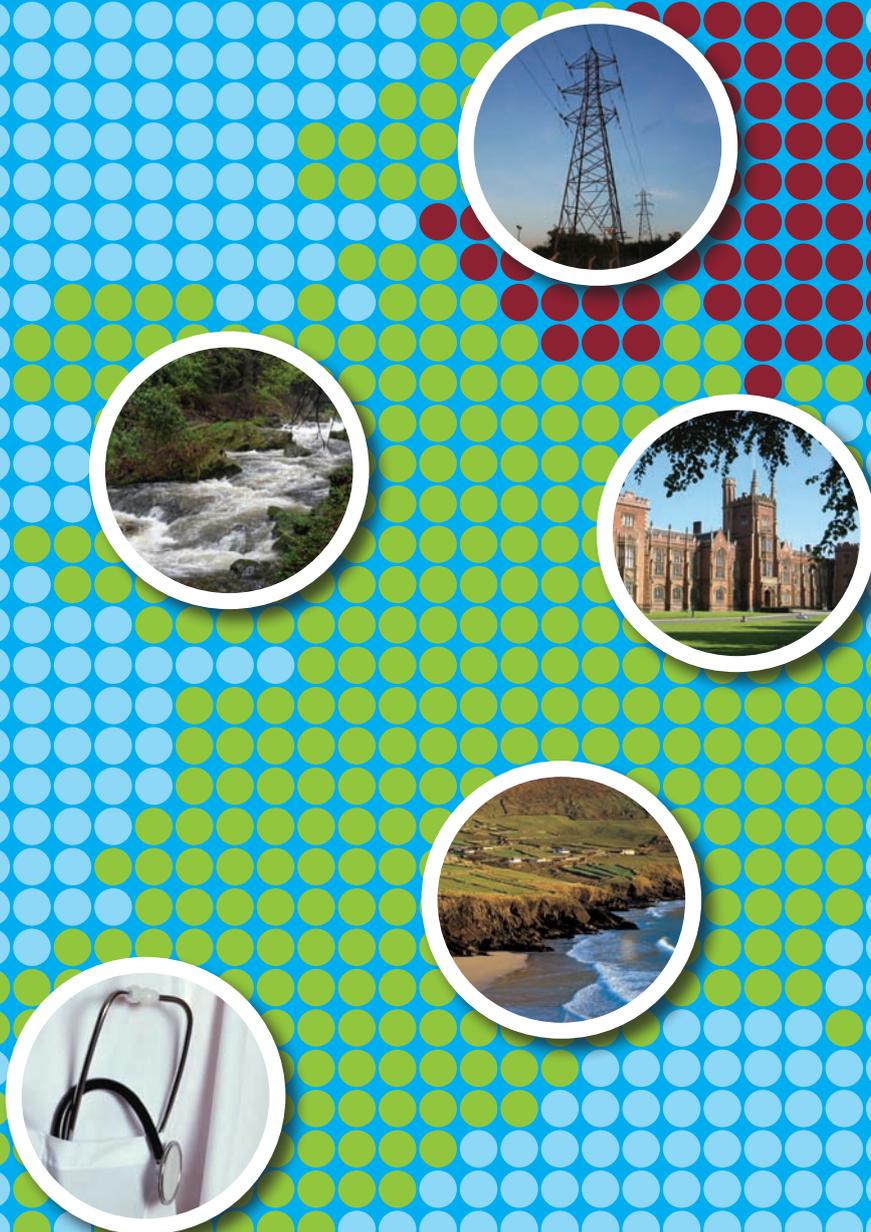


# DELIVERING A PROSPERITY PROCESS: OPPORTUNITIES IN NORTH/SOUTH PUBLIC SERVICE PROVISION



**A Scoping Study**  
**Michael D'Arcy, D'Arcy Smyth Associates**  
May 2012



The Centre for  
Cross Border Studies

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## The author

Michael D'Arcy is a Dublin-based independent advisor and consultant with a longstanding interest in North/South economic, enterprise and business policy development. He has worked with a wide range of public and private sector organizations, including the North/South Ministerial Council Joint Secretariat, InterTradeIreland, the Economic and Social Research Institute, the Centre for Cross Border Studies, Co-operation Ireland, University of Ulster, the International Fund for Ireland, the IBEC/CBI Joint Business Council and the European Economic and Social Committee. He was also co-author with Tim Dickson of the seminal publication *'Border Crossings: Developing Ireland's Island Economy'* (Gill and Macmillan 1995).



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## Author's note regarding nomenclature

Terms such as "Ireland", "cross-border", "North-South", "island" and "all-island" refer to both jurisdictions. The term "United Kingdom" (or the abbreviation "UK") is used where the reference is meant to include devolved administrations and the Parliament at Westminster.

Participants in informal conversations conducted under Chatham House Rules exclusively for this Study are grouped for convenience and consistency under six broad headings: a senior official in Belfast/Dublin; a senior business person in Belfast/Dublin and a senior academic in Belfast/Dublin.<sup>1</sup>

## Acknowledgements

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## SUMMARY

This Scoping Study combines the evidence of recent research and a series of informal conversations with senior public officials, academics and business leaders in Ireland and in Northern Ireland exclusively undertaken for this task.

All participants agreed that opportunities for cross-border co-operation in the provision of public services were under-utilised. The rationale for this consensus was mainly economic and grew out of the current economic crisis, which has resulted in administrations across the EU undertaking severe budgetary adjustment programmes.

The challenge is to deliver operational economies that protect the quality of public services to citizens. This is a shared strategic objective, as is the need to stimulate economic growth that produces jobs. Practical suggestions were identified in this Study for Ireland and Northern Ireland to combine their strengths and work together, in circumstances where it is mutually beneficial to do so.

Successfully tackling economic challenges is central to embedding peace in Northern Ireland. The Study concludes that success in facilitating job creation and more joined-up delivery of public services (such as health, higher education, energy and water) would provide a greater element of long term sustainability than has been achieved to date.

There are also external forces which support greater co-operation, including overarching EU regulatory and policy frameworks and the renewed momentum for East/West interaction (for example, the unprecedented work to scope the potential of closer economic co-operation between Dublin and London).

This Study's contribution to a "Prosperity Process" is to identify mutually beneficial opportunities for both governments to work together for the practical benefit of their citizens. While there are many definitions of prosperity, this Study takes a broad view incorporating the elements of universal peace, health and well-being.

The Study's core finding is that opportunities for Ireland and Northern Ireland to share public service provision can be found where there are synergies to be obtained from planning and providing specific public services on an *intra-island* and *inter-regional* basis between the two jurisdictions.

This Study recommends a renewed effort to strengthen the economic, social and cultural exchange with practical projects that would be mutually beneficial if developed within an island frame. Undertaking these

steps as part of a "Prosperity Process" to embed a sustainable peace also requires participants to be innovative, to take some risks, and, most of all, to leverage the new relationships peace has made possible. It is for those communities which are most in need that a "Prosperity Process" should work hardest to ensure opportunities for improving their quality of life, employment prospects and embedding the optimum environment for peace, health and well-being.

A key finding of this Study is that 90 years of parallel development has resulted in an ingrained, institutional separation of public services with the potential to block the type of initiatives discussed in this Study. In order to overcome the practical and cultural separation barriers that might arise, there is a need to provide more operational support to those developing and managing new projects.

Below is a summary of opportunities for inter-jurisdictional action identified by the participants in this Scoping Study:

- More than anything else, pursuing a "Prosperity Process" requires policy-makers to implement **measures to support employment and economic growth**, helping ensure marginalised communities can more fully and inclusively benefit from recovery when it comes.
- Developing a **cross-border health service provision plan** to accelerate the sharing of certain acute hospital, community health and general medical services.
- Creating a **Single Energy Market** (or "SEM II") to take full advantage of renewable wind, wave and biomass CHP energy and retain the benefits of the Single Electricity Market (or "SEM I").
- Including **North-South co-ordination on treated water** in the plans for infrastructure upgrades being progressed by both jurisdictions so as to more effectively tap into the island's "water wealth".
- Undertaking an all-island **tourism infrastructure research project** to guide investment by product providers, attraction operators and event organisers in different facilities for visitors from new markets (eg Asia).
- Making **the case collectively for a Cross-Border Economic Development Zone** in the Border Region involving local communities; their involvement being a prerequisite for policy makers to support this initiative.



- Exploring **higher education initiatives** by third level institutions in both jurisdictions to combine resources and enhance student/enterprise access to certain quality courses, world class knowledge centres and R&D.
- Concluding a **Memorandum of Understanding (MOU)** to facilitate 21st Century infrastructure upgrades planned jointly and, where considered beneficial, developed in an all-island context.
- Sharing **Ireland's EU Presidency** in 2013 to the greatest extent feasible, for example by considering more deeply issues of mutual concern and showcasing the island's 'single market' trade/business achievements.
- Making **practical support for managers** with responsibility for inter-jurisdictional projects on this island more available, for example by the provision of a jointly commissioned operational tool box, a project management workbook and an induction guide.



*I would like to see (the island) run competently, with economies that are growing and prosperous.'*

**Ireland's Taoiseach, Enda Kenny TD**

*We won't have peace, progress and prosperity unless it benefits us all.'*

**Northern Ireland's First Minister,  
Peter Robinson MLA**

## 1. INTRODUCTION

- 1.1 The current 'Great Recession'<sup>2</sup> has resulted in the administrations in Ireland, Northern Ireland and the United Kingdom as a whole implementing severe cost cutting programmes<sup>3</sup>. The cumulative reduction in public expenditure impacts on every aspect of public service provision and risks being most serious for already vulnerable regions and sections of society<sup>4</sup>. Because peace is sustained by prosperity, as shown by successful post-conflict reconstruction programmes in West Germany and Japan after World War II, an unintended consequence of austerity may be an undermining of the benefits delivered by the Peace Process in Northern Ireland.
- 1.2 Currently Ireland has completed approximately three quarters of the required adjustment in public expenditure element of its austerity programme as set out in the International Monetary Fund/ European Union Memorandum of Understanding, while the United Kingdom has completed approximately 12% through the Coalition Government's equivalent planned cuts in public spending<sup>5</sup>. It cannot be overlooked that public expenditure in Northern Ireland is higher per head of population than any other part of the United Kingdom. Northern Ireland's fiscal deficit<sup>6</sup> increased significantly between 2006 and 2009 from approximately £6 billion per annum to approximately £9 billion<sup>7</sup>. The overarching political goals being pursued by governments in both Ireland and the UK, and the global economic forces influencing their implementation, are broadly similar: the reduction of public expenditure in response to record debt levels; the encouragement of additional private sector activity; and the promotion of exports, especially to the rest of the world outside the European Union and the United States<sup>8</sup>.
- 1.3 Recovery may be slow, but it is inevitable. To optimise the benefits to a peaceful Northern Ireland when it occurs, this Scoping Study is predicated on the central idea that policymakers in Belfast, Dublin and London (along with those in Brussels where applicable) should now consider the opportunities for exploiting resources both North and South of the border for the purposes of maximising the level and quality of services to citizens in both jurisdictions. Furthermore, this could be expanded through participation of the private sector in targeted actions to help develop a "Prosperity Process" for the whole of the island. By supporting and facilitating more strategic thinking on opportunities for North-South economic synergies, this process could provide a road map for a dynamic new style of interaction between the public services that would benefit both jurisdictions and their citizens<sup>9</sup>.
- 1.4 The term "Peace Process" has become synonymous with events leading to the 1998 Belfast/Good Friday Agreement devolution of powers to Northern Ireland and the subsequent 2006 St Andrews Agreement. It is now timely for the political lexicon to evolve from a discourse framed as a "Peace Process" to a new "Prosperity Process". While the former term is a quintessentially Northern Ireland-focused one<sup>10</sup>, a "Prosperity Process" could be a more appropriate term to describe the potential benefits of future economic and social development based on broader North-South interactions on this island, within these islands, across the wider European Union and beyond.
- 1.5 This Scoping Study has identified ten strategic suggestions for the shared provision of certain public services to illustrate the potential of this approach<sup>11</sup>. These will, in the short and medium term, help protect the quality of public service provision, maintain social cohesion and support economic growth and job creation, especially in the Border Region. The study has been commissioned by the Centre for Cross Border Studies (CCBS), which researches and develops co-operation across the Irish border in a wide range of practical areas, notably education, health, the economy, ICT and citizens' information networks. It does so in collaboration with similar cross-border regional research bodies in other parts of Europe<sup>12</sup>. This study has been supported by the Department of Foreign Affairs and Trade's Reconciliation Fund<sup>13</sup>.
- 1.6 The Scoping Study has been undertaken as a preliminary exercise, to identify possible areas of co-ordination, co-operation and collaboration, and to suggest potentially



- workable examples that merit consideration, whilst fully acknowledging that the implementation of these ideas by policymakers will require considerable energy and detailed consideration<sup>14</sup>. The purpose of the Study, notwithstanding the obvious challenges on a political and an implementation level, is to pose the hypothetical question: if the benefits of shared North-South public service provision outweigh the drawbacks, why shouldn't the services be delivered on that basis?
- 1.7 The evidential basis for the Study is drawn from existing research and independently-conducted reports carried out since 2006<sup>15</sup> which have identified opportunities for shared public service provision in the current economic climate. A unique feature of this Study is that it has benefited from the views of a small number of high level individuals from the public and private sectors in both Irish jurisdictions. Each was selected for these "one on one" conversations conducted under Chatham House Rules because of their knowledge and experience of the inter-jurisdictional relationship between Ireland and Northern Ireland. The themes and content of these conversations were consistent with and are reflected in the contents of the rest of this study. This provides an overarching analysis illuminated by a series of potential policy choices and/or actions selected following the initial desk research. The approach facilitates consistent input across all the conversations. These were future orientated, with the participants being invited to consider the likely developments in the two Irish jurisdictions between now and 2022 (i.e. when an 11 year old now will be 21). The results of both research exercises are set out in each section as follows: a brief introductory overview; the case for shared action; the views of participants; and, finally, recommendations.
- 1.8 In the opinion of a former senior official in Dublin, the Irish public view Northern Ireland as having entered "a settled phase", because of the cessation of the violence which characterised 'the Troubles'. He noted that the next phase of Northern Ireland's development is "now generally perceived to be a bureaucratic and administrative task". In reality, life in Northern Ireland is more properly understood as being in the process of settling. As a former senior official in Belfast noted, "Northern Ireland's two communities are at peace but remain, for now, two communities". Speaking at the inaugural Garret Fitzgerald Spring School<sup>16</sup>, the journalist Olivia O'Leary
- observed that the steam had largely gone out of the people to people dimension of North/South relations on this island. She suggested, with some force, that embedding peace and democracy needed more work on the "fine mesh of cultural, social and economic exchanges" between the two jurisdictions.
- 1.9 There was broad agreement among those interviewed for this study that the development of an independent identity in Northern Ireland, free from traditional sectarian constraints, is now seen as central to the 'settling' process. As a senior business person in Dublin commented, "Look at Rory McIlroy, the golfer, he is a Catholic who identifies himself as being from Northern Ireland".
- 1.10 In the context of reducing the budget deficit in Northern Ireland, while minimising the risk of social unrest, the view suggested by a senior official in Belfast was that "Northern Ireland could learn from the collective consensus achieved in Ireland in the late 1980s" which laid the foundation for two decades of economic progress and social partnership. Were such a consensus to be forged, another high level Northern Ireland official felt it would help to stimulate drive and determination to engage in self help in communities that will continue to be under economic pressure for some time.



'What got you here won't get you there'  
**Marshall Goldsmith**

## 2. The Case for Shared Public Service Provision

2.1 Scoping the case for sharing public service provision in certain key areas is the central purpose of this study. It has been taken to mean projects jointly planned and implemented for the benefit of citizens in Ireland and Northern Ireland, both on an administrative and a "front line" basis. The aim should be better public services for citizens resulting from improved quality, successful efficiencies and enhanced effectiveness.<sup>17</sup>.

2.2 Shared public service provision of this type should include a number of value adding goals. These could include operational improvements, an enhancement in the quality of service and increased productivity from fewer resources. For example, the shared provision of health services in the Border Region is now possible because of the improved security situation and modern roads infrastructure. This can particularly benefit patients in need of urgent and/or specialist care. However, projects to provide such provision also carry risks which require consideration prior to their commencement. For example: concerns about "loss of control" by either participating Department or Agency (as a senior official in Dublin succinctly put it); unintended declines in the quality of service; the failure to effectively resolve difficulties in a timely manner resulting in reduced commitment and motivation amongst those involved; and unrealistic or unachievable expectations at the outset.

2.3 The following questions were used to help identify where mutual benefits would be most evident:

- Would the shared public service provide a positive additional impact on the well being of citizens in both Ireland and Northern Ireland?
- Would the improvements and efficiencies identified through such shared provision be compatible with both governments' public sector reform programmes?
- Would measurable quality enhancements and cost containment result from such arrangements?

- Could a social dividend from such inter-jurisdictional activity be identified?

2.4 Ideally within Northern Ireland it should be possible to demonstrate that the shared North-South provision of certain public services is worth pursuing on its merits and not as part of any particular political agenda. This is especially important as the progress made through the "Peace Process" has, unfortunately but perhaps inevitably, become somewhat politicised by protagonists in both jurisdictions.

2.5 Many of those in disadvantaged communities who were expecting a "peace dividend" have been disappointed<sup>18</sup>. Now the process has been overtaken by the consequences of the Great Recession, which include austerity, unemployment and reduced public services<sup>19</sup>. The governments in Belfast, Dublin and London are no doubt conscious of the risks to stability in Northern Ireland posed by these consequences. The risks are particularly acute in Northern Ireland's marginalised communities, where republican dissidents and loyalist paramilitaries are still attracting alienated young people. A 2012 *Northern Ireland Peace Monitoring Scoping Study*<sup>20</sup> highlights, amongst other matters, youth unemployment as a potentially destabilising factor, warning that "*Northern Ireland is no longer insulated by public spending largesse from the economic forces that created the crisis.*"<sup>21</sup>

2.6 It is crucial that administrative initiatives achieve a practical benefit for the citizens concerned in any shared public service projects whilst avoiding the pitfalls of politicisation. To take one example, in this decade of centenaries<sup>22</sup> this Study recommends a forward looking approach to attracting tourists to the island and does not rely on looking back at the history of the last century<sup>23</sup>.

