

VIBES AWARD CEREMONY; 4 DECEMBER 2000

1779 words

Speech for Sam Galbraith

The environment: routine or regulation?

Introduction

It used to be easy to talk about environment policies. They were all about things we could see – like dirt, litter, and smoke. It was easy to see what had to be done. Simple changes in daily life fixed the problems.

Today, we live in a more complex world. The environmental threats are more difficult to see. The threats are not so easy to understand. The actions we need to take are not so clear-cut.

I want to talk about how we must now make concern for the environment a routine piece of business. Not something we do when the main business of the day is done. Not a matter of tidying up afterwards but thinking hard about what we are doing before we start.

For most of you here today, you understand that approach. That is what has got you here today. But I need to use your experience, knowledge and initiatives to influence business who still haven't got the message.

Living under Regulation

Industry works in a highly regulated environment. Running a successful business requires careful observance of all sorts of controls – working hours, health and safety, equal opportunities.

Most of the things which do direct visible harm to the environment are subject to strict regulation. Your local SEPA office is a regular contact for your managers. When you plan a new process or change materials in use, then SEPA should be offering friendly helpful advice on how best to do that. SEPA would much rather do that – help before the event – than put its formal regulator's helmet on and get heavy. You know this.

Firm, clear regulation has provided a level playing field for business in Scotland. And, quite often the clean, sensible, SEPA-approved method will be beneficial to the business in the long run.

So regulation, applied fairly, is part of life today. Each new control has brought its own critics. It is not so long ago that equal opportunities was ridiculed. Today fairness in the workplace is a central part of Government policy.

But not everything can be regulated. There is a range of actions where defining the desirable outcome is difficult. One successful approach is to apply the power of the market force.

That is what underpins a whole range of taxes.

The Landfill Tax is designed to deter you from dumping waste in landfill sites. It is increasing to a level of £15 per tonne by 2003[?].

We do not want you to pay the tax. We do not want the waste to go to landfill. But only you – in industry – can devise ways of avoiding generating that waste. Many of the winners here today have taken this message to heart.

Baker Hughes has adopted a policy of waste avoidance – even reuse of pallets has saved them £9,000 a year.

Paragon Inks is saving £17,000 a year from waste minimisation – justifying the employment of a full-time environmental analyst.

Over half of all waste sent to landfill comes from construction. At the same time, we are still seeing fresh rock being quarried for aggregate – in road construction and similar uses. This makes no sense. That is why we are introducing the aggregates tax. Every tonne extracted will incur a levy to be paid to the Treasury.

We do not want you to pay this tax. We want the construction market to devise ways of reusing the material we already have. Then it need not go back as landfill.

In fact our whole approach to waste is:

- Not to generate it in the first place – which is waste minimisation;**
- Not to throw it away – which is reuse**
- Even if not usable for its original purpose, put it to another – recycle.**

Only then dump.

That is the core of the National Waste Strategy.

The Glenmachrie Guest House has been running just such a strategy in all aspects of hotel life.

Carron Phoenix have built the whole ethos into their plant management.

In April next year, a new tax kicks in. The Climate Change Levy will add 15% to your energy bills. Like the other two taxes, it is intended to be revenue neutral. The proceeds will go back to employers in reduced NI contributions. Some will go to the new Carbon Trust working against climate change.

But, like the others, we do not want you to pay this tax. We want you to think long and hard about your energy usage. It is amazing that we have to ask people to do this. Energy costs are some of the easiest to reduce. The benefits go straight to the bottom line. There is no advantage in using more energy.

And, to make things even easier, you will not pay climate change levy on energy procured from new renewable sources. So if you contract for electricity supply from a certified source – that saves you 15% at a stroke.

And you can add to that by taking a radical approach to energy efficiency. Keeping records of what you use can show you how to save.

That was the approach of the Pool House Hotel and MAMCO in Berwickshire.

You keep meticulous records for VAT and for your profits. Keeping them for energy use must be as important.

Business across Borders

So why are we doing all this? We do it because we care. We do it because it makes sense and makes better profits. We do it because the rest of the world is going down this road. We cannot afford to be left behind.

