

THINK-TANK

Education, population, poverty, tax...getting views on topics like those in Jersey isn't the difficult part – but have you ever noticed how many people sound eminently credible when talking about them, even though they may actually be basing their views on conjecture, false facts and blind guesswork?

There is a real danger in making the 'facts' fit the opinion, rather than the other way around – which is exactly the point at which someone with an eye on the latest buzzwords will smugly insert the phrase 'post-truth' into the conversation, imagining its actually helpful.

So, we've asked the Jersey Policy Forum to add some robust material to those crucial local debates – the point is not to provoke agreement or acquiescence; it is to provide reliable material on which others can build their views.

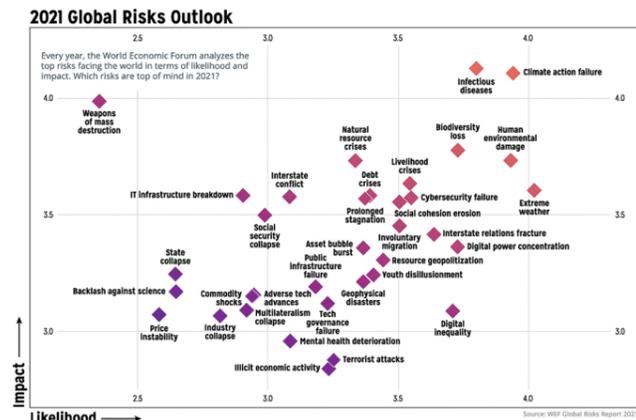
By Gailina Liew, Executive Director, Jersey Policy Forum



Grappling with new risks on the register

Governments and organisations of all types are grappling with the usual risks as well as new ones that are emerging as a result of the ongoing pandemic and changing societal, environmental, technological, economic and geopolitical landscapes. For example, how many risk registers in Jersey actually included 'pandemic/public health crisis' before covid hit? How about 'power/internet connectivity' before the most recent fishing standoff and threat from a French politician post-Brexit? Two recent reports may be helpful to shed light on the broader context to help understand the changing risk landscape.

The World Economic Forum (WEF) looks at the top global risks identified by surveyed leaders around the world each year. In the 2021 Global Risks Report (<https://www.weforum.org/reports/the-global-risks-report-2021>), the top global risks were identified by more than 800 respondents and mapped according to impact and likelihood of occurrence:



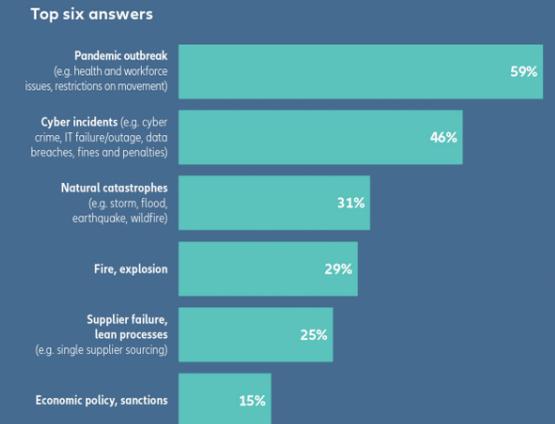
The new global risks identified include **youth disillusionment** and **mental health deterioration** (as 'pandemics'- young people aged 15-24 are experiencing high levels of distress due to disruptions in education and economic prospects), **backlash against science** (due to resistance and large-scale dissemination of false information about vaccination and immunization efforts), potential **debt crisis** (as debt to GDP ratios continue to rise along with concerns about loan defaults), **digital inequality** and **digital power concentration**.

From a business perspective, the 2021 Allianz Risk Barometer (<https://www.allianz.com/risks>) surveyed 2,769 risk management experts across 92 countries where each respondent was asked to identify up to three of the most important corporate risks facing their respective industries. The results are in the table below with the top three forming a 'covid trio.'

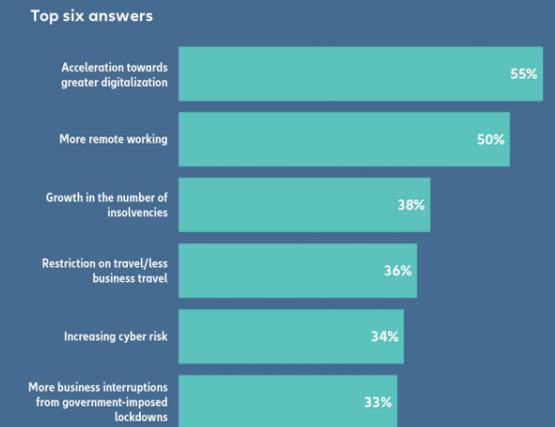
Business interruption remains at the top of the list where it was positioned seven times in the last decade. 94% of surveyed companies reported a supply chain disruption with most due to the **pandemic** and **cyber incidents**. The pandemic has also accelerated adoption of digital technologies to enable remote working and service delivery which provides fertile ground for cyber incidents so these top three business risks are intrinsically linked.

Both reports are a worthwhile read to provide broader context that will help to identify and understand the specific risks and potential scenarios that will be unique to Jersey. As organisations work to update their risk registers, it may be useful to focus on two key takeaways: (a) the importance of identifying and understanding how risks are interconnected, and (b) the need for more cross-disciplinary and multi-generational thinking to better understand impacts, their ripple effects, and devise more appropriate and realistic mitigation strategies.

THE COVID TRIO: WHICH CAUSES OF BUSINESS INTERRUPTION DO COMPANIES FEAR MOST?



THE COVID TRIO: WHAT CHANGES DO YOU EXPECT TO SEE FROM THE PANDEMIC THAT WILL MOST IMPACT YOUR COMPANY?



Source: Allianz Risk Barometer 2021

Rank (2021)	% Response	Risk Name	Business Examples	Change from 2020
#1	41%	Business Interruption	Supply chain disruptions	↑
#2	40%	Pandemic Outbreak	Health and workforce issues, restrictions on movement	↑
#3	40%	Cyber Incidents	Cybercrime, IT failure/outage, data breaches, fines and penalties	↓
#4	19%	Market Developments	Volatility, intensified competition/new entrants, M&A, market stagnation, market fluctuation	↑
#5	19%	Legislation/Regulation Changes	Trade wars and tariffs, economic sanctions, protectionism, Brexit, Euro-zone disintegration	↓
#6	17%	Natural Catastrophes	Storm, flood, earthquake, wildlife	↓
#7	16%	Fire, Explosion	-	↓
#8	13%	Macroeconomic Developments	Monetary policies, austerity programs, commodity price increase, deflation, inflation	↑
#9	13%	Climate Change	-	↓
#10	11%	Political Risks and Violence	Political instability, war, terrorism, civil commotion, riots and looting	↑