

Competition and discrimination in PSI

Chris Jenkins

Office of the Chief Economist

Outline

- **Benefits of competition**
- **Potential barriers**
- **Practical solutions**

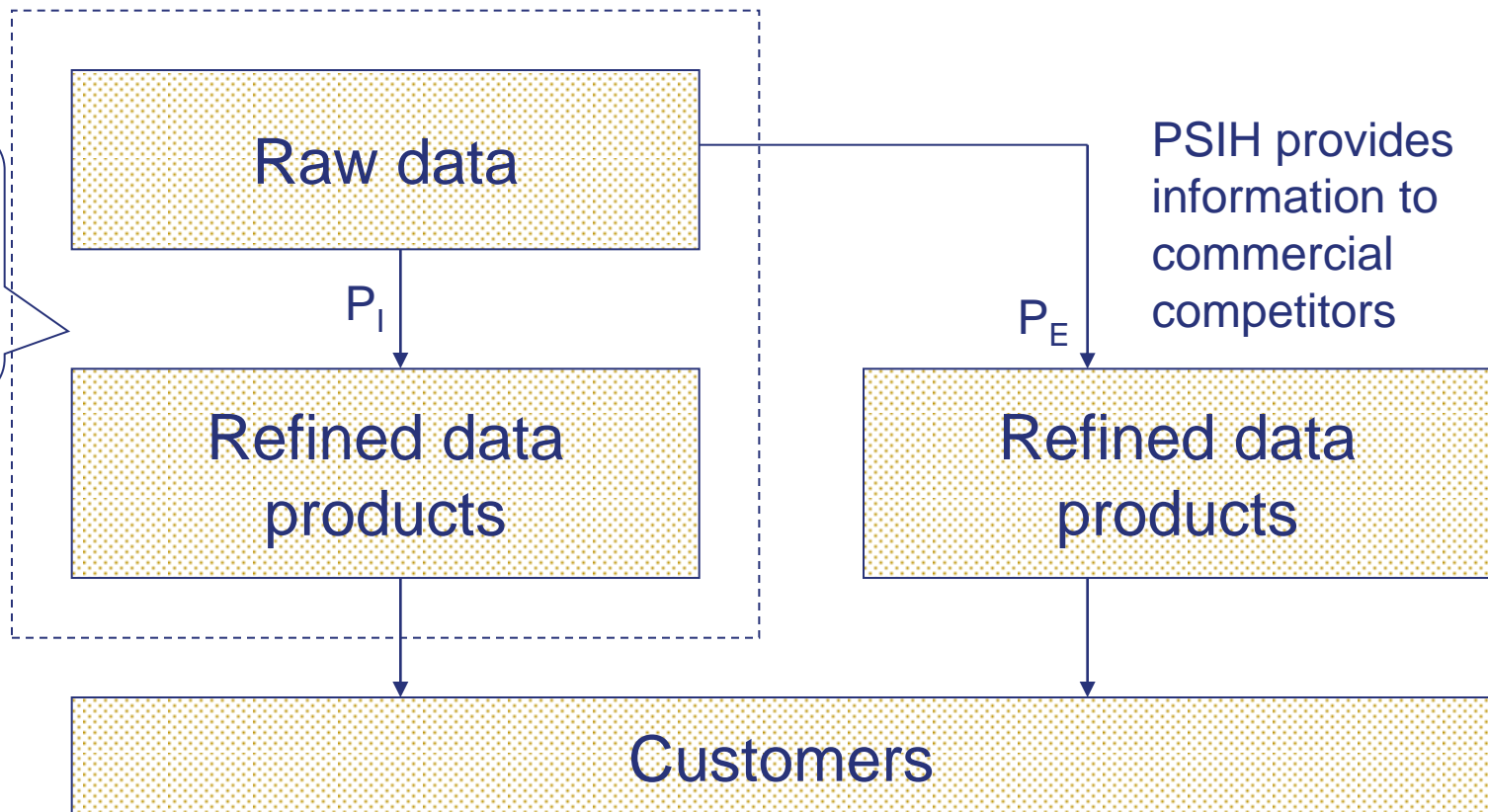
Why competition matters: value of commercial use of PSI

- **Current economic value of Public Sector Information around £0.5bn (in 2006)**
- **Total potential value estimated at £1.1bn (maybe more...)**
- **Failure to maximise value comes from:**
 - Failure to recognise and exploit assets (internal constraints)
 - Lack of competition – monopoly assets, high prices and barriers to entry (external constraints)
- **Majority of value comes from the wider exploitation of the data in the private sector**
 - Apparently trivial restrictions can act as significant barriers to innovative new products