### The Case for Shared Action

2.7 In the decades following the island's partition in 1920, interaction between the two jurisdictions was not encouraged by the governments and, consequently, there was little shared provision of public services<sup>24</sup>. Nevertheless interaction between the jurisdictions, while substantially reduced, never ceased. The combination of this being an island; the character of the border; the fact that pivotal religious, sporting and cultural organisations chose not to divide their



operations after partition; and the enduring cohesion of family and community has meant many professional, personal and commercial links remained intact and survived both the century and the Troubles. That said, as a senior official in Dublin observed, North-South work is “tough”. Difficulties and frustrations encountered have up to now been generally explained as due to politics or politicians. But that reason is not convincingly supported by recent evidence. For example, as a senior official in Dublin observed of individual politicians within in Northern Ireland, and between Northern Ireland and Ireland, “*there is now a record amount of goodwill, knowledge of each other and positive relationships in place*”.

- 2.8 Ireland and Northern Ireland are predominantly focussed on their own internal issues. Nevertheless, according to the Communiqué issued after their most recent North South Ministerial Council Plenary in November 2011, the members of both governments do “*exchange views on shared economic challenges and the factors contributing to low economic growth, particularly the instability and fiscal contraction in other EU and global economies. Ministers discussed cooperation on NAMA and the banks and opportunities to make savings through mutually beneficial cooperation*”<sup>25</sup>. The communiqué’s 18 points identified a number of actions currently underway or being contemplated, such as in energy, tourism and third level education. The detailed private exchanges of which this Communiqué is a summary are known only to participants. Therefore amongst this study’s tasks is to scope what the evidence suggests would be mutually beneficial and progressive actions in areas the Plenary did, and it would appear did not, consider. For example the work of Ireland’s National Asset Management Agency (NAMA) was always going to be significant for Northern Ireland, given that the flow of excess credit, the consequent property bubble and the subsequent property crash were shared all island experiences<sup>26</sup>. Events subsequent to NAMA’s establishment showed an absence of joined up thinking before, during and in the immediate aftermath of the crises. Yet it does not appear from the Communiqué that the possible merit of having pre-agreed procedures to deal other than on an *ad hoc* basis with really serious all-island crises was discussed. The May 2011 visit of Queen Elizabeth II to Ireland marks a new era of positive relationships between the UK and Ireland, beyond the most optimistic expectations of commentators for the

last 90 years. At the heart of these positives is the desire for a peaceful and prosperous island. Despite this historic relationship high-point, a commensurate surge in practical cooperation between the two jurisdictions on this island is not evident. A senior official in Dublin offered one possible explanation: “*80 years of separation [has created] innumerable individual difficulties and differences between the two systems, many of which are sufficiently profound to present enormous obstacles*”. That said the differences are not insurmountable. Another senior official in Dublin pointed to the experience of the EU and its success in having 27 Member States work together.

- 2.9 One of the most consistent themes which were endorsed by the participants in this Scoping Study was that of “learning from each other” as a mutual value adding opportunity. For example the experience of a senior official in Dublin working on a project with a counterpart in Northern Ireland, was that they came away from every meeting having learnt something new. In other words, the consensus view was that, where transferable skills, expertise and processes add to or enhance operational capacity in the respective systems, these should be shared. A former senior official in Dublin noted of a recent policy seminar they attended: “*The man from Northern Ireland spoke eloquently and sensibly on what was to be learned from their experience of introducing an effective and fair property tax system*”.
- 2.10 Notwithstanding this positive view, there was also caution amongst the participants. For example, a number of those interviewed observed there is a need to adjust one’s thinking, outlook and actions to the Northern Ireland system as part of the wider UK system. A senior official in Dublin observed: “*There are more limitations to learning from each other in practice than you might at first think*”.
- 2.11 Today, the breadth and variety of the North-South interaction, together with the positive impact and mutual benefit, is all too easily under-appreciated. It comprises a broad spectrum of interests, issues and responsibilities, and a diverse range of activities, such as:
- Considerable activity within the legislative architecture and operational arrangements of the 1998 Belfast and 2006 St Andrews Agreements (including the NSMC and its



Joint Secretariat, the North/South Bodies and areas of cooperation);

- Direct interaction between government departments and regulators such as in creating a Single Electricity Market (SEM) for the island;
- Funding that goes from both administrations to many of the 100 plus cultural, charitable, political, sporting, trade union, trade and professional along with youth and voluntary organisation projects that are organised on an all-island basis and so operate on both sides of the border<sup>27</sup>;
- Companies who organise or administer their business in an all island framework (including as part of wider region incorporating both islands);
- EU funding programmes that operate on a cross border basis (notably PEACE and INTERREG but also including LEADER, the Framework Research and Development programmes etc.);
- Ever closer working relationships between law enforcement agencies;
- Cooperation between local authorities in the Border Region;
- Co-ordination of emergency planning and responses to crises (e.g. 2001 foot and mouth disease crisis<sup>28</sup> or 2008 dioxins in pork contamination<sup>29</sup>);
- Collaboration to implement certain EU Directives (e.g. re water quality);
- The multiple day to day actions and interactions individual citizens undertake as a result of the two jurisdictions sharing one large island.

2.12 The sharing of public service provision provides the opportunity to benefit from the cross-border institutional knowledge and management experience which has been developing between the two administrative systems for over a decade. For example, new projects being researched, designed and undertaken jointly can draw upon a planning and decision making capacity that did not exist 15 years ago<sup>30</sup>. The NSMC Joint Secretariat in Armagh, as number of participants point out, is a living example of civil servants working and learning together to

provide shared services. Consequently the Joint Secretariat has what was termed intimate and intensive experience of helping both systems to cooperate and any part of either system can plug into this knowledge. As a senior official in Dublin, who has been involved in a number of North-South projects says: *Trust is built by having to work [on a project] together...you get engaged with people and their place...induction by learning from past successes is helpful*”;

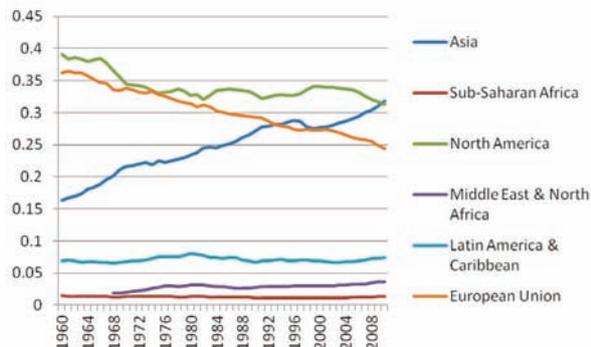
2.13 The most immediate and compelling economic dimension to this consideration is what the IMF, amongst others, has dubbed the “Great Recession”. This profound economic turbulence poses two particular risks to the prospects of increased sharing of public services between North and South;

- (a) The extent to which “island” opportunity risks are being overlooked in decision making due to the overwhelming nature of the fiscal challenges (e.g. in the provision of health services); and
- (b) The possibility of insufficient weight being given to the potential benefits of increased North-South interaction in circumstances where immediate cost-cutting is the priority, and the medium term benefits may appear too remote (for example, additional investment in joint initiatives on tourism and culture which “showcase” the attractions of the island and draw tourists to both jurisdictions).

2.14 Growth being the kernel of recovery, government is focussed on securing new trade investment and business, especially from Asia, and more particularly China. The reasons are clear: the scale of China’s economic expansion and its implications for future global economic growth and development. The following table shows why this is already being called by some “the Asian Century”<sup>31</sup>.



## Share of World GDP Growth 1960 to 2010



Source: the World Bank World Development Indicators

- 2.15 An “Asian Century” would see Asia/Oceania becoming the world’s wealthiest region. Strategic economic choices and decisions are being shaped by this new global dynamic. Those thinking about future economic opportunities in Ireland and Northern Ireland are therefore factoring this emergence of China, along with India and their neighbours, into their vision of prosperity in a rapidly evolving and very different 21st century world. An evident question for joint consideration is: to adapt and prosper in this new global economic dynamic, should there be more joint policy actions to provide shared support services to companies from this island in these markets (for example, to secure more overseas students to study and train here )?
- 2.16 The disruptive role of the border in the provision of public services on this island has attracted much attention. While such disruptions are to be expected by the presence of international borders, the situation on the island is made more serious by the manner in which the border serves to “peripheralise” some regions, separating them from their natural geographical hinterland. A good example is the northern part of Donegal and, in particular, access of those living there to core public services (such as health services) which are most intensively provided in the separately-administered population centres of Derry/Londonderry. In an era of severe public expenditure cutbacks, there is an understandable inclination to look for potential opportunities of shared North/South public service provision predominantly from the supply-side perspective of more efficient resource allocation and potential cost savings.
- 2.17 There are two different approaches to comparing costs of specific public services
- between different regions of a state and/or as between states. The first is a “bottom-up” approach, where the nature of the service is examined in detail and costs are broken down under a wide range of headings in order to arrive at a comparison of like with like. This provides a more accurate representation of comparative costs, and so could provide evidence of potential opportunities for shared provision based on cost savings to the respective exchequers from combining resources. However, this approach requires a major research undertaking beyond the remit of this Scoping Study. The second is a “top-down” approach, where the costs of all services in a specific area are aggregated and average costs *per capita* are derived and compared. The “top down” approach adopts the following methodology by making use of some broadly indicative average figures:
- Estimate comparable per capita expenditure for specific public services for Ireland and Northern Ireland;
  - Compare with similar data for other UK regions in order to place the Ireland Northern Ireland figures in the context of the cost structure for public service provision between UK regions; and
  - Explore the possible advantages to planning and the provision of a range of specific public services on an inter-regional basis between the jurisdictions on this island, rather than on an intra-regional basis within each jurisdiction separately.
- 2.18 It has to be acknowledged that such comparisons are likely to be distorted by differences in the way particular service provision is organised and costed in the respective jurisdictions. For example, in the United Kingdom, health services are mainly publicly funded via the National Health Service, whilst in Ireland the equivalent services are delivered via a combination of public and private health care systems.
- 2.19 It must also be acknowledged that a “top down” approach will be less accurate than a “bottom up” approach, since many heterogeneous expenditure headings are aggregated and system-wide differences are ignored. However, given that such aggregate comparative cost data is available and acknowledging that they are likely to be approximations, if average level of *per capita* expenditure for any specific public



service is much higher in one region than another and differences are not obviously linked to clear and specific causes, then the costs of producing or supplying the service could be examined by decision makers for possible savings. Such savings might well include the reorganisation of service provision where this is feasible. A good example might be sharing services between regions when such sharing would lower costs without lowering standards. Such comparisons are, of necessity, suggestive rather than definitive, but they do serve to focus attention on aspects of service provision that might be made more efficient.

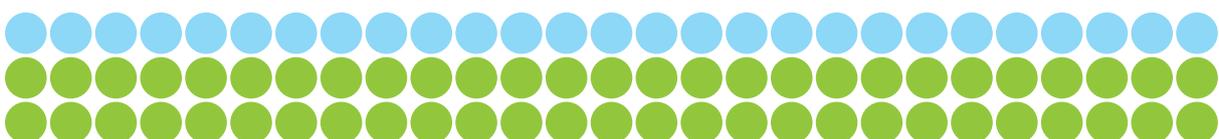
- 2.20 There is already a shared understanding between the governments of Ireland and Northern Ireland that health is an area of opportunity for shared provision. In Chapter Six, this Scoping Study identifies certain projects which are currently being progressed, suggests possible new opportunities and reports upon the strong consensus expressed by those interviewed that there is scope to do more in this area. With the benefit of support across the political spectrum in both parts of the island, health has now gathered momentum as a priority for shared public service provision. With this in mind, the provision of health services has been selected as the area to apply a “top down” comparison of potential cost savings. Other reasons in favour of selecting health services for the purposes of this Study include the unlikelihood of substantial, as-yet undiscovered cost savings in this area, and that the findings may apply in other areas, such as road and rail infrastructure planning and expenditure, energy and telecommunication provision, education at higher and specialised levels, etc. In other words, there are unlikely to be large but unrealised savings to be obtained from any simple act of service sharing, but there may be from greater co-ordination of parallel services on either side of the relatively low population density Border Region, which imposes high costs on consumers and producers not captured in the public expenditure data.
- 2.21 The total *per capita* expenditure on health, both public and private in Ireland in 2009 was \$3781<sup>32</sup>. Expressed as a share of national GDP, total expenditure on health was 9.5%, or 11.4% of GNI (Gross National Income, a more accurate measure of the retained income of a state). The equivalent figures for the UK as a whole in 2009 were \$3487, 9.8% and 9.6%, respectively. In other words, Irish expenditure on health on a *per capita* basis was 8.4% higher than in the UK

as a whole, absorbing a similar fraction of its GDP, but absorbing 1.8 percentage points more of its GNI.

- 2.22 Turning to the UK regions of Northern Ireland, Wales and Scotland, the expectation would be that regional *per capita* health expenditure would be higher, on the basis that these are “peripheral” UK regions that share the NHS system of the UK as a whole. For the year 2009, Scotland’s *per capita* expenditure was 10.4% above the UK average, with Northern Ireland and Wales 4.3% and 3.5% higher, respectively. This implies *per capita* expenditure in England, the most densely populated part of the UK, is 2.7% lower than the UK average.
- 2.23 There could be many different explanations for these differences in *per capita* health expenditure in Ireland, Northern Ireland, Wales, Scotland and England. But within the UK regions, it is very likely that “peripherality” and population density are major explanations in a context where the NHS provisions are broadly similar across all regions. The population density data is shown below, with Ireland also included:

Region	Population density (persons/sq km)	Health Expenditure (per capita)
England	383	\$3393
Wales	142	\$3609
Northern Ireland	125	\$3637
Scotland	65	\$3850
Ireland	65	\$3781

- 2.24 The data suggests that *per capita* health expenditure increases as population density falls. Since the Irish border counties have low population densities (with the exception of Louth), it is unlikely that much by way of macro expenditure savings would arise if there was better “pooling” of health service provision between these two regions. However, it is important to note that although there may only be modest macro savings to be had from efficiency gains, pooling or sharing of health service provision across the border will certainly alleviate other well-documented problems that arise. There are appreciable benefits to the citizens who would use the “pooled” services in



question in terms of time, expense and effort to access a particular service.

2.25 The Scoping Study found a surprising absence of in-depth consideration of the long term strategic economic implications of the next phase of devolution in the United Kingdom. Such consideration appears to be awaiting the outcome of a referendum on the constitutional position of Scotland. The question(s) posed in this Referendum are now likely to include two options: outright independence for Scotland and a second option where voters could choose greater devolution (referred to as “devo max”). This latter option, if adopted, would result in Scotland remaining within the United Kingdom but with a far greater degree of fiscal independence<sup>33</sup>. The economic consequences for Northern Ireland of a geographically proximate but larger competitor within the United Kingdom appear at this point to be underdeveloped, in particular in the context of more joint initiatives with Ireland.

2.26 The changing political landscape within the UK is pertinent to the potential for private sector growth. In both Ireland<sup>34</sup> and Northern Ireland<sup>35</sup> the private sector has been severely damaged by the recession. While detailed consideration on enterprise policy is outside the scope of this study, there is certainly evidence that:

- Pursuit of collaborative enterprise policy opportunities on the island are currently sub optimal when evaluated against identified potential<sup>36</sup>;
- The overarching aims and objectives of the two governments’ economic policies are very similar<sup>37</sup>; and
- Opportunities to co-ordinate potential private sector input in support of the provision of certain shared public services risk are being missed.

### The Views of Participants

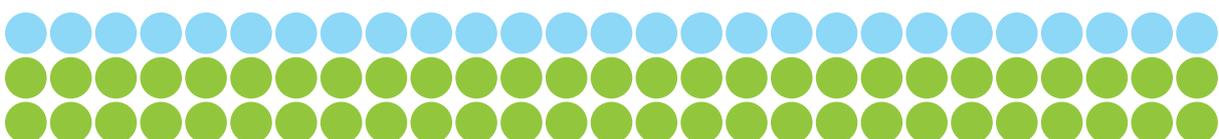
2.27 Participants in this study suggested there are particular challenges presented by shared North-South public service provision projects. One official with considerable experience of working with both systems pointed out that, to share public service provision, politicians and civil servants in Ireland and Northern Ireland must work hard together to bring about a seamless outcome for citizens. The reality

is that North-South projects are often more complex and difficult to successfully implement because of their inter-jurisdictional nature. While this was readily appreciated by most of the people interviewed for this study, it is notable that this consideration is too often not acknowledged. As a senior official in Dublin put it, “*Working with Northern Ireland is considered to be ‘normal’...but it is ‘different’ such as ‘different systems with different resources, different processes and different objectives’.*”

2.28 On a broad level, the participants offered some practical suggestions:

- Review the overarching EU and/or sector operational framework;
- Develop a “shared understanding” of a project’s purpose and goals;
- Agree the “practical benefits” and tackle budgetary/resource issues<sup>38</sup>;
- Identify potential barriers and obstacles as well as opportunities;
- Accept that “doing things differently to how you are used to” is a pragmatic necessity;
- Access existing “knowledge experience and support” to build an organisational foundation; and
- Agree upon a plan, programme and/or methodology<sup>39</sup> that includes acceptance of the need to be “patient” when things don’t work out as expected, sometimes for unfamiliar reasons.

2.29 A systematic approach to assessing the impact of cross border shared public service provision is set out in the *Impact Assessment Toolkit for Cross-Border Cooperation* developed in 2010-2011 by the Centre for Cross Border Studies. It suggests that “*the planning of cross-border programmes, projects and policies [can be assisted by] a set of logical steps to be followed that will help ensure [they are] internally coherent and address a core problem*”<sup>40</sup>. This project was the fruit of collaboration between the Centre for Cross Border Studies and the Euro-Institut in Kehl, Germany. It was led by CCBS Deputy Director Ruth Taillon. Designed specifically with Northern Ireland and Ireland’s border counties in mind, it was intended to provide policymakers with a methodology for assessing the impact and benefits of cross-



border co-operation. For example, the toolkit provides a methodological assessment as to:

- Whether a cross-border approach would be more efficient and/or effective than a single jurisdiction approach?
- Whether proposed activities are expected to have a greater overall impact (socially, economically or environmentally) if undertaken on a cross-border basis than separately within each jurisdiction?

2.30 Clearly, effective planning of this nature would benefit from informed long term demand-side projections. For example, what are population projections for the island by 2050? The best available demographic evidence suggests the island will continue to experience population growth due to a variety of factors including returnees, immigration (including returned emigrants) and people living longer, as well as higher birth rates. The result would be population levels not seen on this island since before the Famine. It would seem eminently sensible and fiscally prudent to undertake a scoping exercise providing for statistical agencies in both jurisdictions to correlate their respective 2011 census results to provide early projections to 2050<sup>41</sup>.

