

Richard Digard



Jernsey, the perfect isle



How much better - and cheaper - could things be if only Guernsey and Jersey suspended their hostility towards working together and embraced providing services on a pan-island basis?

The differences between them are actually minimal, says **Richard Digard**

OCCASIONALLY, someone joins the dots for you on a complex issue in such a way that your eyes bulge and you say, blimey, that's so obvious, why haven't we done it before? Actually, I'd go further and suggest that it's verging on the negligent that we haven't done it before.

Before I explain what I'm on about, what would be your definition of an ideal island (apart from Guernsey, obviously)? Minimum level of population, infrastructure, and services so that the economy is viable and self-sustaining? With social services at optimum levels of scale and affordability? Oh, and not being reliant on external support like UK handouts is pretty much a given, I'd suggest.

If you agree, then you've identified a jurisdiction with what we might call the critical mass to survive in an increasingly hostile and unpredictable world (four global crises in the last 13 years alone, remember).

And that definition of perfection is definitely not Guernsey. Not with its chronic structural fiscal deficit before its States employees - now 17% of the work force - demand a 5.6% RPI increase to match historic inflation and heaven knows how much more over the next couple of years if the cost of living continues to rise. Nor is it Jersey, for all its larger size, much bigger population and GST revenues.

Instead, according to fresh research released this week by Critical Economics, the 'ideal island' - in terms of survivability and ability to achieve the greatest level of competitiveness, sustainability, and efficiency at lowest unit costs - is unlikely to be much less than the combined population of the Channel Islands. Call that 173,500. Or Jersey if you prefer. What's new here is the analysis of what makes the two main islands tick (financial services), their reliance

on income tax revenues from those currently in work and the inexorable tsunami of 'age drift', the demographic effect of more than 26,000 CI folk currently in their 50s hitting retirement and therefore paying much less tax. Look in detail at what the islands spend their money on and how they raise it and the similarity is striking. Public sector spending on each island individual, be they Donkey or Crapaud, is about £8,000 on a per capita basis. Aspirations on how the islands should move forward are remarkably similar, with independent reviews coming to broadly similar (although rarely acted on) conclusions. Health and welfare and social infrastructure like care homes are broadly per capita in line, and even the

Health, environment, education, law and order, employment, the visitor economy, legislation and responding to climate change all offer visible synergies.

Work, for instance, was done a few years ago here after the merger of the police and Customs and Immigration to look at the possible creation of a CI law enforcement agency. All perfectly doable, with significant efficiencies and savings but, alas, not acceptable in the then political climate.

I know some think greater cooperation with Jersey just won't work but the reality is it's the norm - at least in the private sector. Critical Economics principal consultant Chris Brock identified 16 sectors, from telecoms to legal services and hospitality and retail

something that was a surprise to me. Tourism no longer qualifies as a stand-alone economic sector here. Instead, with its contribution having shrunk to under 4%, it's lumped in with 'other sectors', trailing construction and admin and support services. Yet hospitality here is also struggling from staffing issues - if only the Liberation Group could switch staff around where they're needed, eh? Elsewhere, cross-island working is the norm too: a common educational model throughout the Azores, identical health provision across the Canary Isles and a comms/IT approach that spans the 1,500 miles between the Hawaiian Islands. There are other examples too, suggesting Guernsey and Jersey are outliers in their dogged hostility towards meaningful cooperation.

Will it ever end? Yes, ultimately it will have to. Cost and external pressures will force it on the islands if they wish to survive and respond to competition from a Brexit-deregulated City of London and even the upcoming Freeport status of the Isle of Wight. Should they pursue it before it becomes a crisis response? Undoubtedly. Taking time to do it properly would ensure proper attention to red lines to ensure protection of each island's unique character, in areas such as heritage, culture, governance, fiscal policy and, perhaps, social care.

Realistically, however, it will take some external influence like a Pan-CI Strategic Forum to get shared services and administration on the agenda and assessed on the basis of the benefits to the taxpayer and public users of services rather than the partisan political posturing we're all used to. We can live in hope, I suppose.

◆ **Richard Digard is a freelance writer, consultant and a former editor of the Guernsey Press.**
Email: newsroom@guernseypress.com.

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cost of public administration, although Guernsey spends half of Jersey's total on economic development. Look solely at the numbers (and issues such as housing, recruitment or financial) and you're not sure which island it is. The similarities are that close. Accept this analysis and the next obvious question is where are we duplicating costs to provide essentially the same services? All over, clearly, but with some areas riper for action.

to transport and construction, where pan-CI economies of scale have been embraced.

Well, I say embraced, but not by the respective governments. How much easier would business be with flexible employment? The seamless ability to move staff between each island without licensing or accommodation issues getting in the way?

As an aside, CE's work has identified