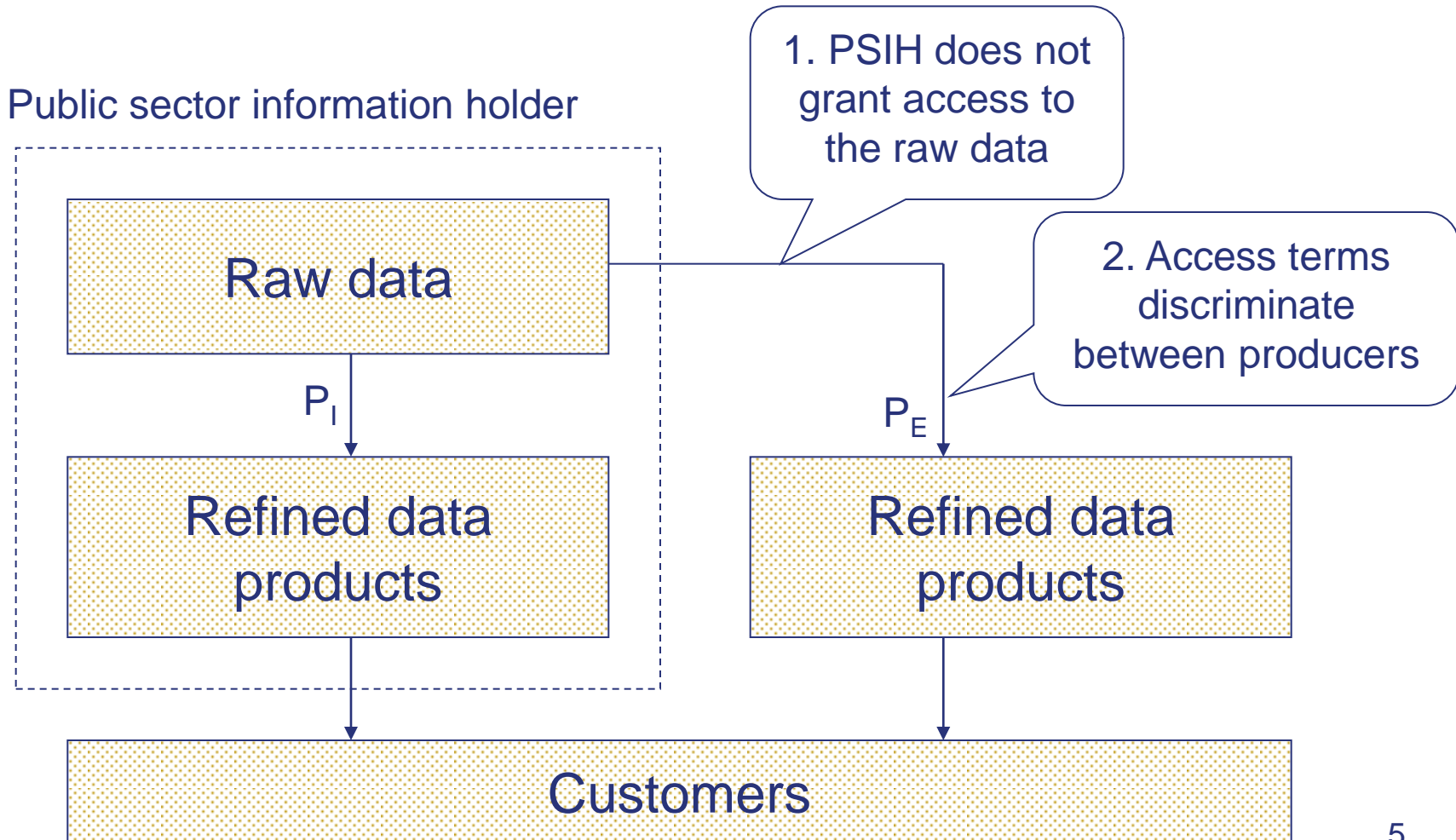
Simple framework for thinking about competition barriers