2.31 While formal decisions are taken at a political level on the sharing of public service provision, the question of “what happens” is made at the administrative level. To assist in this practical inter-jurisdictional challenge and provide some fresh thinking about how best to organise a new North-South project, this study identified three related approaches:

- Co-ordination:** where the respective jurisdictions act independently to achieve a parallel and mutually beneficial outcome. An example of co-ordination is the development of the M1/A1 dual carriageway.
- Co-operation:** where the individual jurisdictions work alongside each other in pursuit of a common goal, but do not merge their administration activity to achieve it. An example of co-operation is the establishment of the Single Electricity Market.
- Collaboration:** where the individual jurisdictions work together and combine their resources in a particular initiative with

a common goal in view, including working sufficiently closely together to manage risks, overcome obstacles and eliminate administrative duplication. An example of collaboration in this context is the Joint Secretariat of the North South Ministerial Council.

2.32 The preferred approach will depend on the urgency of events and the requirements of initiative. For example, concerns expressed widely in Northern Ireland today about how NAMA is operating could lead to the conclusion that, when the property and financial crises broke in 2008/ 2009, a collaborative approach should have been considered. Looking back on their own experience senior officials in Belfast and Dublin cited various examples of day to day challenges which colleagues, new to working on such projects, could encounter. These might include:

- Coping with different levels of pressures, where one side is “hard pressed” due to the volume of existing tasks, while the other is constrained by “being told by their Minister” to devote their energies to a domestic priority project;
- Acquiring knowledge of the other system quickly to work with a “very different culture” and gain some understanding of unfamiliar political priorities, inter-Ministerial relationships, administrative and executive decision making procedures;
- Establishing a personal modus operandi with officials in the other jurisdiction, including the most effective way ensure a balanced input<sup>42</sup>;
- Acknowledging that one person may be “taking risks” not understood by the other, resulting in a “steep learning process” when something goes seriously wrong; and
- Building relationships and understanding the “need to invest additional time”. As a senior Dublin official said: *“I didn’t realise it would take so much time!”*

2.33 A UK government perspective on shared North/South public service provision was usefully articulated in Sir David Varney’s ‘Review of Tax Policy in Northern Ireland’, published in December 2007: *“It is important to acknowledge the potential contribution of the Republic of Ireland’s current National*



*Development Plan 2007-2013 in changing the fortunes of Northern Ireland and delivering on an 'all island' economy in key areas. These areas include, for example, working towards an integrated bus and rail network throughout the island, the development of all-island business networks and clusters, jointly improving access to health services in border areas and closer cooperation in tackling poverty and social exclusion. Such issues span longstanding policy boundaries, since economic and social development on the island have progressed separately and at markedly different speeds. Addressing them, therefore, requires concerted effort and cultural transformation by the public administrations on both sides of the border if coordinated policy is to be delivered at the working level."*

#### **Recommendation**

- 2.34 A major theme to emerge from the interviewees for this study is that a core management challenge in any new North-South project to share public service provision will be the many differences between the civil service systems. To overcome this, responsible managers in the two systems should obtain a better shared understanding of the differences and how best to anticipate and overcome problems.

**Management Support:** The availability of **practical support** for managers with responsibility for North/South projects

**Suggestion:** Such support could/should include:

- (a) Advice on how to encourage a culture of mutual respect, understanding and how to turn differences into a strength amongst those involved in North/South shared public service provision projects;
- (b) Developing an inter-jurisdictional project managers network to share with colleagues useful learning experience and practical tips in real time;
- (c) Highlighting the benefits of using a methodology to design and plan the optimal joint approach a project's implementation is developed;
- (d) Considering and deciding how best to manage the risks at the start, particularly those that present difficult and/or complex challenges.



*Cladogenesis*: the formation of a new species by evolutionary divergence of an ancestral species  
**The New Shorter Oxford Dictionary**

### 3. Supporting Shared Public Service Provision Projects

- 3.1 The previous section established that the scale and diversity of inter-jurisdictional interaction on this island is not insignificant. For example, it would have hardly been anticipated in the early 2000s that by 2012 the Irish Government's National Asset Management Agency (NAMA) would be amongst Northern Ireland's most substantial property holders<sup>43</sup>.
- 3.2 The participants in the study were unanimous in their support of the proposition that "working with each other" is a mutually value-adding North-South opportunity where the evidence presents a compelling case to do so. However, most of the participants added that, in their experience, there are significant practical administrative and jurisdictional challenges to be overcome when actually doing so.

#### The Case for Shared Action

- 3.3 There is considerable evidence of the two systems successfully working together. The the Joint Secretariat of the North South Ministerial Council (NSMC), established under the Good Friday/Belfast Agreement and based in Armagh, is operating now for over 12 years. In that time it has built up considerable specialist knowledge, experience and insight. Staffed permanently by civil servants from the Northern Ireland Civil Service (NICS) and the Irish Civil Service (ICS), it has had the challenging task of overseeing a diverse range of activities and responsibilities undertaken under the Belfast and St Andrews Agreements<sup>44</sup>. The result is the development in Armagh of a valuable, shared expertise on solving inter-jurisdictional problems which represents a resource to both public sectors. As a precursor to the prospect of more shared North/South public service provision projects, the means of disseminating this expertise more widely is now scoped, including resource and operational issues that might arise.
- 3.4 Co-operation on and between these islands is a matter of official policy for both administrations. For example the Northern Ireland Executive's

draft Programme for Government 2011 – 2015 cites inter-jurisdictional links as a key component<sup>45</sup>:

*"Our North/South and East/West links are important in helping us to deliver our priorities and we are committed to developing these through day-to-day contact between administrations as well as formal structures such as the North South Ministerial Council, the British Irish Council and the Joint Ministerial Council. Through these activities and mechanisms, we will continue to work closely with the British and Irish Governments and other administrations in ways that are both practical and mutually advantageous."*

The Irish Government's current Programme for Government contains similar commitments<sup>46</sup>.

- 3.5 Despite these commitments, some sense of disappointment must be expressed that "working together" in the period since the Belfast Agreement has not, so far, fully delivered on the potential benefits anticipated in 1998. CCBS Director Andy Pollak has pointed out that<sup>47</sup>:

*"Most North-South cooperation between government and other public bodies seems to consist largely of having meetings and commissioning reports. This represents a major step forward ...that would have been unthinkable even 15 years ago, but... I am a little disappointed [that this work hasn't] borne more fruit in actual implemented projects for the benefit of the people of both jurisdictions."*

- 3.6 A senior official in Belfast with experience of the process echoed this assessment that the practical results from the pursuit of North-South (or indeed East-West) cooperation through the Agreement's architecture have been "less than the time and effort put into making them fly". Despite this sense of frustration, many individual senior officials in Belfast and Dublin valued the considerable personal knowledge and experience they had acquired from working with their counterparts from across the border – and through them gaining insights into the operation of the respective UK and/or EU systems. As one put it, "I learned something new at each meeting".

#### The Views of Participants

- 3.7 There was evident concern amongst the



participants in the study about what was termed by one the “day to day operational strictures” of the Agreements being increasingly seen as an obstacle to the pragmatic sharing of public service provision in this era of austerity. For example, *“there are a lot of in-built checks and balances and much scarce and precious time is felt to be consumed by process”*.

This should not come as a surprise. The implementation in both jurisdictions of severe budgetary adjustment programmes was not envisaged when the Agreements’ operational procedures were devised. For example, a senior official in Dublin acknowledged merit in having formal processes in place to govern the day to day implementation of the Agreements, but said that currently officials in Dublin and Belfast are *“struggling to progress the initiatives for pragmatic co-operation that our Ministers have approved”*.

- 3.8 Evidence is beginning to accumulate that the North-South institutional framework as established pursuant to the Agreements requires some adaptive evolution and operational adjustment. For example to ensure operational processes in the Agreements are aligned to those being introduced under public service reform programmes in the two jurisdictions.<sup>48</sup> As one senior official in Dublin put it, there is a need not just for *“learning from each other”* but also to *“learn with each other”*.

### Recommendation

- 3.9 The difficulties encountered by joint projects involving two systems that developed separately over 90 years should be acknowledged. The evidence to date is that North/South cooperation, even when already agreed in principle, tends to happen spontaneously rather than systematically and in reaction to, rather than in advance of, events.

**Implementation of Projects** would be assisted by having a jointly commissioned operational tool box for managers given responsibility to implement a shared North-South public service provision project.

**Suggestions:** In developing this ‘tool box’ it could be useful to include:

- (a) The results of a mapping exercise to scope, describe and explain how each jurisdiction’s internal governance systems and decision making processes work across the full spectrum of inter-jurisdictional structures between Ireland, Northern Ireland and the wider United Kingdom;
- (b) Protocols, methodologies and templates to assist day to day work on the initiation, implementation and oversight of North/South projects (for Example, data collating protocols, value for money formulae, impact assessment criteria, evaluation criteria, case studies, cost saving suggestions etc.);
- (c) Procedures to tap into external expertise on North-South projects (For example, the Centre for Cross Border Studies and the International Centre for Local and Regional Development).



*“In a changing world, we want the EU to become a smart, sustainable and inclusive economy”*

**European Commission President José Manuel Barroso**

## 4. Economic Collaboration in the Border Region

4.1. In the “Border Region” the core themes of this Study are most immediately evident to citizens; the practical consequences of sharing an island, including two jurisdictions, the opportunity for sharing public service provision and the need to do so with reference to the on-going need to embed peace and reconciliation, as well as the urgent need for economic initiatives. In this Section the imperative for a very particular and strategic economic initiative is considered, through the proposal for a “Border Development Zone”. This concept was first proposed by former Managing Director of IDA Ireland, Padraic White, at a Centre for Cross Border Studies conference in Cavan in November 2011. He defined it as comprising the administrative units in each jurisdiction which are proximate to the Border, although it is anticipated that administrative boundaries within Northern Ireland are expected to change dramatically in the next few years. These boundary changes are unlikely to alter the Border Region’s overall population of approximately one million people and that it includes 4 urban areas with populations in excess of 20,000 (Derry/Londonderry, Omagh, Newry, and Dundalk)<sup>49</sup>.

4.2 The objective of this “Border Economic Development Zone” is to boost the development of the Region on a cross border basis<sup>50</sup>. It seeks to do so by focusing on four key sources of growth, namely SME enterprises with export potential, tourism and recreation, agriculture and food processing, and green initiatives, such as renewable energy and low carbon projects. Suggested drivers for the project include local authorities and district and county councils along the border, who could co-operate and share ideas for the purposes of encouraging economic development<sup>51</sup>.

### The Case for Shared Action

4.3 The Border Region suffered particularly during the ‘Troubles’ and is burdened by geographic disadvantages associated with its peripheral

location. This renders it especially vulnerable to economic shocks<sup>52</sup>. The Border Region is also the meeting point of neighbouring jurisdictions, which operate closely although in all but a very few cases through parallel and entirely separate structures.

4.4 Any failure on the part of the respective administrations to collaborate in public service provision in the Border Region may result in a missed opportunity to encourage private sector activity in the Region because: *“The public budget cutbacks will result in virtually no current discretionary spending in border regions and very little capital investment.”*<sup>53</sup>. These are amongst the core arguments advanced for special economic designation and support in the Border Region being necessary, justified and appropriate<sup>54</sup>.

4.5 A collaborative approach to stimulating the economy in the Border Region must credibly address the objective of added value from economic collaboration. The aim of reversing the economic and social marginalisation of the Border Region is a laudable one, and the Region represents the principal platform for inter-jurisdictional activity on a day-to-day basis. But the stimulation of economic activity is not without other complications. These include the fact that policy is determined in separate jurisdictions, the meandering nature of the border, and the absence of a dynamic urban centre at the heart of the Border Region with sufficient scale to drive growth as an “engine” for economic activity.

4.6 The Centre for Cross Border Studies has recently published an in-depth study of this issue. *Cross-Border Economic Renewal: Rethinking Regional Policy in Ireland*<sup>55</sup>, by John Bradley and Michael Best, uncovered various “positive findings” in favour of a Cross-Border Economic Development Zone. These included *“the identification of some extremely successful and entrepreneurial manufacturing enterprises in the border region and the intelligent manner in which they made full use of the single island market (within the Single European Market), the more open post-Belfast Agreement environment and the dramatic improvements in some aspects of the North-South physical infrastructure”*. However the writers acknowledged certain “negative findings” including *“the peripheral nature of the region, the economic policy implications of the border, and the interaction of these two issues”*<sup>56</sup>.



- 4.7 It should be noted that some dynamic businesses have begun to take advantage of the “centrality” of the border region (relative to the all-island market). A Cross Border Economic Development Zone might encourage and facilitate more companies to take advantage of the new and much-improved cross-border road infrastructure and to use the region as a platform for their island-wide distribution and marketing activities. The creation of new economic hubs within the region by the private sector could perhaps be replicated in the public sector, most obviously by local county and district authorities supporting the evolution of a Cross Border Economic Development Zone. The timing for such collaboration is particularly apt, given the all time high in terms of cross-border political stability.

#### The Views of the Participants

- 4.8 The interviewees in this study were cautious about endorsing the idea that policymakers should set about formally designating the “Border Region” as an ‘enterprise zone’. The participants were broadly of the view that the recognition and designation of the “Border Region” should be limited to those circumstances where it is functionally necessary to do so. For example, in terms of grouping the relevant county and district authorities who might be charged with developing collaborative relationships within the economic zone. A senior business person in Dublin pointed out that to do otherwise risks creating a new area of entitlement akin to the “gaeltacht areas”, (whereby designation per se would constitute an entitlement to a form of State subvention or for “special assistance”). A senior official in Belfast has expressed unease at an exclusive focus on the Border Region as the task of “reconciliation” is not confined to this region alone. The most evident economic challenge was highlighted by a senior business person in Dublin who pointed out that the Border Region “has no urban centre” and a formal designation for enterprise development purposes “risks creating a new border”.
- 4.9 The final paragraph of the *Cross-Border Economic Renewal: Re-thinking Regional Policy in Ireland* Report goes some way towards addressing these concerns. It concludes: “Recent insights into economic growth have emphasized what is called ‘path dependence’, i.e. that if a region embarks on a process of growth, then that success tends to feed on itself

*and expectations can become self fulfilling. An evolutionary process of the above kind<sup>57</sup> is one way of exploring the possibilities for guiding the island economy along a path of self sustained growth whose benefits accrue to all and to remove barriers that history placed on realizing the island’s potential<sup>58</sup>.*

- 4.10 The absence of a central economic hub means that economic, commercial and social activity in the Border Region will inevitably be localized. This need not be a permanent disadvantage if perceived economic weakness is transformed by innovation and enterprise into strength. Dr John Bradley, co-author of the CCBS study, believes the Border Region is developing “clusters of business, operational and development platforms to serve the island as a single market”. From a broader perspective, another economist interviewed for the study added that “when it’s bottom up and community-driven is where the Border Region makes most sense”.

#### Recommendation

- 4.11 This study found the conclusions of a senior business person in Belfast compelling: that “the key challenge” for those in the Border Region is to “influence the centre in Belfast, Dublin and London” to persuade them there are real and measurable “value for money” benefits to be gained by “seizing the opportunity” of sharing in the provision of services where the benefits are at their “most practical and most evident” (e.g. in health services, water and energy infrastructure).



**Regional Development:** The making of **the case collectively for a Cross-Border Economic Development Zone** in the Border Region by its local communities is a prerequisite for policy makers' to support its creation.

**Suggestions:** The benefits include:

- (a) A new collective appreciation in the Border Region of what their shared interests are in this new era of recovery, reform and renewal;
- (b) Aligning Border Region economic development to mainstream regional strategies so there are deeper mutual synergies and benefits;
- (c) Ensuring it is enterprise led, focused on core policy actions and initiatives designed to improve the well being of all across the Region;
- (d) Opportunities for the private sector to lead enterprise development strategies in the region must be proactively sought and facilitated.



*"Wherever you see a successful business someone once made a courageous decision"*  
**Peter Drucker**

## 5. Supporting Job Creation

5.1 Annual private sector growth above the European average for a sustained period of time is essential for both governments to meet their citizens expectations of work, jobs and public service provision. Over the next 3 to 5 years, export led trade and business development will be the primary engine of that growth. "It must be all about jobs, jobs, jobs and the economy" as a senior business person in Dublin commented. In those areas where reconciliation work is most focussed and intense the benefits that will flow from success also need to be evident. This is both a challenge and an opportunity. Another senior business person in Dublin said that, while the risk of destabilisation during this "Decade of Centenaries" is real, *ten years of stability will deliver 100 years of peace*".

5.2 The term "middle class peace process" highlights where the benefits of peace and stability, in terms of new jobs, have predominantly flowed. The following series of comments capture the general sentiments expressed by participants: *"The prize [of jobs] must be brought home to the communities of those who have ceased violence"; "not enough thought is going into the transfer of global goodwill for reconciliation to monetised activities which deliver work and jobs when the peace process as an exemplar is fading from the global consciousness"; a "Prosperity Process" must not "be perceived as just another means to maintain transfers of public funds"* to Northern Ireland by policy makers in Berlin, Brussels and London.

5.3 The asymmetry of the economic relationship between Ireland and Northern Ireland should feature more in discussions on mutual benefit. For example a senior business person in Dublin noted that when an Irish company makes a significant investment in the US and delivers jobs to Americans, President Obama will shake the hand of their CEO. Given business from Ireland is already a considerable support to business in Northern Ireland (and will likely continue to do so into the future) this participant asked: *"Will the political leaders in Northern Ireland shake the hand of business from Ireland?"* A more integrated strategy is

needed at intergovernmental level to exploit the potential benefits identified by the originator of the concept of an island economy Sir George Quigley. He posed the question: *"Can we identify barriers which deny free rein to island-wide competitive forces, thereby ensuring that both parts of the island constitute a globally competitive production platform for goods and services traded worldwide. Neither part of the island does itself a favour by denying itself this ready to hand opportunity to move out of their respective comfort zones and to perfect their ability to win the battles that count - ie outside of this island."*<sup>59</sup>

5.4 A not unreasonable comparison might be drawn with the development of the economic relationship between Ireland and Britain. Despite a considerable asymmetry of wealth and population, a coordinated, comprehensive and proactive programme is currently being jointly undertaken under the auspices of the highest ranking civil servant in both governments to develop the potential for mutual economic benefit between the respective jurisdictions. This work was very publicly launched by a firm and friendly handshake between Prime Minister David Cameron and Taoiseach Enda Kenny after a summit meeting in London on 12th March 2012<sup>60</sup>. Accordingly a senior business person in Dublin suggested it "would be most helpful to be able to proactively explore" how and where Northern Ireland could benefit from this work and how Ireland could benefit from Northern Ireland's active participation in it.

