

**WRITTEN QUESTION TO THE CHIEF MINISTER
BY DEPUTY G.P. SOUTHERN OF ST. HELIER
ANSWER TO BE TABLED ON MONDAY 15th JULY 2013**

Question

With regard to the report 'The Value of Jersey to Britain' by Capital Economics published on 2nd July 2013, will the Chief Minister inform members –

- a) who paid for this report, how much did it cost and what was the source of the States contribution towards this;
- b) what bodies in the UK or Jersey provided the figures on which the report is based;
- c) were any of the critics of Jersey's finance industry spoken to;
- d) how 'independent' is Capital Economics; does this body have declared sponsors, were enquiries made regarding previous publications and their sponsors before commissioning this report and, if so, would the Chief Minister provide details;
- e) is Capital Economics a commercial company which provides economic and financial investment advice for investors and, if so, has this report been subject to critical peer review;
- f) what track record have the authors of the report (Andrew Evans, Rachel Lund and Mark Pragnell) in respect of publication in authoritative, peer- reviewed academic journals?

Answer

- a) Jersey Finance Limited (JFL) commissioned this report at a cost of £176,000. Government supported JFL in its commissioning of the report through the transfer of funds by Ministerial Decision (MD-TR-2013-0027).
- b) Information was taken from a number of sources including but not limited to Jersey Financial Services Commission, Her Majesty's Revenue & Customs, HM Treasury, National Audit Office and the States of Jersey Statistics Unit – all sources are referenced are in the report.

Detailed industry information was provided by the Jersey financial services industry and quality checked and approved by Capital Economics researchers.
- c) This report is based on facts and data collected over an extended period. The economic analysis was based on this data and on facts. On that basis it would be inappropriate to seek such opinion for a report of this nature.

- d) A number of companies were sent the Request for Proposal for this work and a thorough competitive tender process took place. Capital Economics was judged to have submitted the best tender which included strong commendations on their previous work. The company has an excellent reputation and were awarded the Wolfsson Economic Prize for their research work on the Euro.

Capital Economics is an independent company and the report was commissioned and researched on an arms length basis. Their reputation has been built on their capabilities and their independence.

- e) Capital Economics is a highly reputable consultancy which provides independent economic analysis to institutional and corporate clients around the world. They do not provide investment advice to anyone.

Full details of Capital Economics range of services can be found on their website www.capitaleconomics.com.

I am unsure what is meant by the question of critical peer review? The firm was commissioned to provide an economic report on a commercial basis. It would not be normal practice to commission a peer review in such circumstances.

- f) Capital Economics is a highly regarded institution who provide expert economic analysis and reporting to a wide range of institutions on a commercial basis and as such would not be involved in academic research.

The firm provides regular analysis of global issues as well as regional and sectoral analysis. Examples of specific research work include:

- o Assessment of the future benefit to the UK economy of the roll out of '4G' mobile Internet technology for a telecommunications network company
- o Critical evaluation of passenger demand forecasts and development of credible scenarios to underpin a franchise bid by a train operating company
- o Appraisal of long term drivers of liabilities for a large pension fund
- o Survey of City attitudes to government borrowing to help a trade body develop new policy ideas to stimulate construction sector