

Models of Public Section Information Provision by Trading Funds

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These are Hugely Important Issues

Production and Distribution of Information in the Knowledge Economy

These Are Some of the Key 'Utilities' of that Economy

Study Background

- Commissioned by HM Treasury and DTI/BERR
 - Empirical research to follow up CCRKE (2000) and respond OFT (2006)
- Focused on information provision by Trading Funds
 - OS, Met Office, Land Registry, Companies House, Hydrographic Office, DVLA
 - Excludes other providers of PSI
- Our Task: societal cost/benefits of different charging regimes
 - 'Market' (profit-max), 'Cost-recovery' (avg. cost), Marginal Cost, Zero
 - As economists: focus on total welfare (everything: citizens as well as producers)
 - Special attention to data quality and governance questions

1. Charging Policy

Assumption: Any deficit from change in charges made up from Govt or from other parts of business

- For 'upstream/bulk raw' data: price = marginal cost = 0
 - NB: data not available implicitly has price of ∞
- Left aside charges for other products (lack of data)
- However: unlikely that marginal cost for everything
- With 'raw' correctly regulated value-added can be freed up
 - Now in equal competition with other providers

1. Charging Policy (2)

- The Gains
 - Large: ROI > 100% and in most cases much more
 - Moreover costs in many cases are v. small
 - Our figures are probably under-estimates
 - 'Transaction Costs' completely excluded
 - No cost efficiencies from changes
 - 'Conservative' on downstream gains from reuse etc ('multiplier')
- Effect on Data Quality
 - None! (If done right – not difficult)
 - Remember: lost revenue made up by Govt or from other parts of business

Governance and Regulation

- Needed WHATEVER charging policy you do
 - Cost-recovery is not any 'better/easier' than marginal cost
- Require Governance/Regulation that is:
 - Transparent (for Competition)
 - Independent (for Commitment and Competition)
 - Empowered (for Effectiveness)
 - A single clear source of authority and responsibility
 - Often in the UK case was not clear who's in charge ...
- Governance/Regulation isn't rocket science
 - Relatively cheap and huge benefits
 - Can look to experience over last 20 years with telecoms etc
 - First steps: proper detailed accounts, proper transfer pricing etc

Summing Up

- One of first efforts to do some proper quantification
 - Large gains that can be realized easily if ...
 - There is the political/societal will to make it happen
- Information is going to become ever more important
 - Threshold of a new era
 - e.g. Google – a pure information company
- Government has an unusually central role:
 - As supplier
 - As user
 - As policy-maker
- ⇒ a great opportunity and a great obligation for Govt