### The Case for Shared Action

5.5 Clearly, economic recovery in Ireland and Northern Ireland will benefit if business has a stable environment in which to operate. The respective administrations need coherent policies to encourage and develop private sector economic recovery. An in-depth examination of this considerable challenge is beyond the scope of this study. The last official report commissioned on this topic was the British and Irish Governments' 2006 "Comprehensive Study on the All-island Economy"<sup>61</sup>. It dealt mainly with business, enterprise development issues and policies generally. In that context it primarily highlighted the benefits to be gained from the development of joined up clusters. However, in the context of reconciliation in this new economic era, there should be a focus on

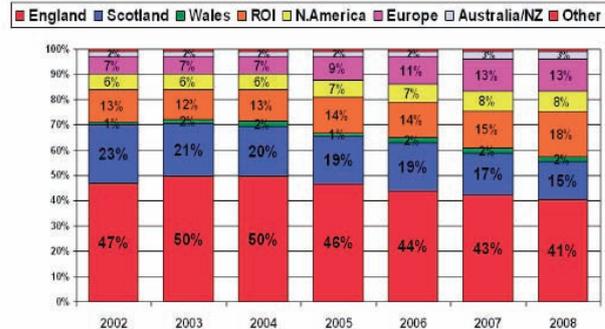


the core challenge of work, job creation and well-being in the communities who need it most.

5.6 Participants in this Study honed in on tourism as a useful illustrative example, and potential case study, of where North-South collaboration in a private sector activity heavily supported by exchequer (and some EU) funded support and/or services, might be further developed to mutual benefit. An all island body, Tourism Ireland is successfully marketing the island around the world as one unit; yet operating alongside it are two domestically focused government agencies – Fáilte Ireland and Northern Ireland Tourism – whose task is to promote the respective jurisdictions separately. There is pressure on this model of tourism promotion to deliver, as 2012 is seeing a really big push by Northern Ireland Tourism and the industry in Ireland has regained the competitiveness it had lost. This is “tourism’s biggest year in Northern Ireland for 20 years” and “it must be maximised” as a senior business person in Belfast observed.

5.7 The study considered three shared challenges for the tourism sector where policy actions could make a difference: maximising the potential mutual benefits from current marketing investment especially in new overseas territories; minimising the risk returns on recent/current product investments that could be sub-optimal; tackling weaknesses existing agency structures when viewed in an island frame. The following comments capture the sentiments expressed by participants about these challenges: “The pie is expanded by Tourism Ireland promoting the island to the world and then the two domestic bodies (Fáilte Ireland and Northern Ireland Tourism) compete with each other for their share of this pie”; “They should all be working together to grow the pie”; tourism is “a hard one to crack”; if managed successfully it should be “mutually reinforcing”, given difficulties of the current model “are appreciated”.

**Table 1: Northern share of overseas visitors to the island of Ireland 2008**



**Table 2: Source of external tourists to Northern Ireland 2002-2008**

	Total	Domestic	GB	ROI	Germany	France	Italy	Nether-lands	Spain	Other Europe	US	Other	Out of State Total
2010	3261	1154	1285	322	50	38	23	23	41	91	156	78	2107
2011	3362	1177	1324	345	53	40	24	24	41	95	161	78	2185
2012	3468	1201	1363	369	56	41	24	25	42	98	167	82	2267
2013	3579	1225	1404	394	60	43	25	27	42	102	174	83	2354

Tables from “Cross-Border Economic Renewal: Rethinking Regional Policy in Ireland”, by John Bradley and Michael Best.

5.8 The recent analysis by Dr John Bradley and Professor Michael Best undertaken for the Centre for Cross Border Studies highlighted the fact that the current strategy is destined to result in diminishing returns because, as they note, after reviewing the respective tourism development strategies of the two jurisdictions: “(it) is very surprising that neither features seriously in the strategic thinking of the other except in terms of a source of demand for tourism services”. Even within this prism, the level of demand for cross-border tourism varies significantly. For example in Ireland 16% of demand in the North West Region of Ireland is expected to come from Northern Ireland, but in the South West Region only 1% is expected, despite much improved access provided by the new motorway system. For example if there was a important GAA fixture between a team from the North and Kerry it would surely attract some travelling supporters? An insight into a possible reason for this low performance by South West tourism was provided by a senior business person in Dublin: “There is just one hotelier in Killarney who has for years gone to Northern Ireland to get business (so that) you always see Ulster buses in the car park outside his hotel”.



**The Views of Participants**

- 5.9 The evidence-based conclusion of Dr John Bradley and Professor Michael Best was supported by the opinions of the participants who commented on the following proposition during the Scoping Study: Between now and 2022, would proactively promoting or packaging cross-border individual visitor attractions, events and opportunities (on a provider-led and cost effective basis) be a worthwhile North-South opportunity<sup>62</sup>?
- 5.10 To identify opportunities to attract more visitors to the island from the fastest growing markets, a bottom-up strategic research initiative was suggested by a senior academic in Dublin. He posed the question, “What kind of visitors do we (on this island) want to attract?” For example should marketing target by age groups, such as the 20-30 cohort, as well as the fast growth markets in Asia? If so, what are such potential visitors looking for and expecting to find here that is both different enough to persuade them to come in the first instance and sufficiently familiar to ensure it’s not a negative experience? Crucially for individual businesses should the overarching strategic goal be “*organising and packaging events to extend their stay and spend more*” by visiting both Ireland and Northern Ireland?
- 5.11 The predominant view on securing more overseas tourism business, and thereby generating jobs, that emerges from the study’s conversations is that they are likely to be sub-optimal, unless more opportunities are taken for bottom-up collaboration and sharing of effort and investment risks. This will maximise the potential mutual benefit from existing and planned ‘top down’ Tourism Ireland investment. In the wider context of these islands, even a casual television viewer cannot help but notice that Wales and Scotland are energetically promoting themselves as separate and distinct tourism destinations for both the domestic and international markets.

**Recommendation**

- 5.12 The challenge for tourism in Ireland and Northern Ireland is to build on its new momentum. The evidence strongly suggests that, to attract the optimum return from off the island markets, more collaboration is needed on the island. This should include a bottom up initiative for product and service providers,

event organisers and visitor attraction promoters. This initiative should not start with a debate about structures, responsibilities and policy actions, but by establishing an objective, precise and detailed understanding of demand and opportunity in the fast growth markets of the future.

**Tourism:** The undertaking of an all-island **tourism infrastructure research project** to guide investment by product providers, attraction operators and event organisers in different facilities for visitors from new markets (for example Asia).

**Suggestion:** this research exercise could/should:

- (a) Target middle classes in Asia and the 20/30 year old segment in Europe;
- (b) Research whether combining particular activities, attractions and/or events from both jurisdictions would add value for providers so that visitors extend their stay and spend more;
- (c) Provide results that can be used to model potential returns for individual operators from investing in the particular needs and demands of tourists from non traditional markets such as China;
- (d) Inspire new, dynamic North-South collaborations between those willing to embrace, invest in and pursue the challenge of serving Asian markets<sup>63</sup>.



## 6. Health Services

6.1 Ministerial decisions, the comments of high level officials, the evidence of the most recent studies and contributions by participants in this study confirm that the shared provision of certain health services would be a worthwhile and mutually advantageous North-South opportunity, especially in the Border Region. Health is also a sector in which there is already a wide range of all island activity taking place. As the NSMC Annual Report for 2011 notes this includes: An All-island Action Plan for Suicide Prevention, the Ireland-Northern Ireland-US National Cancer Institute Consortium, the All-Ireland Institute for Hospice and Palliative Care, planning for a joint initiative on alcohol abuse and a satellite radiotherapy facility at Altnagelvin Hospital in Derry/Londonderry that will serve cancer patients in both jurisdictions; along with cooperation on child protection emergency services including for ambulances to coordinate their response to major incidents<sup>64</sup>.

6.2 In Ireland, the provision of healthcare services is delivered (for the most part) by the Health Service Executive (HSE), which either owns or oversees the management of the majority of the State's 51 public hospitals (there are a small number of private hospitals). The public healthcare system is funded by the Exchequer from tax receipts, supplemented by a significant (although falling<sup>65</sup>) number of privately insured patients. Primary governmental responsibility for the system lies with the Minister for Health and the Department of Health.

6.3 In Northern Ireland, as in the rest of the UK, the provision of healthcare services is through the universally admired (if financially hard pressed) publicly-funded National Health Service (NHS). The Health Minister in the Northern Ireland Executive and the Department of Health, Social Services and Public Safety (DHSSPS) have governmental responsibility for the administration of the system of 15 acute hospitals being carried out by 5 Health and Social Care Trusts.

### The Case for Shared Action

6.4 Both healthcare systems have been the subject of recent government-commissioned reviews. Each was heavily influenced by the current economic crisis and research based evidence from international studies, and experience of health service reform. In Ireland, the then

Department of Health and Children published the Report of the Expert Group on Resource Allocation and Funding in the Health Sector chaired by Professor Frances Ruane, Director of the Economic Social Research Institute (ESRI), in July 2010<sup>66</sup>. It noted the requirement for integrated planning for all aspects of healthcare in Ireland, a re-development of the medical card system, and the improvement of resource allocations across the primary, hospital and community/continuing care sectors<sup>67</sup>. Regrettably the cross-border potential for pursuing these does not appear within the report.

6.5 By contrast, the Northern Ireland Department of Health, Social Services and Public Safety commissioned a review chaired by Mr. John Compton, which was published in December 2011 under the title *Transforming your Care: A Review of Health and Social Care in Northern Ireland*<sup>68</sup>. This, in addition to setting out a comparable series of reforms, also acknowledged the cross-border aspect of future healthcare services in Northern Ireland<sup>69</sup>:

*"The Review recognises that the future model must take into consideration the Northern Ireland dynamic. Given the rural nature of the West, and its close links to the ROI, the new model will require two major acute facilities in the West. The ROI has expressly indicated it wishes to maximise the opportunity for its population in the new hospital in the West. Altnagelvin and Belfast hospitals have already well established working arrangements with ROI around some of its services which will continue.*

*There is currently a level of use of Daisy Hill Hospital by residents of the north east region of ROI. The future configuration of major acute services in Newry will be impacted upon by the potential demand for services from the ROI."*

6.6 There would appear to be good reasons for Ireland to take up the challenge presented by the Compton Report. For example there is already some infrastructure in place for cooperation between the respective health and social care systems in the neighbouring administrations. This includes the Cooperation and Working Together (CAWT)<sup>70</sup> partnership, the product of an agreement entered into in 1992 by the four health boards/authorities in the Border Region. The CAWT Development Centre

*"facilitates cross border cooperation between the health and social care systems in both*



*jurisdictions and is responsible for ensuring that European Union (EU) funded and other cross border projects are administered in accordance with the standards set out by the Special EU Programmes Body (SEUPB)".*

- 6.7 Accordingly, there is significant potential for the CAWT model to be developed further as a case study and potential model (to be sustained, with the requisite financial commitment, from the administrations in Dublin and Belfast, even in the absence of EU funding). Scoping the application of this model more widely would enable the findings in the macro level case study for health services described in Section Two to be tested at the micro level and for the Border Region. Such work would benefit from a number of useful health research studies published in recent years that explored options for cross border hospital care in a more structured and integrated fashion<sup>71</sup>. From the policy makers' perspective it seems prudent to address this issue first at an inter-government level. While it may be perceived in Newry, Dundalk or Derry as a local issue, there are questions to be resolved in this complex health area that can only be dealt with by the two governments. Certain major challenges are common to any consideration of shared health provision in Ireland and Northern Ireland including:
- Throughput of patients being decisive in securing value for money
  - Per capita cost being heavily influenced by population density
  - Absence of quality provision being experienced most acutely by patients
  - Resolving liability and other hospital insurance issues
  - Adjusting contracts that are centrally negotiated (e.g. GP services);
  - Adapting entitlement to services and what that means for each patient and their condition
  - Contingency planning/rehearsing responses to catastrophic event;
  - Resourcing and expanding community care (For example in the Border Region);

- 6.8 Healthcare constitutes a prime example of where cross-border coordination, cooperation and/ or collaboration present practical opportunities for joined up thinking on the benefits of shared service provision to citizens. And there is now an evident political will to pursue these opportunities in both Belfast and Dublin. This should really not be surprising or new. Healthcare presents an obvious commonality of interest for citizens regardless of political persuasion. The needs of patients in terms of acute medical care, ongoing medical treatment, and community health or hospice care are no respecters of political or administrative borders. A desire to maintain and improve standards of healthcare in an environment of reduced financial support also favours the sharing of facilities in order to avoid unnecessary duplication of both services and costs.

#### The Views of Participants

- 6.9 Health services suggested in this Study's conversations as being possible to deliver on a combined basis include the following:
- (a) The provision of acute hospital care in the Border Region via a "hospital grouping" based on a "hub and spoke" system, which is how both the HSE and NHS are planning to deliver acute hospital care. In the Border Region there are three large acute hospitals, all in Northern Ireland,<sup>72</sup> whose "spokes" could and should extend across the border. Sharing certain acute hospital services is "an obvious area" of opportunity for "pragmatic cooperation" (it is understood this possibility is being actively progressed). North-South sharing of complex hospital services to patients has to be "horizontal as well as vertical": in other words it must involve a range of different partners from managers to clinicians to patients within as well as between the two jurisdictions.
  - (b) The provision of specialist hospital care for certain conditions requiring expert treatment in centres of excellence also has the potential for both jurisdictions to co-ordinate their planning and investment in an all-island frame. The opportunity to leverage the new road network (and, perhaps, an air ambulance service) to make access easier and less costly for patients and their families was also highlighted (for example building on the model developed to



share the provision of specialist cancer care in the north west “health region” on both sides of the border at Altnagelvin Hospital in Derry/Londonderry<sup>73</sup>). The opportunity to secure “economies of scale” by doing so was suggested by senior officials in Dublin, but this argument was not used in Northern Ireland, perhaps because provision is part of the wider United Kingdom NHS system and its considerably greater economies of scale.

- (c) ‘Area community care’ (for example, home care for the elderly and those with special needs) also emerged during the study’s conversations as an opportunity to share provision in an area where public funding is under growing financial pressure. This is particularly so in the Border Region, where users and suppliers are geographically adjacent to each other, but may be on different sides of the border. Indeed CAWT is a proven operational model for providing services in this way, although there have been no moves to replicate it.<sup>74</sup>
- (d) The fourth area of potential shared healthcare provision which emerged during the study conversations was General Practitioner services. A leading economic commentator in both jurisdictions has described the current system as “locally driven, nationally supported”.
- 6.10 The participants in the study acknowledged that the goal of mutual benefit in the shared provision of healthcare services needs to be based on what were termed by a senior academic in Dublin as “acceptable compromises” whereby the administrators are prepared to “take the hit” in terms of organisation and logistics, in pursuit of the overall shared goal of cost containment and quality care that is patient centered. It was also pointed out that “the current NHS and HSE models operate differently” at GP level, but that reforms being undertaken in both Ireland the UK as a whole will bring them closer to each other with a mix of universal and private care.
- 6.11 In terms of closer cooperation at GP level, there is persuasive anecdotal evidence that this would be a particularly welcome development from the perspective of patients. The volume of people crossing the border to work in one jurisdiction but seeking health care in the other will increase if current trends continue. For example, a percentage of the jobs to be created by multinational company Paypal in Dundalk<sup>75</sup>
- will be filled from across the border. As a senior business person in Belfast with local knowledge observed: “the local GPs have more patients on their books than there are people living in the area” because “people who are working and living across the border like to come back to their original GPs”<sup>76</sup> (By collating data such as PPS numbers and health insurance payments to hospitals it should be possible to quantify actual numbers of patients and the expenditure involved).
- 6.12 The overall strategic health reform goals of the HSE and the NHS are comparable (for example with the “money follows the patient” model and individualisation of budgeting). The common strategic goals of making the healthcare systems patient-centred and adopting feasible economies of scale “could be pragmatic drivers” of shared provision, a senior official in Dublin suggested.
- 6.13 The funding implications of shared healthcare provision (in circumstances where a short or medium term cost saving might be identified) could actually determine whether any projects of this nature are pursued. Senior officials in Belfast and Dublin observed pithily and separately: “finance is critical”. Establishing the value for money of any North-South project to share provision is therefore a key task because the “incentive has to be there” (i.e. they should be aligned for all those affected- patients, institutions and professionals)
- 6.14 In terms of the financial analysis required to persuade administrations that shared provision of aspects of healthcare is worth pursuing, a senior academic in Dublin familiar with both systems suggested that once there is a “compelling goal” that both administrations agree on, then the task is “to identify value for money needs expertly gathered, and neutral, detailed and unconstrained analytical information on what the savings may, or may not, be”. To consider specific aspects of shared healthcare provision there will need to be shared criteria and methodologies for evaluation, along with a means to deal with data sensitivities and gaps. Pre-agreed protocols would assist the civil servants involved. For example such protocols could incorporate what has been done in such circumstances by the European Commission<sup>77</sup>. A further note of caution was raised in terms of the need to manage the risk to patients of something going wrong, which necessitates medical protocols being developed and in place.



**Recommendation**

- 6.15 The participants in the study supported the view that initiatives to share North-South health service provision should continue to be progressed with determination and attention to potential long term benefits. New models of joint provision would be particularly useful in the Border Region. For such projects to deliver sustainable long term benefits they also need to speedily and effectively identify and resolve likely difficulties.

**Health Services:** The development of a cross-border **health service provision plan** to support and accelerate what is being done to share the delivery of certain acute hospital, community health and general medical services.

**Suggestions:** the development of this plan could/should include:

- (a) Priority areas/services to be agreed by both governments for in depth planning, consideration, both intra island and in the Border Region;
- (b) Compatible and shared medical objectives, health reforms and patient care should be paramount when deciding what the Plan includes;
- (c) There should be opportunities for local communities to develop/submit 'bottom up' proposals to support the plan's operation;
- (d) As a immediate first step develop a model for estimating potential economic benefits, including those for cost savings from shared health service provision, by undertaking a micro 'bottom up' exercise to scope in detail joined up patient care in both jurisdictions.