Public sector information holder

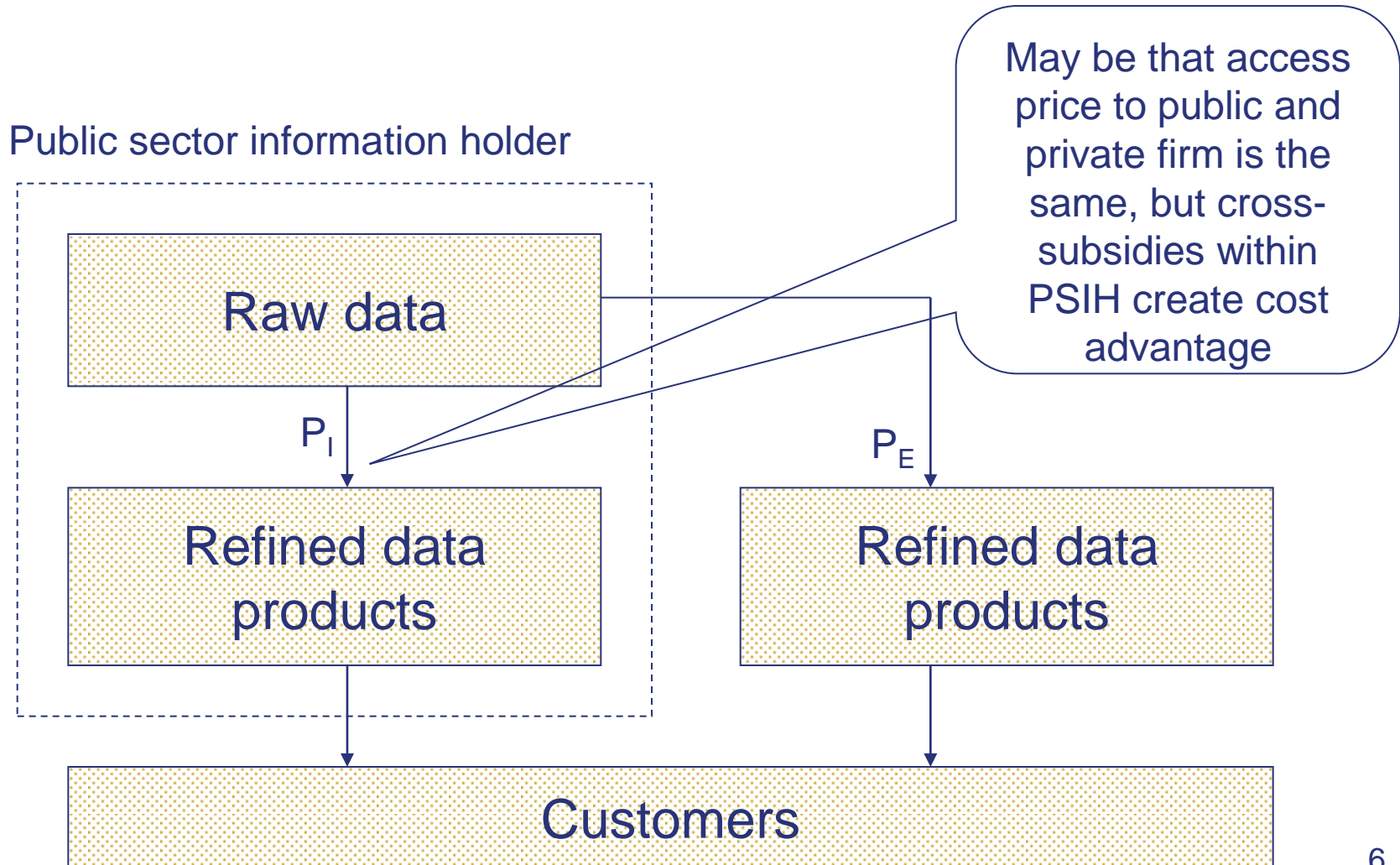
Can be hard to define raw vs. refined information