The supply chains now stretch across the world. In truth, they always did. In Britain, our prosperity was based on trade with distant countries. We seldom knew what happened in the regions that supplied our needs. We may not have cared much. Today, the planet is too small for us to remain ignorant of what we are doing.

Biodiversity faces us every day – television programmes about wildlife are ever popular. Increasingly those programmes are recording dwindling numbers, and disappearing species. These are not just sad event, they are important. The variety of species has provided endless business opportunities, in the most unexpected places. For example, the leading drug for breast cancer comes from an endangered yew tree.

If we cannot rely on nature to provide the things we need that will drive us more to the unknown world of genetic modification. That still has an important role to play but the natural sources are so much more varied.

Climate Change

Across the world too, the presence of the industrialised nations can be detected everywhere. Most seriously, greenhouse gases know no boundaries. But they are not easy to regulate. The two most serious are naturally occurring: carbon dioxide is emitted by every animal and essential to the life of every plant. Methane is natural product of decay and most of the emissions of it from Britain come from cows. So regulation is difficult to apply.

Until quite recently, it was difficult to persuade people that the threat of climate change was real. Global warming sounds good. Even the series of articles in the Scotsman last week on climate change seemed to suggest that warmer Scotland had some advantages.

This is not a joking matter.

Climate change is probably the most serious threat we face. Warmer, wetter, wilder means autumns like we have just had, winters much the same and summers with cloud and rain. In other parts of the world it means whole countries disappearing under water.

The actions we have to take are fairly easy – and can be summed up in three words: Use less energy.

Insulate buildings – we are consulting on higher building standards on the use of fuel and power. That has multiple benefits – reducing greenhouse gases, saving business cost and in homes enabling poorer people to heat their homes effectively, perhaps for the first time

Use less fossil fuel when travelling. Travel less – the internet world enables much business to be done It can be done.

3663, the company formerly know as Booker, has done this – training drivers in energy efficiency, installing cycle facilities and setting up car pools.

Mansfield House Hotel has a five year programme on energy use, selling environmental management as a benefit of staying at the hotel.

Making it Routine

Doing all these things sounds like a hassle. In business you have enough to do. Next quarter's margins are your routine target.

But taking a systematic approach, building it into your systems can make it easy to take the environment seriously. Integration – a business buzzword – really can deliver. Companies and organisations which achieve accreditation to ISO14001 – the international standard find themselves members of a world club.

Many global companies now expect their suppliers to achieve standards like ISO14001. Even the Scottish Executive has done this at our largest building at Victoria Quay.

Setting standards means that everyone in your company knows what is required of them. They can tune their output to the framework which ISO14001 sets. What used to be something done at the end of the working day becomes part of the routine.

That is the approach taken by Rolls Royce at Hillington. I dropped in there last week. ISO14001 has been embedded into their main business. It is not just something for smart certificates in the boardroom. The workforce is committed too.

For example, waste from machining different metals is collected separately. The machine operator has to manage this – changing collection bags as he changes metal. Only a committed workforce can make that happen. And it must feel right.

Rolls Royce is extending their systems to other plants; already at East Kilbride and soon at the Derby HQ.

Conclusion

The things I have been talking about are summed up in one phrase - sustainable development. Our Programme for Government committed us to put sustainable development at the centre of policy-making.

Sarah Boyack set in place strong systems to do that in Government. We have a Ministerial Group on Sustainable Scotland – which I now chair. We have strengthened that recently – so we have 6 Ministers pushing sustainable development into policy. That is making sustainable development routine for us – a vital routine.

The World Climate Change Conference two weeks ago ended, for the moment, in failure. But it cannot be allowed to stay that way. The stakes are too high. We cannot continue the property we have achieved against the forces of nature. It is our duty, it is our best interests to take the environment seriously.

The VIBES competition chose a good title. Unpacked, it means “Vision in Business for the Environment.” Having vision means looking for opportunity. In Scotland, we are good at taking advantage of business opportunities. Companies cannot succeed today without making the environment part of their business vision. The winners today have shown that it can be done. I urge others to follow their example.