*“Two thirds of the jobs people will be doing by the end of this decade don’t exist today.”*

**McKinsey Report**

## 7. Third level education

- 7.1 The Belfast and St Andrews Agreements contain no provisions for third level education policy cooperation between the governments of Ireland and Northern Ireland. However the communiqué issued after the most recent NSMC Plenary did note that the Council “explored collaboration to meet emerging challenges in third level education”. Yet students (and their parents) face important higher education choices that may involve crossing borders. For example, in Northern Ireland and the rest of the UK they could consider studying in Ireland because it currently has lower undergraduate fees. Meanwhile third level institutions themselves are striving to adapt to this environment of higher fees with fewer institutional resources<sup>78</sup>. The consequent effects of the increases, including uncertainty over third level student numbers<sup>79</sup> and the possibility that institutions may not be able to respond effectively to the demands of students and the wider economy, are challenges faced in all jurisdictions on these islands.
- 7.2 The study has used a broad definition of “third level education”. It includes all academic and vocational post-secondary education, lifelong learning, retraining and up skilling. In Ireland, the Third level sector is essentially comprised of seven Universities<sup>80</sup> offering higher degrees; fourteen Institutes of Technology<sup>81</sup> offering degrees, diplomas and certificates; Colleges of Education offering degrees and post-graduate diplomas in education; and private, fee-paying colleges<sup>82</sup>. As of the 2010/2011 Academic Year, the number of Full Time and Part Time Students enrolled in Ireland was 193,187 (across all fields)<sup>83</sup>. In Northern Ireland, third level education currently falls under the auspices of the Department for Employment and Learning. It is possible for students in Northern Ireland to advance either to “Higher Education” or “Further Education”. There are two Universities (one of which has two colleges of further education attached)<sup>84</sup> and six further and higher education colleges<sup>85</sup>. In 2010/2011, there were 65,555 Northern Irish students enrolled in UK universities and other higher education institutions, of which 67% were enrolled in a Northern Irish HEI<sup>86</sup>. In the same year, full-time

enrolments in Further Education in Northern Ireland stood at 28,415<sup>87</sup>.

### The Case for Shared Action

- 7.3 There is a substantial personal cost associated with pursuing third level education, both direct (for example, fees or registration charges, and course material) and indirect (for example, accommodation, living costs, and the “lost opportunity” costs of removing oneself from the workforce). Outside of purchasing a home, the next largest personal debt most citizens will incur will be for Third level education. This poses challenges both for government and for the Third level institutions in terms of what can they do better for students incurring these personal costs to pursue Third level education<sup>88</sup>. In particular it is important to ensure that the quality and content of Third level education really does equip students for a more complex, demanding and challenging work environment in which to find jobs and pursue careers. For the purposes of this study, interviewees were asked to confine their considerations to the cross-border dimension of Third level education provision on this island.
- 7.4 For readers unfamiliar with the detail of the official reports driving the most significant policy changes at Third level in Ireland and the UK for many decades the following is a brief summary. In January 2011, in Ireland, the Strategy Group of the Department of Education and Skills published the National Strategy for Higher Education to 2030 under the chairmanship of Dr. Colin Hunt. It noted that:
- “Irish higher education is now at a point of transition: the number of people entering the system is growing and the profile of students is changing. Unemployment and changing patterns of work bring new urgency and a much greater emphasis on lifelong learning and upskilling”,*
- 7.5 What became known as the “Hunt Report” ultimately made 26 specific recommendations including: that undergraduate and taught postgraduate programmes should develop the generic skills needed for the effective engagement of students in society and work; that there should be increased investment in Research & Development; that there should be increased engagement between higher education institutions and the wider community, including business and industry;



that a framework for system-wide collaboration between diverse institutions should be developed; that reliance on the exchequer should be reduced and the Third level funding base should be broadened, including by direct student contribution; and there should be a greater alignment between public investment in higher education with national policy priorities<sup>89</sup>.

- 7.6 Meanwhile, in the United Kingdom an Independent Review of Higher Education Funding and Student Finance under the chairmanship of Lord Browne of Madingley (the “Browne Review”) was published in October 2010<sup>90</sup>. This prompted follow up studies for each of the Devolved Administrations. In Northern Ireland this comprised the Development of a Higher Education Strategy for Northern Ireland (January 2011) and the Stuart Report which having been first published in March 2010 was updated in January 2011. The Browne Review ultimately recommended, *inter alia*, the abolition of the traditional cap on tuition fees (with the effect that Third level tuition fees in the United Kingdom will range from stg£6,000.00 p.a. up to a maximum of stg£9,000.00 p.a. from autumn 2012<sup>91</sup>), and the introduction of a state-backed system of student loans to be repaid when the graduate starts to work. This has already had a considerable impact on the higher education landscape, including a notable increase, from a very low base, in the number of students from Northern Ireland and the rest of the United Kingdom applying to Third level institutions in Ireland ( a 27% rise on the basis of preliminary CAO data<sup>92</sup>)<sup>93</sup>. It is not yet known how many students from Ireland who intended to go to the UK will not do so as a result of the increased fees and instead go to an Irish university.
- 7.7 The opportunity to examine the possibilities and options for a cross-border dimension in the Third level sector was missed in a recent HEA Report *Towards a Future Higher Education Landscape*. Despite dwelling in some depth on the development of Irish higher education the report does not consider the cross-border potential in this area, despite the assertion that “*high levels of inter-institutional collaboration are required so that specialization at institutional level does not lead to diminished opportunities and choices for students at regional and national levels*”<sup>94</sup>. The practical development of shared North/South provision projects in higher education will be impacted by the break up of the Department of Employment

and Learning In Northern Ireland and the possible reassignment of responsibilities.

- 7.8 It is all too evident that there is a serious talent gap in Ireland and Northern Ireland between available job opportunities and the graduates which the respective Third level systems are producing. There was a notable diversity of views amongst the participants in the scoping Study on whether there was an opportunity for cross-border collaboration at Third level to assist in tackling this serious systemic problem. For example, a senior Dublin businessman felt the approach to Third level collaboration should be “incremental” and “at the edge” of other mainstream activity in both jurisdictions.
- 7.9 Subsequently participants were of the view that an incremental approach to North-South opportunities at Third level made sense. A senior business person in Belfast succinctly summarised the challenge for the institutions as being “*training more ‘work ready’ students*” A senior academic in Dublin outlined some options for institutions to combine in various forms of cross-border collaboration to jointly tackle this challenge:
- Focus first on firms especially in the creative industries/digital or social media/electronic arts/ICT driven support services;
  - Don’t provide over-specialised courses because companies mostly need people with a well developed aptitude to learn and they will then teach them the specific skills they need;
  - Deliver courses using means that are aligned to the needs resources and circumstances of the modern work place rather than the traditional methods and routines of how teaching is organised in colleges: “*firms work differently to colleges so learning structure must be different to fit in with their needs.*”

#### **The Views of the Participants**

- 7.10 It was suggested by a number of participants that there could be increased North-South collaboration in investment in specialist enterprise knowledge centres. As a senior business person in Dublin put it: “*these are costly assets that we both need focussed on knowledge acquisition via leading edge*



research that leads to skills development in the arena they work in” (for example as a positive response to the seismic changes taking place in all of the jurisdictions in these islands in the demand for, and cost of, Third level education for students, the composition of specialist courses offered and the re-configuration of institutions).

- 7.11 In 2010 there were just over 780 students from Northern Ireland studying in Ireland of whom around 100 were attending Institutes of Technology<sup>95</sup>, which have particularly close relationships with individual sectors and firms in the high tech and ICT areas. The initial indications are that the current Third level fee increases in the United Kingdom will have an impact on the number of Northern Ireland undergraduates choosing to study in Ireland (i.e. the numbers from Northern Ireland are projected to increase substantially from a low base of just over 1% of the total undergraduate cohort in Ireland’s seven universities).
- 7.12 To deal with the sharp rise in UK fees which, according to a recent Centre for Cross Border Studies report, has “*obvious implications for an Irish university system which is already over extended in its efforts to cater for the rising demand for undergraduate places at a time of severe government funding cuts*”. There are spill over effects from these pressures into Third Level cross border study. The two governments can choose to consider the implications either separately or in some ‘joined up’ way. For example they could consider a coordinated approach to fees for a certain period of time, such as from now until the academic year 2015/16. This would enable pupils, parents and managers in both jurisdictions to engage in more informed planning. A senior academic in Dublin has suggested it would be to everyone’s mutual benefit if the two governments worked together in an island context to remove “*uncertainty over the cost of fees*”.
- 7.13 EU Research and Development Funding is an area of potential North-South opportunity that should be of on-going interest to Third level education institutions in both jurisdictions, along with the business communities who pay close attention to this activity. A senior academic in Dublin observed that in his experience there had been a lot of interaction in the 1990s encouraged by EU money but it has fallen away since. The data supports this overview. For example of some 3,000 researchers who received support from Science

Foundation Ireland, the primary channel for research funding in the South, a 2010 census showed that they had 71 research partners in Northern Ireland compared to 67 in Scotland and 40 in the Netherlands. In terms of relative size of the North to the other jurisdictions this could be seen as an encouraging figure. However the amounts dedicated to promoting collaborative research are very small. In energy research of the 80 panel proposals approved for the Euroscience Open Forum being hosted in Dublin this July – a huge showcase opportunity – just one is co-ordinated from the North, reflecting the very small proportion of proposals received from Northern Ireland<sup>96</sup>. Reviewing this vital “academic to academic” interaction, a number of interviewees pointed to the European Commission’s *Task Force on Northern Ireland Report*. This was described by a Commission official involved in its preparation as a “cook book of recipes” for potential support from mainstream EU funding Programmes. Most if not all of the Research and Development Programmes highlighted by this document that are open to and/or targeted at Third level institutions require collaborators from more than one Member State. Participants in this Study with experience in this area observed that partners from Northern Ireland were notable absentees.

#### Recommendation

- 7.14 The majority of participants shared the view that incremental and modest first steps to develop areas of potential shared provision in Third level institutions were most appropriate.



**Higher Education:** The exploration of **higher education initiatives** by third level institutions in both jurisdictions to combine resources to enhance student/enterprise access to certain quality courses, world class knowledge centres and R&D.

**Suggestions:** the elements of this initiative could/should include:

- (a) A coordinated plan for third level institutions to take joint initiatives to share existing resources and future investment to benefit students, parents and employers in both jurisdictions;
- (b) A research exercise to draw up a short list of future funding opportunities for R&D and the creation/further development of world class knowledge centres that are more economical in an all-island context to ensure there could would be mutual benefit in sharing resources and/or avoiding duplicating/overlapping investments;



## 8. Infrastructure Upgrades

- 8.1 There was a shared view that North-South co-operation on large scale infrastructural upgrade projects is very definitely an opportunity for great mutual benefit, as was demonstrated by previous cross-border projects such as the A1/N1 cross-border dual carriageway which opened in August 2007<sup>97</sup>. It therefore appeared logical to participants that other infrastructural upgrades be carried out jointly rather than be planned and executed exclusively in one or other jurisdictions. One senior business person from Belfast in fact suggested “*all infrastructures should be at least planned, and where it makes sense, developed in an island context*”.
- 8.2 Two particular infrastructural upgrades have been selected by this study to illustrate these opportunities. Energy and water are public utilities requiring upgrades that are complicated, expensive and often only occur once every 50 years or so. In the case of energy, substantial successes have already been achieved with the establishment of the Single Electricity Market (SEM) for the island of Ireland for natural gas and electricity. (The two jurisdictions’ independent regulatory authorities remain in place<sup>98</sup>). This initiative followed a joint policy decision by the respective Ministers in Belfast and Dublin<sup>99</sup>. The SEM went live on the 1st November 2007, marking the commencement of wholesale trading of electricity in Ireland and Northern Ireland as a single market<sup>100</sup>. While it is not within the scope of this study to consider the infrastructures of Ireland and Northern Ireland in general the evidence from energy and water is that it would be mutually beneficial, especially from an investment perspective, to consider a joint planning approach to similar upgrade challenges and requirements in future<sup>101</sup>.

**21st Century Infrastructure Upgrades: A Memorandum of Understanding (MOU)** to facilitate 21st Century infrastructure upgrades being planned jointly and, where considered beneficial, developed in an all-island context.

**Suggestions:** as a precursor to this decision, a joint working group should:

- Compile a list of potential options based on objective criteria for deciding what/why any particular infrastructure merits consideration and if/how that enhances its investment profile and attractiveness;
- Identify inputs needed in the course of such planning to ensure the outcome is credible, prudent and sound (for example population projections);
- Design a generic guide to how the coordination of such infrastructure provision could/should be accomplished where it is of mutual benefit;
- Suggest ways to manage the task of ensuring coherence between different budgetary processes, available resources and policy goals for such jointly undertaken infrastructure provision projects.

The following are two practical and immediately relevant examples of 21st Century upgrades that the two jurisdictions could work together on:

### (1) Energy

- 8.3 The planning, administration, delivery and subsequent compliance challenges of an open, integrated and competitive EU energy market were unanimously endorsed as a “mutually valued adding North/South opportunity”. The Single Electricity Market is a success story because it delivered lower energy prices to consumers, increased the attractiveness to investors and enhanced overall energy security. The challenge now is retain these benefits. At the heart of this process will be the private and commercial semi-state companies who played a positive role in keeping the Single Electricity Market project on track despite concerns in political quarters. As noted by a senior official in Dublin: “*We learned a lot from each other about what’s possible in the development of the Single Electricity Market*”.
- 8.4 As a result of the degree of shared infrastructure, there are already well established relationships, procedures and interactive processes between electricity and gas providers in Ireland and Northern Ireland.



However, in this new energy era, where security and consistency of supply and an economic price are paramount, EU energy policy is entering a new phase of development, and the administrations in Ireland and Northern Ireland need to be in a position to react. For example, renewable energy targets are once more being reviewed by the EU and are may well be set higher. To help in meeting these targets alternative technologies are being supported that recover energy from potential feed-stocks not previously given serious consideration (for example the Renewable Heat Incentives Scheme in the UK which encompasses energy generation from biomass for local communities and their services such as hospitals and schools). The two administrations effectively face a choice: either to maintain the existing level and operation of their collaboration or to jointly evaluate if and where the Single Electricity Market could be further enhanced in response to the next wave of EU energy market reforms.

#### The Case for Shared Action

- 8.5 Taking the opportunity to “push up and on again” would avoid the risk of losing the mutual benefits the Single Electricity Market has delivered, such as its attraction to private sector investors making long term strategic investment decisions. In addition if the two electricity markets are “no longer effectively conjoined”, they will miss out on opportunities to develop leading-edge technologies around the financial, technical and management support for the Single Electricity Market, including reduced energy costs (for example the sophisticated systems developed to manage a ‘single’ market with two currencies). As a senior business person in Belfast concluded “*enhanced energy security and sustainability for the island is a shared strategic goal*”.
- 8.6 A proposition is put forward by the Study for a Single Energy Market that would evolve from the existing Single Electricity Market “to include gas and indigenous renewable energies” such as wind, wave and Combined Heat and Power (CHP) from biomass. The purpose is to enable the two governments to coordinate their thinking on how best to maximise market opportunities for competition and cooperation to mutual benefit in response to the EU 2020 Energy Strategy<sup>102</sup>. For example, the administrations could agree on how to meet EU 2020 targets

for renewable energy by jointly “mapping” possible options.

#### The Views of Participants

- 8.7 Within these islands, “*Scotland is a serious energy competitor*”, especially in wind and wave power where they have ambitious plans. According to Scottish First Minister Alex Salmond, “*the Scottish Government’s commitment to renewable energy is already producing thousands of jobs across the country and will generate tens of thousands more*”<sup>103</sup>. From a competitive perspective, for the island to be in a position to maximise the benefits of scale from renewable energy and especially wind power, the planned inter-connectors “*must be built*” said a senior official in Dublin.
- 8.8 Similarly, for the long term security of the Single Energy Market on this island, a “direct inter-connection with mainland Europe” should be planned and built according to a leading Northern Ireland business person. Thus the opportunities for the public sector to undertake shared North-South projects facilitated by the Single Energy Market include:
- Coordinated planning for emergencies and/or crises in the energy sector
  - An all-island wind-generated electricity system as an alternative to fossil fuels, giving the island the capacity to be an energy exporter<sup>104</sup>;
  - Elimination of the talent gap for engineering, ICT and science skills in the energy sector;
  - Leveraging the Single Electricity Market to upgrade infrastructure and generation capacity across the north west of the island;
  - Pursuit by local authorities of EU funding available to support the joined-up development of smart cities and towns such as Newry and Dundalk;
  - North-South collaboration on the potential synergies and cost benefits of different energy sources and markets by “*rethinking the Electronic Vehicles (EV) strategy to use excess energy from wind power*”.



**Recommendation**

- 8.9 The Single Electricity Market has delivered concrete, measurable and mutual benefits to consumers, investors and operators in Ireland and Northern Ireland. The EU 2050 Roadmap<sup>105</sup> for energy provides a framework for the future that sets new, more ambitious and demanding goals, especially for the development and use of renewable energy. A co-ordinated response by the two jurisdictions is needed to avoid any risk that the benefits of the Single Electricity Market will be lost, and ensure the benefits of the Single Energy Market (or “SEM II”) are gained.

**Energy:** The creation of a **Single Energy Market** (or “SEM II”) to take full advantage of renewable wind, wave and biomass CHP energy and retain the benefits of the Single Electricity Market (or “SEM I”).

**Suggestions:** The strategic opportunities for shared provision in energy should include:

- (a) Identifying jointly the emerging threats and opportunities to this island’s energy successes, security and sustainability from the new policy phase that the European Commission has initiated for the effective, competitive integration of a completed EU single energy market;
- (b) Scoping jointly the research needed to prepare and support an effective response to new policy challenges regarding prices, costs and investment - including renewable energy opportunities (for example, wind, wave and CHP from biomass);
- (c) Engaging interested parties from the public and private sectors in a new conversation to locate this work in a Single Energy Market Project (i.e. operators, investors, service providers and consumers);
- (d) Ensuring North-South cooperation in the energy area is compatible with, and adds value to, wider regional/EU energy goals.

**(2) Water**

- 8.10 A high quality, safe and sufficient supply of treated water is a basic public good. The climate, location and topography of the island dictate the natural sources and flow of this water. When it comes to managing water as an economic resource, a senior Dublin official pithily commented that *“landscape, hills and gravity will do what they do”*.

- 8.11 The administrations on the island share an overarching EU regulatory framework regarding water quality and treatment, most notably in the European Water Framework Directive 2000<sup>106</sup> (since incorporated into domestic Irish law by the Water Services Act, 2007 and into the domestic law of the United Kingdom in 2003)<sup>107</sup>. Responsibility for this legislation rests with the Department of the Environment, Community and Local Government in Ireland, and with a government-owned company, Northern Ireland Water in Northern Ireland. While the island has not been drought prone to date, the water supply infrastructure in both jurisdictions is outdated and badly in need of significant upgrade, especially those parts that date back to the 19th Century. There are various and not always consistent estimates of the capital expenditure required. What is incontestable is that the need for upgrades in both jurisdictions presents medium and long term strategic challenges, but also possible opportunities for joint action<sup>108</sup>.