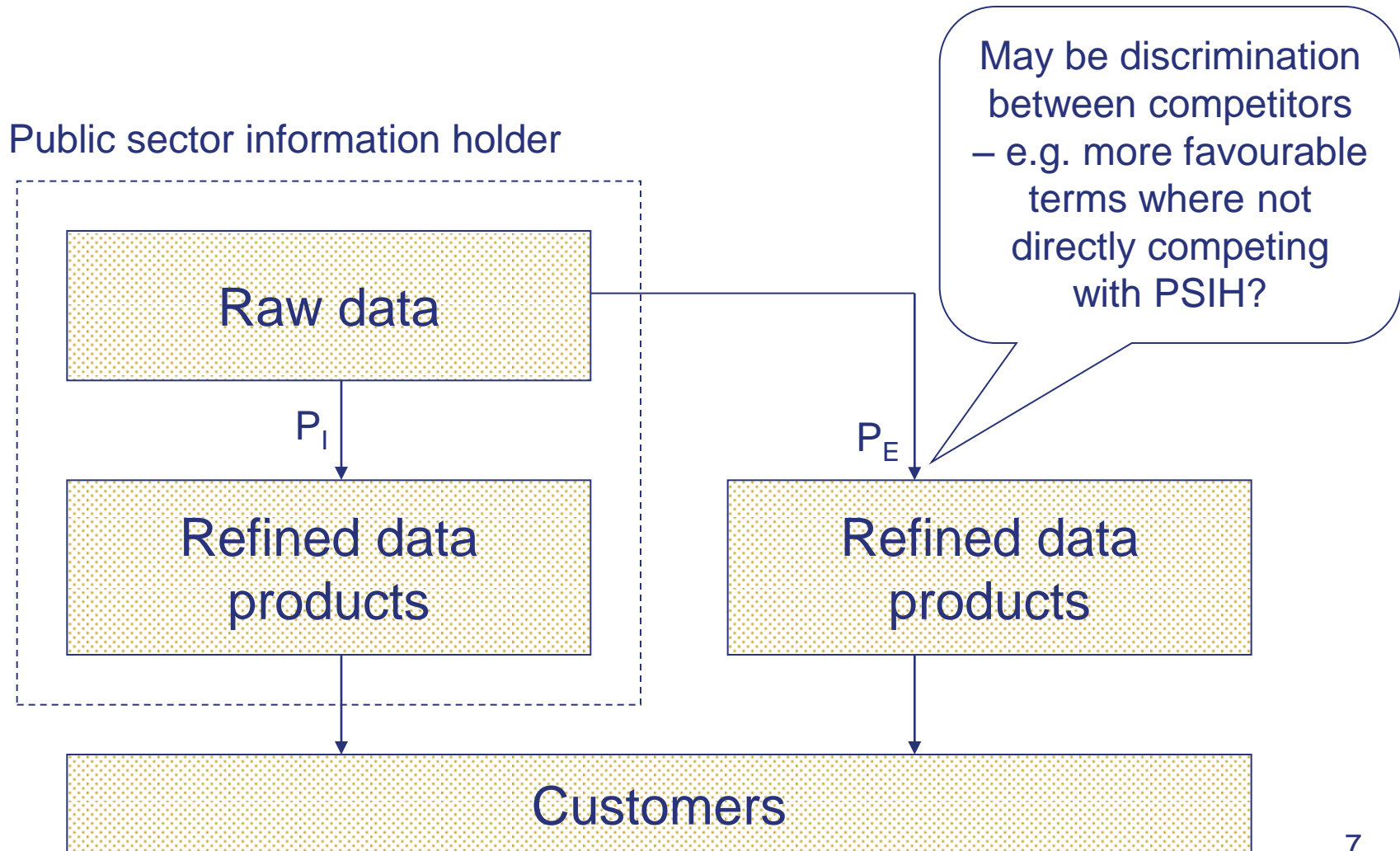
Where might competition issues arise?



'Discrimination' not always easy to spot



'Discrimination' not always easy to spot



Practical solutions: ensuring ‘fair access’

- **Access for third parties to ‘raw’ public sector asset at earliest useful stage**
- **Separation between ‘raw’ and ‘refined’ elements within PSIH**
 - accounting separation, structural separation?
- **Transparent non-discriminatory access pricing**

Practical solutions: commercial activities by the PSIH

- **One view = should not have mixed public/private competition**
- **Alternative = mixed competition beneficial provided you get the access framework right**
- **‘Competitive neutrality’ at the procurement level also important**
 - see Julius Review (2008) – concerns that public procurers do not always compare like with like in mixed markets

Key ‘principles of good practice’ from Government’s Trading Funds Assessment

- information easily available – where possible at low or marginal cost;
- clear and transparent pricing structures for the information, with different parts of the business accounted for separately;
- simple and transparent licences to facilitate the re-use of information for purposes other than that for which it was originally created; and
- clearly and independently defined – with input from customers and stakeholders – core purposes (“public tasks”) of the organisations.

HMT (2009), ‘Operational Efficiency Programme: final report’, April 2009, p41

Some issues for discussion

- Are the ‘principles of good practice’ being applied consistently across Trading Funds?
- Are there particular markets where barriers exist? Practical examples?
- What are the benefits and detriments of commercial behaviour by public sector bodies?
- Are there barriers to *public sector* bodies in commercialising PSI?

Competition and discrimination in PSI

Chris Jenkins

Office of the Chief Economist