

Belfast

BT1 1DA

028 9023 2880

iod.northernireland@iod.com

www.iod.com/northernireland