- 8.12 The infrastructure upgrade currently being planned in Ireland also has a decisive EU dimension. Article 9 of the European Water Framework Directive obliges governments<sup>109</sup> to take account of the principle of the recovery of the costs of water services<sup>110</sup>. Ireland had been relying on its derogation in order to avoid imposing domestic water charges. That reliance ended with the inclusion of water metering as means to raise additional money for the State in the IMF/EU Memorandum of Understanding. From 2010 on, Member States are also required to ensure their water pricing policies provide adequate incentives to conserve and use water resources efficiently. This means Ireland is at risk of compliance actions before the European Court of Justice if there is a continuing failure in this regard<sup>111</sup>, underscoring the urgent need for infrastructural upgrade and metering. The conversations with influential public and private sector individuals for this study were largely completed before the Cabinet in Dublin approved the Minister for the Environment, Community & Local Government Phil Hogan T.D.’s proposals for water charges and metering, as well as the public controversy that surrounded the decision (regarding the projected costs).

- 8.13 In any event, there are substantial changes afoot with the establishment of Irish Water as a subsidiary of Bord Gáis to deliver on the Government’s objectives. Given the necessary work which will be required to carry out this



task, a proposal that a scoping exercise should be carried out to see if there are cross-border advantages associated with taking a joint approach to the respective infrastructure upgrades seems prudent. It is unclear what percentage (if any) of the sources that Irish Water will use, now or in the future, will be drawn from water basins shared with Northern Ireland. Clearly, this presents a further cross-border dimension.

### The Case for Shared Action

- 8.14 The current water delivery systems in both jurisdictions are imperfect and greatly in need of modernisation<sup>112</sup>. Ireland has over 950 public supply sources which produce approximately 1,600 million litres of water per day through a network of 25,000 km of pipes<sup>113</sup>. “Unaccounted for water” in the Irish system (in other words, the difference between the water produced and consumed) is currently more than 40 per cent nationally<sup>114</sup>.
- 8.15 It is very important in this context to acknowledge the fact that the provision of “treated water” is a highly specialised area. In fact water is ‘treated’ twice: first, before it can be pumped to domestic and commercial taps (to ensure that the treated water is of drinking quality) and, second, after disposal. Both processes are very costly and heavily subsidised<sup>115</sup>. In Northern Ireland there are 786,000 water users but only 84,000 users actually pay for water at present (on the basis that domestic users are currently exempt)<sup>116</sup>. Equally, the regulatory requirements are onerous for the purposes of achieving purity levels of 98-99% throughout the water networks. In the United Kingdom it is estimated by the Environment Agency that an average citizen uses 148 litres of water per day<sup>117</sup>, while in Ireland this is estimated as being 150 litres per day<sup>118</sup>.
- 8.16 Responsibility for water in all its manifestations (including rivers and lakes, and for the capture, storage, piping, treatment, usage and disposal of water) is fragmented and spread across and among a wide range of agencies and interests. More fundamentally, the cross-border geography of water distribution is an inescapable factor necessitating North-South interaction<sup>119</sup>. As such, there is probably a better argument for cross-border co-operation in this area than in any other infrastructural sector on the island. In September 2011 the International Centre for Local and Regional Development (ICLRD) published a report entitled *Responding to the Environmental Challenge: Spatial Planning, Cross Border Co-Operation and River Basin Management* which concluded that there was an “immediate need for more inter-agency coordination and cross-jurisdictional cooperation as one of the requirements for effective coordination between river basin management across the island”. Furthermore, the authors argue that<sup>120</sup>:
- “The operationalisation of a river basin or catchment approach necessitates effective coordination among neighbouring jurisdictions and the development of harmonised or joint approaches across the border. Effective inter-agency coordination also requires awareness among all actors of the roles played by all of the various agencies involved in the process of implementation.”*
- 8.17 The last decade has seen a growing awareness of the scale, urgency and complexity of the task of upgrading the treated water infrastructure due to rising demand, contamination problems, shortages and leakages. In December 2010, Northern Ireland suffered a dramatic water shortage which left 40,000 people without water for up to 12 days<sup>121</sup>. A different crisis befell the water supply in County Galway in March 2007, when a strain of the cryptosporidium parasite was detected in the water supply due to contamination by human and animal waste<sup>122</sup>. In the context of this study it is notable that the crisis in Northern Ireland was eased by cross-border cooperation whereas such cooperation did not occur during the Galway crisis (and if relevant was it either sought or offered?)
- 8.18 In Ireland, the current Programme for Government provides for an investment in “critical mains rehabilitation” with contracts of circa €320 million set to commence over the period of the programme, together with plans for water metering to be rolled out by 2014<sup>123</sup>. The resulting challenges and opportunities shared by the two jurisdictions include<sup>124</sup>:
- Ensuring a sufficient supply of treated water in both jurisdictions;
  - Undertaking a necessary 21st century upgrade of a largely 19th century system that seeks to capture, measure and meter treat water supply to individual users<sup>125</sup>;



- (c) Working with and through existing river basin management strategies and structures (and thus avoiding the risk of cost duplication in shared basins); and
- (d) Encouraging and facilitating the development and supply of new technologies to support and enhance this process<sup>126</sup>.

respective agencies and local authorities to implement the EU Water Quality Directives. Dealing with waste water is separate and distinct but equally important to manage in a co-ordinated manner, especially in circumstances where, as is the position between Ireland and Northern Ireland, shared water basins traverse national boundaries, (see map).

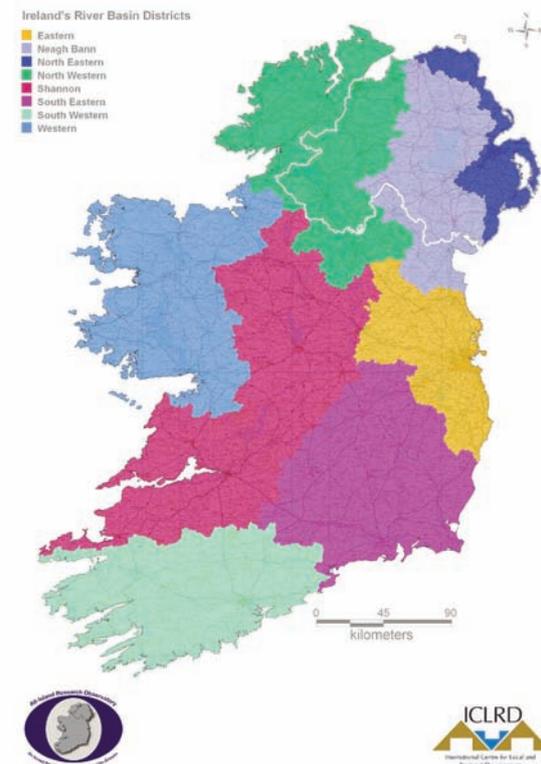
**The Views of Participants**

8.19 There was consensus that *“the planning, administration, delivery and subsequent compliance challenges within an over-arching EU framework’ of the 21st century upgrade of the treated water infrastructure Ireland that has now commenced is a ‘mutually valued adding North/South opportunity”*. The scale of this need in an economic and enterprise development context is not generally or fully appreciated. For example the ICT sector has an exceptional need for treated water. In Ireland *“consumption at the Intel plant would dwarf most other consumers in Kildare”* a senior official in Dublin pointed out. Ultimately, the participants concluded that to maximise the long term mutual benefit of the island’s “water wealth” requires joined up thinking and coordinated action to develop a 21st Century infrastructure for a secure, sufficient and sensibly priced treated water supply, and its disposal.

8.20 An ambitious exercise in joined up thinking would be to consider the potential strategic opportunity of a co-ordinated approach between Ireland and Northern Ireland to make all parts of this island fully self sufficient and secure in the supply of “treated water’ in the context of the most optimistic population and economic development projections for both jurisdictions. This could include recognising at the outset that the production and regulation of treated water is “highly specialist” and very tightly regulated by the EU. As a senior business person in Dublin commented *“I was amazed to find EU regulations for producing and supplying treated water ran to over a 1,000 pages”*.

8.21 The presence of an overarching regulatory framework means that water is an EU space where logical commonality is shared. From a practical perspective, this has been demonstrated by the near decade of work done jointly by the two Departments of the Environment (North and South) and their

The North Western International River Basin District



8.22 The political decision to install domestic water meters in Ireland has now been taken, and the physical installation is due to commence shortly. The ultimate targets for this project include a 98-99% purity target that has to be met for 100% of the supply of treated water, 100% of the time. It is not surprising that as one participant succinctly put it “purity is costly”. The necessity to meet demanding health and safety standards in the supply of treated water has been highlighted by a number of instances in Ireland where the cost of failure to do so resulted in serious disruption to local lives and livelihoods. Northern Ireland has already progressed to what was termed “a high level” in upgrading the water infrastructure. However in terms of domestic water charges the North has yet, as one experienced participant put it *“to cross that Rubicon”*.



8.23 Ireland is now moving at a high pace into challenges (namely, domestic water metering) that Northern Ireland and the rest of the United Kingdom are tackling on a phased and notably less ambitious basis. For example, the water companies in the United Kingdom have achieved a domestic water metering rate averaging from 30% to 65% after a full 25 years of privatization. Given the financial outlay involved, this is perhaps unsurprising. Some estimates put the cost to Northern Ireland in the region of stg£600 million<sup>127</sup> and €1.8 billion in Ireland<sup>128</sup>. A recent Chambers Ireland Report, having highlighted that UK water companies' experience that "water metering is a complex and costly exercise,"<sup>129</sup> cited an Irish Government estimate of €500 million to achieve universal metering of the domestic sector, along with an Engineers Ireland estimate of closer to €1 billion. Greater consistency and reliability would also appear to be a potential benefit of agreeing figures that combine estimated costs for this water infrastructure upgrade in both jurisdictions.

8.24 The water infrastructure upgrade challenge includes successfully tackling tough regulatory requirements. Northern Ireland Water has experience of scale, so that the nominated waste regulator in Ireland, the Commission on Energy Regulation (CER), could benefit from plugging into what they have learned to date. Water regulation is therefore another arena where both systems seek to learn from each other, and indeed, if there was a formal coordination project, learn **with** each other.

8.25 Furthermore, supporting this upgrade will be an important opportunity to develop new technologies including for local enterprises. For example, the technology required to manage all aspects of the supply, including 'smart' water meters and the use of 'smart phones' to trace problems, locate them and provide reports to support planning processes will need to be developed or purchased.

### Recommendation

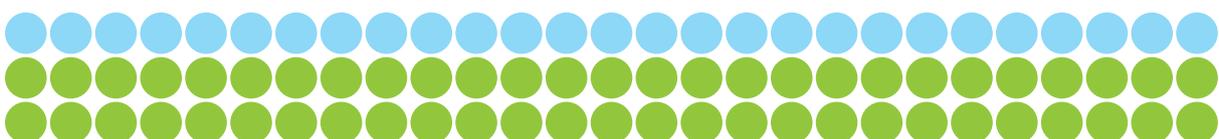
8.26 There is a strong case for the two governments to develop a shared understanding on what the key North-South planning, regulatory, investment, supply and maintenance issues and opportunities are in respect of the 21st Century water infrastructure upgrade in both jurisdictions. There is also a clear need for this project to be undertaken with private as well

as public sector engagement, and for it to be coordinated, strategic and long term in focus.

**Water:** The inclusion of **North-South co-ordination on treated water** in the plans for infrastructure upgrades being progressed by both jurisdictions so as to more effectively tap into the island's "water wealth".

**Suggestion:** This should enable the authorities in both jurisdictions to:

- (a) Attract more investment/investors to both upgrade projects;
- (b) Avoid risks to current/future work already being done jointly to meet EU water quality targets (for example water basin management, cost recovery and quality improvement);
- (c) Tap into the knowledge and experience gained to mutual advantage in energy (for example, the CER will regulate energy **and** water in Ireland).



## 9. Mutual Benefit in an EU Context

9.1 Reconciliation between divided communities that have experienced violence is a long term process, spanning generations, not just decades. Around the globe the work carried out to date in Northern Ireland is rightly perceived as one of the most successful 'peace processes' of the late 20th Century. But it is not yet complete. Northern Ireland's two communities are at peace, but remain, for now, two communities<sup>130</sup>. Those many governments, civic organisations and individuals who have supported and invested in this vital 'project' in Northern Ireland appreciate that it needs to continue to 2022 and beyond. But surely the way it is analysed, described and pursued could benefit from being considered for review, evolution and change?

9.2 One opportunity to commence a new process of reconsideration and reflection would be to focus first on the international dimension. For example Ireland is holding the EU Presidency in the first six months of 2013 and this creates 'piggy back' opportunities to re-focus attention both in the North and Europe on both the success stories of the Northern Ireland peace process, including the EU's very significant role in that success, and the challenges that remain to embed it in this new economic era. Also next year, the two governments will have the opportunity to prepare and present a fresh appreciation and assessment of the important trans-Atlantic dimension of the process after the election of the next US President.

### The Case for Shared Action

9.3 The maturing relationship between the European Union and Northern Ireland has, in recent years, been defined by the European Commission's Task Force on Northern Ireland established by Commission President José Manuel Barroso to analyse economic development amid peace and stability, and to marshal new EU support from 2008- 2013. The issue of EU funding in all its forms (including Structural Funding, PEACE, INTERREG, and the CAP) needs to be strategically monitored. Indeed every issue where interest or responsibility between Ireland and Northern Ireland is shared in an EU context needs to be consistently kept on the two governments' radar screens. The mutual benefit of such joint

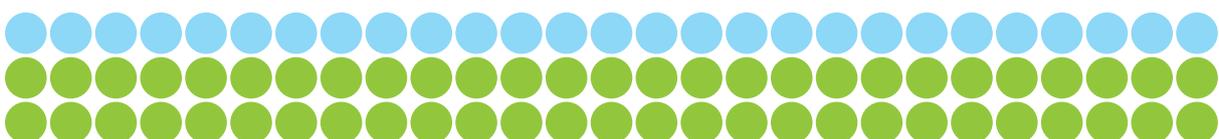
alertness might, for example, be highlighted if at least one major meeting during Ireland's EU Presidency was held in a border venue and/or leading Northern Ireland politicians were invited to participate 'en marge' (on the margin) at Presidency events. A strong cultural and hospitality dimension should be built into these occasions.

### The Views of Participants

9.4 The consensus view is that the most immediate opportunity requiring attention, and this is of the utmost urgency, will be Ireland's EU Presidency which now occurs considerably less frequently than before. For example it was suggested that Ireland's Presidency is an evident and immediate opportunity for the undertaking, as a retired senior official in Belfast put it of "a short, sharp and in-depth analysis of EU policies, issues and interests". This could include doing so in a reconciliation context where there is both a shared interest and the potential for a mutually beneficial outcome (but only if it is completed by this coming September - otherwise the 'train will have left the station'). This study has shown that any such exercise should include an assessment of past, current and potential future roles for the EU and its institutions in embedding peace, supporting reconciliation and helping to foster prosperity. Such an exercise while ideally the preserve of government could be undertaken by other interested parties.

### Recommendation

9.5 Practical initiatives by the European Commission to enhance understanding in Northern Ireland during Ireland's EU Presidency and to highlight areas of shared interest and the long term projections re the benefits of peace would be worthwhile and supportive. Two immediate and evident examples are the negotiations over the European Commission's budget which may still be ongoing and from which PEACE, INTERREG and Framework funding comes, along with the future of the Common Agricultural Policy (CAP). The positive aspects of the bilateral relationship between Ireland and the United Kingdom in an EU context could also be highlighted in Northern Ireland during the EU Presidency.



**Mutual Benefit in a EU context:** The occasion of **Ireland's EU Presidency** being shared to the greatest extent feasible to facilitate consideration of issues of mutual concern and showcase the island's 'single market' trade and business achievements.

**Suggestion:** This ingredient of Ireland's EU Presidency could include:

- (a) Scoping a deeper engagement by Northern Ireland in issues of shared EU interest to coincide with Ireland's Presidency;
- (b) The private sector being involved to showcase what has been achieved in the creation of a 'single island market' to the benefit of businesses in both jurisdictions on this island and between these islands;
- (c) Initiatives by the European Commission during the Presidency outlining the benefits for peace in Northern Ireland with the ongoing support of the EU and its institutions projected forward to 2022;
- (d) Information about the Irish Presidency to be sent to a wide range of Northern Ireland civic, social, cultural and economic organisations.



## 10. Conclusions

- 10.1 This Scoping Study, based on interviews with key senior public officials and private sector leaders, found an appetite in both sectors in Ireland and in Northern Ireland to look jointly to the future, to think strategically and to engage with the opportunities for the shared North-South provision of public services. None of the participants expressed an entrenched resistance to this prospect, and most were positive, provided a rigorous assessment process could be applied to relevant projects, and there was the political will to fund and support implementing the proposals.
- 10.2 Naturally, there were also notes of caution evident from conversations with the participants. For example, on a practical day to day operational level, 90 years of parallel development has resulted in institutional separation having become engrained. While a willingness to engage with the concept of shared public service provision was almost universally evident (when justified on a case-by-case basis), there was a strong sense that a greater focus is needed on the challenges of implementing North-South projects amongst civil servants in both jurisdictions responsible for their management and oversight.
- 10.3 There is an inescapable political dimension to these opportunities for shared North-South public service provision. Speedy and effective implementation of any of the ideas canvassed in this study requires difficult political decisions by both administrations at a time when they are pre-occupied with severe budgetary adjustment programmes. Yet these same financial pressures are the reason these opportunities, if implemented, can deliver cost-saving mutual benefits to their citizens. For those citizens to have faith in the process, practical results have to be evident in the short term. The EU dynamic in certain shared public service areas will help to ensure the requisite efficiencies (e.g. in the provision of 'treated water'). In other cases, the hope is that mechanisms such as the North-South Ministerial Council are robust enough to adopt a medium and long term view in this area for the mutual benefit of the citizens of both jurisdictions.
- 10.4 If the full spectrum of opportunities which currently present themselves to the two governments are grasped (and which go beyond the scope of this initial study), the next phase of North-South cooperation could take the form of a shared "Prosperity Process". The benefits of such a process would be shared by the citizens of the island as a whole but the communities most in need must also have every possible opportunity to improve their quality of life, their employment prospects and the optimum environment for reconciliation.
- 10.5 A challenging aspect of this study was to group the ideas and insights offered by the participants in a way that was logical for the reader. Those interviewed are all experts in their respective fields, who gave of their time willingly and with enthusiasm. It is hoped that the presentation of their varied insights has been achieved with clarity and consistency.
- 10.6 The aim of this Study is to scope the opportunities and the appetite for more joined up thought on sharing North-South public service provision. The report indicates considerable evidence that these opportunities exist, and are recognised to exist by senior people in the public and private sectors in both Ireland and Northern Ireland. It is recommended they should now be grasped with a determination to deliver optimum and mutually beneficial outcomes that contribute to this being a prosperous island, reconciled and at peace.



## References

- 1 The Chatham House Rules is a long-standing and respected protocol of confidentiality, whereby one may quote what one hears being said, but without revealing the identity of the individual who said it.
- 2 The etymology of the term 'Great Recession' has its roots in political, journalistic and economic commentary from early 2008 onwards. The term has attracted additional currency in both media and administrative forums, and now features in current IMF research and publications. See: Catherine Rampell, "The Great Recession: A Brief Etymology", (New York Times Blog) <http://economix.blogs.nytimes.com/2009/03/11/great-recession-a-brief-etymology/#>; <http://www.imf.org/external/pubs/ft/survey/so/2009/NEW031009A.htm>; and the IMF Working Paper by Mody, Ohnsorge and Sandri entitled "Precautionary Savings in the Great Recession", WP / 12 / 42 (February 2012), <http://www.imf.org/external/pubs/ft/wp/2012/wp1242.pdf>
- 3 The Economic and Social Research Institute (ESRI) summarises the Irish position as follows: "Excluding these exceptional payments to the banks, the underlying deficit in 2010 would have been 11.5 per cent. The government has responded by introducing a series of austere budgets, with the adjustment to date totalling over €24bn. It is estimated that the general government debt will reach 120 per cent of GDP in 2013." See: [http://www.esri.ie/irish\\_economy/](http://www.esri.ie/irish_economy/). In relation to the prevailing position in the United Kingdom, the Chancellor of the Exchequer, George Osborne MP, included the following in his statement to the House of Commons on 21st March in respect of Budget 2012: "This Budget reaffirms our unwavering commitment to deal with Britain's record debts. But because we've already taken difficult decisions, this can also be a reforming Budget that seeks to repair the disastrous model of economic growth that created those debts. A model that saw manufacturing almost halve as a share of our national economy, while the national debt doubled." See: [http://www.hm-treasury.gov.uk/budget2012\\_statement.htm](http://www.hm-treasury.gov.uk/budget2012_statement.htm). Finally, in the Northern Ireland Executive, Minister for Finance and Personnel, Sammy Wilson MP MLA stated in his final budget statement on 4th March 2011: "The reality is that in the present fiscal environment there is less money available to spend. As I said back in December when releasing the Draft Budget, we have received no favours from the UK Spending Review which has resulted in a loss of £4billion over the Spending Review period. The UK national administration.... has imposed a very tough spending review settlement on Northern Ireland." See: <http://www.northernireland.gov.uk/index/work-of-the-executive/budget2010/finance-ministers-final-budget-201115-statement.htm>
- 4 The advocacy group, Social Justice Ireland, argues in their Socio-Economic Review of 2012 entitled "Shaping Ireland's Future": "Ireland is being identified as a country whose public services are underdeveloped. Because poorer people rely on public services more than those who are better off, it is they who are most acutely affected by this shortage" (p. 159). See: <http://www.socialjustice.ie/sites/default/files/file/SER/SER%202012/2012-04-10%20-%20Shaping%20Irelands%20Future%20-%20SER%202012.pdf>
- 5 ESRI revised figures from the Irish Government's medium-term fiscal statement, which had updated initial estimates contained in a ESRI research article 'Irish Government Debt and Implied Debt Dynamics 2011-2015' (John Fitzgerald and Ide Kearney). (<http://budget.gov.ie/budgets/2012/Documents/Medium%20Term%20Fiscal%20Statement%20November%202011.pdf>)  
For the UK the equivalent figure was used by former CBI CEO Richard Lambert in a Financial Times article (23/4/12) outlining why business is unlikely to risk additional investment in the UK for up to six years. The reasons cited were excess capacity and weak demand in Europe as a result of the recession. <http://www.ft.com/intl/cms/s/0/26ff42a4-7432-11e1-bcec-00144feab49a.html#axzz1r50woz5n>
- 6 This is the difference between aggregate income and aggregate expenditure.
- 7 See: Michael Brennan, Department of Finance and Personnel Northern Ireland, presentation to ESRI Workshop, September 2011 [http://www.esri.ie/UserFiles/events/299\\_BrennanPresentation14-9-11.pdf](http://www.esri.ie/UserFiles/events/299_BrennanPresentation14-9-11.pdf)



- 8 This is well analysed from an Irish perspective in the National Economic and Social Council (NESCC)'s Secretariat Paper "Ireland's Economic Recovery – An Analysis and Exploration", (July 2011), see: [http://files.nesc.ie/nesc\\_secretariat\\_papers/nesc\\_secretariat\\_paper\\_01\\_2011\\_full.pdf](http://files.nesc.ie/nesc_secretariat_papers/nesc_secretariat_paper_01_2011_full.pdf),
- 9 For example this Study's author argued in an Opinion and Analysis piece published by the Irish Times: "A peaceful and prosperous island remains of fundamental strategic interest to both the British and Irish governments. A new relationship between these islands should have at its heart a "prosperity process" for this island." "Joined-up thinking across Border vital to our future", *Irish Times* (March 13, 2012), see: <http://www.irishtimes.com/newspaper/opinion/2012/0313/1224313202452.html>
- 10 The term 'Peace Process' has its origins in a different political and economic era and reflects the emergence from a 30 year conflict in Northern Ireland. In addition it was coined against a backdrop of a sustained global, economic expansion so that policy decisions made in Dublin, Belfast or London in its support were not as constrained by economic pressures and competing demands as they currently are.
- 11 Whilst not denying the significant work which would be required, both from a political and public service perspective, to give effect to same.
- 12 The Centre for Cross Border Studies is based at 39 Abbey Street, Armagh, BT61 7EB. Previous research projects by the Centre for Cross Border Studies are available at <http://www.crossborder.ie/>
- 13 The Reconciliation Fund was established under the Department's North-South and Anglo-Irish budget in 1982. The Good Friday Agreement endorsed the need for reconciliation between the traditions on this island and the promotion of a culture of tolerance at every level of society.
- 14 Quite apart from the obvious budgetary and logistical questions posed by shared public service provision projects, Liam O'Dowd identifies a "a powerful institutional inertia rooted in the consolidation of partition over a long period, the development of two separate states, and associated with this, the creation of separate mindsets, agendas and priorities..." in his article "The Future of Cross-Border Co-Operation: Issues of Sustainability", *Journal of Cross-Border Studies in Ireland* (February 2006).
- 15 For example, *Comprehensive Study on the All-Island Economy*, InterTradeIreland (2006)
- 16 University College Dublin, December 2, 2011
- 17 For example, cost savings are envisaged as being achieved through new efficiencies and reductions in the duplicated provision of services by the two administrations.
- 18 Speaking to the Joint Oireachtas Committee on the Implementation of the Good Friday Agreement on October 13, 2011, East Belfast community worker George Newell said: "Our social ailments are no different from those of any working class area across the breadth of Ireland. The problem with our social ailments is that if we fall out with our neighbours in the next-door community, it could lead to guns and bombs coming out and people losing their lives. That is the major problem we have." See <http://debates.oireachtas.ie/GFJ/2011/10/13/00003.asp>
- 19 Speaking to the Irish Echo's "Gateways to Tomorrow", James Cullen, a retired US Army Brigadier General who served on the US Judge Advocates Corps and was a outspoken critic of US military abuses during the Presidency of George Bush, in a speech "The Peace Process: Lessons Learned", in relation to working class loyalist communities in Northern Ireland, observed that "Loyalist leaders see their communities afflicted by unemployment and drugs. Their young people often lack marketable skills and goals for the future. Many of these leaders are now fathers and grandfathers. They, like all human beings, want a better future for their children and grandchildren. They realize they have much in common with the working class people in the Nationalist communities, although traditional barriers still separate them." see: [http://irishecho.com/boston/?page\\_id=39](http://irishecho.com/boston/?page_id=39)
- 20 Paul Nolan, *Northern Ireland Peace Monitoring Scoping Study, Number One* (February 2012) Published by the Community Relations Council, 6 Murray Street, Belfast BT1 6DN, ISBN 978 1 89827650 0.



- 21 *Ibid.*, at p. 9. The Northern Ireland Peace Monitoring Scoping Study identifies ten key points: the political institutions are secure; the level of violence is down; paramilitarism remains a threat; the policing deal is not secure; the recession is affecting the equality agenda; youth unemployment is potentially destabilising; a new, confident urban culture has emerged; Northern Ireland remains a very divided society; there has been no strategy for reconciliation; and no solution has been found for dealing with the past. *Ibid.*, at pp. 7-11.
- 22 By “Decade of Centenaries”, the Author means the centenaries of the series of events commencing with the signing of the Ulster Solemn League and Covenant and culminating with the War of Independence and Civil War. In this regard, Fintan O’Toole suggests 6 “rules of engagement” for the purposes of using the “Decade of Centenaries” as “an opportunity for real public discourse about meanings, values and identities”, see: O’Toole, “Rules of engagement for a decade of centenaries”, *Irish Times*, September 17, 2011.
- 23 It was noticeable that Belfast and Cobh commemorated their connections to the Titanic episode in April 2012 entirely separately.
- 24 While the Government of Ireland Act, 1920 contained a small number of areas where it was envisaged that co-operation would take place between the two jurisdictions, this never actually occurred. Arguably, the first formal sharing of a public service task was the establishment of a joint agency to oversee the governance of Lough Foyle in the early 1950s.
- 25 Joint Communiqué, North-South Ministerial Council, Thirteenth Plenary Meeting, Armagh, 18th November 2011  
[http://www.northsouthministerialcouncil.org/index/publications/joint-communications/plenary-jc/plenary\\_jc\\_18\\_november\\_2011.htm](http://www.northsouthministerialcouncil.org/index/publications/joint-communications/plenary-jc/plenary_jc_18_november_2011.htm)
- 26 <http://www.nama.ie/news/nama-updates-position-in-relation-to-northern-ireland-loans-and-assets/>
- 27 Including: the IRFU, Cricket Ireland, the GAA, and the Golfing Union of Ireland, Concern, the RNLI, Comhltas Ceolteoiri Eireann, Alcoholics Anonymous, ICTU, the Institute of Chartered Accountants, the National Union of Journalists and the International Fund for Ireland
- 28 See: [http://ec.europa.eu/dgs/health\\_consumer/library/press/press118\\_en.html](http://ec.europa.eu/dgs/health_consumer/library/press/press118_en.html)
- 29 [http://en.wikipedia.org/wiki/Irish\\_pork\\_crisis\\_of\\_2008](http://en.wikipedia.org/wiki/Irish_pork_crisis_of_2008)
- 30 One example being Ireland’s introduction of water metering by 2014, see P 54 of this Study
- 31 China’s population of 1.3 billion makes it the largest market in the world. But the trend in relation to economic growth in Asia is not, of course, limited to China. Vietnam might be considered a comparatively “small” Asian country, but it has a population of 80 million, which would make it the second largest country in the EU after Germany if it was in Europe, and one with an much younger demographic
- 32 We use \$US as the currency in this section since these data are taken from an OECD international comparison where adjustments are made for purchasing power parity, i.e., the exchange rate adjusts so that an identical good in two different countries has the same price when expressed in the same currency.
- 33 See Bolger, “Shadow boxing expected on Scottish devolution”, *Financial Times*, 16 February 2012, <http://www.ft.com/cms/s/0/d948a3cc-57d3-11e1-b089-00144feabdc0.html#axzz1ouieMJEI>
- 34 In the NCB Stockbrokers’ Republic of Ireland PMI (February 1, 2012), a third successive fall in manufacturing output was recorded. See: [http://www.ncbresearch.com/fixed\\_income/NCBPMIjan12.pdf](http://www.ncbresearch.com/fixed_income/NCBPMIjan12.pdf)
- 35 In the Ulster Bank Northern Ireland Purchasing Managers’ Index (February 13, 2012), it was stated that there has been a further decline in Northern Ireland’s private sector output in 2012 in contrast to activity growth being seen on a wider United Kingdom level. See: <http://www.ulsterbankcapitalmarkets.com/>



- 36 An InterTradeIreland study completed for the British and Irish Governments on the 'Potential Benefits of an island Economy' (2006), and often referred to as the 'comprehensive study' contained a wide range of proposals, many of which remain unimplemented.
- 37 For example in a EU context the European Commission sets out 3 goals in its Europe 2020 Strategy: Smart, Sustainable and Inclusive Growth, where innovation knowledge, competitiveness and resource efficiency are prioritised and pursued collaboratively as well as competitively by both Member States and individual enterprises.
- 38 Public service reform appears both in the draft Northern Ireland Executive Programme for Government at pp. 50-54, and in the Irish Government's Programme for Government at p. 27 *et. seq.*
- 39 A pre-determined and robust cost/benefit methodology agreed in advance need not bind the respective administrations, but it would provide a reasoned basis for deciding either to pursue or refrain from pursuing a particular course of action.
- 40 Impact Assessment Toolkit for Cross-Border Cooperation: Taillon R; Beck J and Rihm S, Centre for Cross Border Studies Armagh and the Euro Institut- for cross border cooperation Kehl Germany (2011)
- 41 Ground work for this exercise has been done by the International Centre for Local and Regional Development (ICLRD) in their ground breaking *Atlas of the Island of Ireland –Mapping Social and Economic Change* (2008) which contained detailed maps and cartograms of a selection of varied socio-economic indicators across the island.
- 42 There is understandable sensitivity about commenting on the system weaknesses of the other jurisdiction. Perhaps the general sense conveyed in a number of the conversations was best captured by the official who said their North/South project work would take close to 50% of their time rather than the anticipated one day a week
- 43 <http://www.nama.ie/news/nama-chairman-provides-update-on-northern-ireland-loans-and-assets/>  
As of October 2011, loans originating from Northern Ireland accounted for 5% of the value of NAMA's total loan portfolio, the nominal value of which was approximately STG £3.35 billion (or approximately €4 billion) and was accounted for by 180 debtors in Northern Ireland.  
On 8th March 2012 the Oireachtas Joint Committee on the Implementation of the Good Friday Agreement debated the potential impact of NAMA on Northern Ireland's economy <http://debates.oireachtas.ie/GFJ/2012/03/08/00004.asp>.
- 44 The six areas of co-operation that that have been given to the NSMC under the British-Irish Agreement Act 1999 are: Agriculture; Education; Environment; Health; Tourism; and Transport.
- 45 Draft Northern Ireland Programme for Government 2011 – 2015, at p. 22; see: <http://www.northernireland.gov.uk/index/programme-for-government-and-budget-v1.htm>
- 46 See the Irish Programme for Government 2011 which includes the following: "We are committed to publishing and acting on the recommendations of the first Review of the North-South Implementation Bodies and Areas for Co-operation; and we will progress the second Review, which will identify new areas for North South co-operation. We will work for greater economic co-operation to accelerate the process of recovery and creation of jobs on this island.", see: <http://per.gov.ie/wp-content/uploads/ProgrammeforGovernmentFinal.pdf>
- 47 From a December 2010 paper to the CCBS North South Research Forum on N-S public sector cooperation.
- 48 For example to ensure a shared understanding of what is meant by 'shared services ' (a concept already being used separately by both jurisdictions).
- 49 The "Border Region" in this context is comprised of 1 million citizens and the administrative units in each jurisdiction which are proximate to the Border. In Northern Ireland, these are: the District Councils of Limavady, Derry, Strabane, Omagh, Fermanagh, Dungannon, Armagh, and Newry and Mourne. In Ireland,



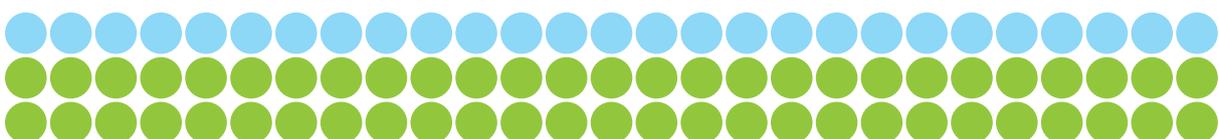
- these are: Donegal, Sligo, Leitrim, Monaghan, Cavan and Louth. Accordingly, the Border Region has a population of approximately one million people and includes 5 urban areas with populations in excess of 20,000 (being namely: Derry/Londonderry, Omagh, Newry, Dundalk and Drogheda).
- 50 See, 'Border Development Zone Proposed' by Patsy McGarry, *Irish Times*, Saturday March 31st 2012 <http://www.irishtimes.com/newspaper/ireland/2012/0331/1224314163376.html>  
The proposal was made in the Centre for Cross Border Studies Report "Cross- Border Economic Renewal: Rethinking Regional Policy in Ireland", by John Bradley and Michael Best, which was funded by the EU INTERREG programme through the Special EU Programmes Body.
- 51 See: "Economists' Report urges cross-border trade zone", *Belfast Telegraph*, April 10, 2012, <http://borderireland.info/info/mdetail.php?mref=2786>
- 52 For a new, thorough and comprehensive insight into the economics of the Border Region its challenges and opportunities see the recently published report by Dr John Bradley and Professor Michael Best 'Cross-border Economic Renewal: Rethinking Regional Policy in Ireland' (CCBS, 2012)
- 53 See previous footnote, as well as John Bradley and Michael Best "Rethinking Regional Renewal: Towards a Cross Border Economic Development Zone in Ireland", *The Journal of Cross Border Studies in Ireland* (Spring 20102) at p. 55.
- 54 For a general discussion of the risks associated with the Dublin government ignoring cross-border co-operation, see Andy Pollak, "Dangerous for Dublin to turn away from North" *Irish Times* 3 January 2012, where he argues: "This turning away from the North and North-South co-operation can be seen in every sector: the withdrawal of the Government's single largest financial commitment to the North – the promised €470 million in funding for the Monaghan-Derry road; the transfer of civil servants dealing with North-South co-operation to other areas; the effective ending of the joint council between the two business confederations, IBEC and CBI, with the winding-up of its secretariat; the decline in the number of undergraduates crossing the Border to study in the other jurisdiction (in Trinity College Dublin, the most popular Irish university for Northerners, the number of Northern students fell by 23 per cent between 2005 and 2010); and even the reduction of The *Irish Times* reporting staff in Belfast from two to one."
- 55 Published in March 2012, and which also cites a previous speech by Padraic White, see: p. 205 et. seq.
- 56 John Bradley and Michael Best, "Cross-Border Economic Renewal: Re-thinking Regional Policy in Ireland", Centre for Cross Border Studies (March 2012) at p. 204.
- 57 In other words, towards island wide economies of scale and scope
- 58 Within the frame of two separate jurisdictions. See, John Bradley and Michael Best, Centre for Cross Border Studies (March 2012) at pp. 209-210.
- 59 IBIS Evening Lecture, Line Hall, Belfast, May 2012: 'Where now for North-South economic links in a time of recession' Sir George Quigley, opening remarks
- 60 See Mark Hennessy, "Kenny meets Cameron in London", *The Irish Times*, March 12, 2012 <http://www.irishtimes.com/newspaper/breaking/2012/0312/breaking3.html>
- 61 See: <http://www.dfa.ie/uploads/documents/Anglo-Irish/comprehensive%20study%20on%20the%20all.pdf>
- 62 To illustrate the question this speculative example was offered to interviewees: the new Titanic Centre in Belfast, the Guinness Hop Store in Dublin and the last departure point of the *Titanic* in Cobh outside Cork. These could combine to offer overseas visitors the unique opportunity of visiting where the ill-fated liner was built, where it left off its last lucky passengers, along with a visit to the island's most popular visitor attraction in between.



- 63 Visitors from Asia arriving in large numbers will require new elements to be added to the tourist infrastructure to ensure they have an experience commensurate with their expectations (as was the case with the push for more visitors from the Continent in Ireland in the 1980s).
- 64 North South Ministerial Council Annual Report 2011, pages 17 and 18  
[http://www.northsouthministerialcouncil.org/nsmc\\_annual\\_report\\_2011.pdf](http://www.northsouthministerialcouncil.org/nsmc_annual_report_2011.pdf)
- 65 Joanne Hunt, “Drop of 53, 000 in health insurance numbers”, *Irish Times*, (December 10, 2011) see: <http://www.irishtimes.com/newspaper/ireland/2011/1210/1224308870062.html>
- 66 [http://www.dohc.ie/publications/resource\\_allocation/resource\\_allocation\\_report\\_hiRes.pdf?direct=1](http://www.dohc.ie/publications/resource_allocation/resource_allocation_report_hiRes.pdf?direct=1)
- 67 Report of the Expert Group on Resource Allocation and Funding in the Health Sector, at p. viii
- 68 See: <http://www.dhsspsni.gov.uk/transforming-your-care-review-of-hsc-ni-final-report.pdf>
- 69 “Transforming your Care: A Review of Health and Social Care in Northern Ireland”, *ibid.*, at p. 118. The Review also concluded that “some very specialist services needed by a small number of people will be provided on a planned basis in the ROI and other parts of the UK.” at p. 7.
- 70 See: <http://www.cawt.com/default.aspx?CATID=1143>
- 71 These include a number published by the Centre for Cross Border Studies: *Cross-Border Cooperation in Health Services in Ireland* (2001); *Promoting Mental Health and Social Well-being: Cross-Border Opportunities and Challenges* (2002); *Removing the Barriers: An Initial Report on the Potential for Cross-Border Cooperation in Hospital Services* (2007); *Mental Health: The Case for a Cross-Jurisdictional Approach combining policy and research efforts on the island of Ireland* (2009); *Exploring the Potential for Cross-Border Hospital Services in the Irish Border Region: the role of community involvement in planning hospital services* (2010); and *Unlocking the Potential of Cross-Border Hospital Planning on the island of Ireland: a prototype modelling framework* (2011).
- 72 Being: Enniskillen, Altnagelvin hospital in Derry/Londonderry, and Daisy Hill hospital in Newry
- 73 See: <http://www.irishhealth.com/article.html?id=13414>; and <http://www.rte.ie/news/2011/0610/politics.html>. In May 2011, Northern Ireland Health Minister Edwin Poots told the Northern Assembly he was reversing an earlier decision not to proceed with a £65 million centre in Altnagelvin, which was to be supported by a €19 million investment by the Irish Government, see: Keenan, “Cancer centre to be built following NI policy switch”, *Irish Times*, May 24, 2011, <http://www.irishtimes.com/newspaper/ireland/2011/0524/1224297639171.html>
- 74 For example the cross border and cross community person to person networks developed to secure external support and assistance for reconciliation projects, such as from the EU Peace Programmes or the International Fund for Ireland, could/should now be leveraged to scope and promote these local opportunities for shared North/South health service and care provision. [CAWT already gets very large amounts of money from INTERREG]
- 75 In February 2012, the US Group Paypal announced that it intended to create 1,000 jobs at its plant in Dundalk, see: <http://www.rte.ie/news/2012/0221/paypal.html>
- 76 The same point might be made in relation to the provision of dental care, in that the anecdotal evidence arising from the study conversations suggests that many patients choose to travel to Northern Ireland from Ireland for the purposes of visiting “their dentist” and for reasons of cost.
- 77 In the development of its structural funding and cohesion programmes, the European Commission often confronted and then found methods to deal satisfactorily with data discrepancies, inconsistencies and gaps in the information provided by Member States.



- 78 Irish Minister for Education and Skills, Ruairi Quinn, summarised the position as follows (in a speech to the Royal Irish Academy, May 30, 2011): “The challenge for Irish higher education therefore, in a climate of constrained resources, is to address these simultaneous demands for greater quantity and greater quality. And in doing so, to develop and sustain a national skills base that is underpinned by adaptable and creative minds capable of taking a lead in global cultural and technological trends.” See: <http://www.merrionstreet.ie/index.php/2011/05/delivering-the-strategy-for-higher-education-address-by-minister-for-education-and-skills-mr-ruairi-quinn-t-d-at-the-royal-irish-academy/>
- 79 The position as regards current and projected student numbers is quite complicated, with differing factors (including, for example, the issue of Third level fees) at play in Ireland and Northern Ireland. According to the January 2011 Strategy Group of the Department of Education and Skills under the Chairmanship of Dr. Colin Hunt, the number of Third level students in Ireland is increasing at present. The position in Northern Ireland is more complex, with numbers still rising but demographic projections showing that the number of 18 year olds will fall by 15% over the next decade. The future impact of financial pressures, for students and for the Third level institutions, remain unclear.
- 80 Trinity College Dublin, University College Dublin, University College Cork, National University of Ireland Galway, National University of Ireland Maynooth, University of Limerick and Dublin City University..
- 81 Dublin; Blanchardstown; Dun Laoghaire; Tallaght; Athlone; Carlow; Cork; Dundalk; Galway and Mayo; Letterkenny; Limerick; Sligo; Tralee; and Waterford.
- 82 The accreditation for the courses offered by the various Third Level Institutions is similarly varied. In respect of Ireland’s seven universities, the relevant awarding bodies are: the National University of Ireland, the University of Dublin, Dublin City University and the University of Limerick. In respect of the other Third Level institutions, the relevant awarding bodies are the Higher Education and Training Awards Council (HETAC) and the Further Education and Training Awards Council (FETAC). The Higher Education Authority is the statutory planning and policy development body for higher education and research in Ireland.
- 83 See <http://www.heai.ie/en/node/1424>, 2010 / 2011 Higher Education Statistics Combined Sectors, Full Time and Part Time Enrolments. There is also a significant enrolment of students from Ireland in Third level institutions in the United Kingdom, 16,337 in the 2009/2010 academic year, with a majority of those at undergraduate level (35%) studying medicine and health related studies.
- 84 Queen’s University Belfast; the University of Ulster; the Open University; Stranmillis University College; and St. Mary’s University College
- 85 Belfast Metropolitan College; Northern Regional College; North West Regional College; Southern Regional College; South Eastern Regional College; and South West College
- 86 See: <http://www.delni.gov.uk/he-enrolments-10-11.pdf>
- 87 See: [http://www.delni.gov.uk/fe\\_statistical\\_bulletin\\_201011.pdf](http://www.delni.gov.uk/fe_statistical_bulletin_201011.pdf)
- 88 For example, there are strong arguments in favour of developing different models of participation beyond the traditional, post secondary degree whereby students might be able to ‘plug in’ and ‘plug out’ of Third level institutions over a broader period of their working life.
- 89 [http://www.heai.ie/files/files/DES\\_Higher\\_Ed\\_Main\\_Report.pdf](http://www.heai.ie/files/files/DES_Higher_Ed_Main_Report.pdf)
- 90 <http://webarchive.nationalarchives.gov.uk/+/hereview.independent.gov.uk/hereview/>
- 91 See: Statement on higher education funding and finance (November 3, 2010), <http://www.bis.gov.uk/news/speeches/david-willetts-statement-on-HE-funding-and-student-finance>
- 92 See: “Increase in UK applicants to CAO courses”, (March 9, 2012), <http://www.rte.ie/news/2012/0309/cao.html>



- 93 <http://www.rte.ie/news/2012/0309/cao.html>. However, the Third level institutions in the United Kingdom continue to enjoy a particular appeal as regards postgraduate study with, for example, 32% of students from Ireland choosing to pursue a Masters degree or a PhD in the humanities and social sciences field in the United Kingdom, compared to 23% who do so at home. See: D'Arcy Smyth & Associates "A Higher Education Scoping Study" (July 8, 2011, unpublished), prepared for IT Sligo.
- 94 Higher Education Authority Report, published February 2012, <http://www.heai.ie/files/TowardsaFutureHigherEducationLandscape.pdf>
- 95 See: "Cross Border Undergraduate Mobility: an obstacle Race that students are losing?", *Journal of Cross Border Studies in Ireland*, (Spring, 2012).
- 96 IBIS Evening Lecture, Line Hall, Belfast, May 2012: 'Where now for North-South economic links in a time of recession' Sir George Quigley, opening remarks
- 97 A perhaps less smooth-running example would be the upgrade of the Dublin to Derry/Londonderry road link (the M2 / A5 road link). See: <http://www.breakingnews.ie/ireland/kenny-committed-to-cross-border-road-link-plan-527870.html>. A leading business figure in Northern Ireland cautioned that the process of building the necessary trust to carry out infrastructural upgrades had not been helped by what he termed "the A5 debacle" where "promises (of funding support from the Dublin government) may have had to be broken but doing so was poorly managed".
- 98 The Commission for Energy Regulation (CER) in Ireland, and the Northern Ireland Authority for Utility Regulation (NIAUR).
- 99 See: [http://www.allislandproject.org/en/about\\_us\\_overview.aspx](http://www.allislandproject.org/en/about_us_overview.aspx)
- 100 Under the SEM arrangements, all electricity which is either generated on or imported onto the island of Ireland must be sold in this market, and equally from which all wholesale electricity for consumption or export must be purchased.
- 101 For example the Nevin Economic Research Institute (NERI), a new Dublin based economic think tank supported by the Irish Congress of Trade Unions used the occasion of their first Quarterly Economic Observer report in March (2012) to propose a €15billion all-island stimulus package to both raise money for and invest in infrastructure upgrades in both jurisdictions <http://www.irishtimes.com/newspaper/finance/2012/0328/1224314008735.html>
- 102 Defined by the EU Commission as "the energy priorities for the next ten years and...the actions to be taken in order to tackle the challenges of saving energy, achieving a market with competitive prizes and secure supplies, boosting technological leadership, and effectively negotiate with our international partners." See: [http://ec.europa.eu/energy/strategies/2010/2020\\_en.htm](http://ec.europa.eu/energy/strategies/2010/2020_en.htm)
- 103 See, "Offshore Renewable Energy Map", on <http://www.scotland.gov.uk/News/Releases/2012/04/Renewables-jobs23042012>
- 104 A suggestion from Harvard Professor Michael McElroy, who is from Northern Ireland
- 105 Adopted by the EU Commission on the 5th December 2011, and described as a commitment to "reducing greenhouse gas emissions to 80-95% below 1990 levels by 2050 in the context of necessary reductions by developed countries as a group. In the Energy Roadmap 2050 the Commission explores the challenges posed by delivering the EU's decarbonisation objective while at the same time ensuring security of energy supply and competitiveness." See: [http://ec.europa.eu/energy/energy2020/roadmap/index\\_en.htm](http://ec.europa.eu/energy/energy2020/roadmap/index_en.htm)
- 106 Directive 2000/60/EC of the European Parliament and of the Council establishing a 'framework for the Community action in the field of water policy'. This is by no means the only example of EU water regulation, which is also dealt with in Council Directive 98/83/EC of 3 November 1998 on the quality of water intended for human consumption 7; Commission Directive 98/15/EC of 27 February 1998



amending Council Directive 91/271/EEC with respect to certain requirements established in Annex 1 thereof 8; Council Directive 91/676/EEC of 12 December 1991 concerning the protection of waters against pollution caused by nitrates from agricultural sources 9; Council Directive 91/271/EEC of 21 May 1991 concerning urban waste water treatment 10; Council Directive 86/278/EEC of 12 June 1986 on the protection of the environment, and in particular of the soil, when sewage sludge is used in agriculture 11; Council Directive 80/68/EEC of 17 December 1979 on the protection of groundwater against pollution caused by certain dangerous substances 12; Council Directive 76/464/EEC of 4 May 1976 on pollution caused by certain dangerous substances discharged into the aquatic environment of the Community.

- 107 <http://archive.defra.gov.uk/environment/quality/water/wfd/documents/wfd-transposition-note.pdf>
- 108 In terms of commercial usage there is considerably greater demand for treated water from the ICT sector than is generally appreciated or understood. In fact sufficient treated water is an essential pre-requisite for certain companies to operate facilities in Ireland.
- 109 Article 9(1) reads: "Member States shall take account of the principle of recovery of the costs of water services, including environmental and resource costs, having regard to the economic analysis conducted according to Annex III, and in accordance in particular with the polluter pays principle."
- 110 While the Directive included a derogation from this principle for particular water use, this was only if non-compliance with the principle of full cost recovery does not compromise the purpose and objectives of the Directive.
- 111 See: "Water: Philip Lee", (February 7, 2011) <http://www.eolasmagazine.ie/philip-lee>
- 112 See International Centre for Local and Regional Development (ICLRD) report: "Responding to the Environmental Challenge? Spatial Planning, Cross Border Co-Operation and River Basin Management". The authors note ( p.9) that " In the Republic of Ireland, for example, thirty-four local authorities, working in near isolation of each other, are responsible for the infrastructure, delivery and treatment of water" (*Irish Times*, 22 March 2010). In Northern Ireland, policy and resources are provided by the Department for Regional Development, with operational responsibility for providing infrastructure and delivery devolved to Northern Ireland Water (NIW), an arm's length body.
- 113 A newly formed semi-state company, Irish Water, is to take over "the water investment and maintenance programmes of the 34 county and city councils. It will be the single point of contact for the 1,093,189 customers connected to the public mains supply and will be statutorily responsible for investing in and operating water services infrastructure.", see: "Water: The future of Irish water"(February 7, 2012), see: <http://www.eolasmagazine.ie/the-future-of-irelands-water>.
- 114 See "Plugging the leaks not simply a matter of fixing the pipes", *The Irish Times*, April 24, 2012, <http://www.irishtimes.com/newspaper/ireland/2012/0424/1224315103843.html>
- 115 Totalling €1.2 billion in 2010 (in respect of Ireland alone), made up of operational costs of €715 million and capital projects costing of €500 million, see "Water: The future of Irish water"(February 7, 2012), *ibid*.
- 116 See: <http://www.niwater.com/waterandtradeeffluentcharges.asp>
- 117 <http://publications.environment-agency.gov.uk/PDF/GEH01208BPAS-E-E.pdf>. See also: the United Kingdom Department for Environment, Food and Rural Affairs April 2011 Consultation Document entitled "Affordable Water: a Consultation on the Government's proposals following the Walker Review of Charging".
- 118 See Shanahan, "90% unaware of daily water usage", *The Irish Examiner*, March 30, 2010, <http://www.irishexaminer.com/ireland/kfkfojdmhcw/>



- 119 The International Centre for Local and Regional Development (ICLRD)'s report entitled *Responding to the Environmental Challenge: Spatial Planning, Cross Border Co-Operation and River Basin Management* (September 2011) notes that three of the seven river basin management areas on the island are geographically cross-border.
- 120 "Responding to the Environmental Challenge? Spatial Planning, Cross Border Co-Operation and River Basin Management" *ibid.*, at p. 91.
- 121 See: Henry McDonald, "Anger grows at Northern Ireland water shortage", *The Guardian*, December 29, 2010; <http://www.guardian.co.uk/uk/2010/dec/29/northern-ireland-water-shortage>; <http://www.rte.ie/news/2011/0101/water.html>; and <http://www.bbc.co.uk/news/uk-northern-ireland-12094518>.
- 122 <http://www.rte.ie/news/2007/0328/water.html>
- 123 <http://www.merrionstreet.ie/index.php/2011/05/address-by-mr-phil-hogan-minister-for-the-environment-community-local-government-to-metering-conference-croke-park/?cat=11>
- 124 In the United Kingdom, the current projections are for 80% of domestic water supplies to be metered by 2020 <http://www.guardian.co.uk/money/2009/dec/08/water-meters-help-cut-useage>
- 125 In this respect, it has been recommended that proposals for water infrastructure upgrading should be structured in a flexible way to facilitate alternative sources of funding, see: Aaron Boyle, "Water: Arthur Cox on Ireland's water services", (February 2, 2012), see: <http://www.eolasmagazine.ie/arthur-cox-on-irelands-water-services>
- 126 For example, the "increased use of satellite and land Global Monitoring for Environment and Security (GMES) observations to monitor status and pressures and developing a roadmap for water research under the next framework programme, Horizon 2020 (2014-2020)", see: "Water: Blueprint" (February 7, 2012), <http://www.eolasmagazine.ie/eu-blueprint>
- 127 Northern Ireland Executive draft Programme for Government 2011 – 2015, at p. 44.
- 128 Conor Pope, "Water fees plan unlikely to flow smoothly", *Irish Times* (November 8, 2011), see: <http://www.irishtimes.com/newspaper/ireland/2011/1108/1224307207032.html>
- 129 See Chambers Ireland, "Options for Irish Water", December 2011 <http://www.chambers.ie/ktmlpro/files/uploads/WATER%20DOC.pdf>
- 130 This is not to take away from the significant reconciliation work and progress that has taken place, most recently exemplified by the First Minister Peter Robinson attending a GAA match.



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