



COMMERCE COMMISSION

Media Release

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Commerce Commission announces input methodologies processes and timeframes

In accordance with section 52V(1) of the Commerce Act 1986, the Commerce Commission has issued a notice of intention outlining the process that will be followed and setting out the proposed timeframes for the input methodologies project. The project aims to provide enhanced transparency and certainty within the regulatory regimes administered under the Commerce Act.

The requirement to develop input methodologies is one of the key changes to the Commission's regulatory responsibilities under the Commerce Amendment Act 2008. Input methodologies involve setting upfront regulatory methodologies, rules, processes, requirements and evaluation criteria that are directly (or indirectly) relevant for applying the regulatory instruments for undertaking Part 4 inquiries. Once input methodologies are determined, they will apply to both regulated parties and the Commerce Commission.

The Commission intends to publish regular updates and any process refinements on its website www.comcom.govt.nz under Industry Regulation/Input Methodologies. If you wish to be kept up to date with the input methodologies project, please send an email to npb@comcom.govt.nz with 'Subscribe' in the subject line.

Background

The Commerce Amendment Act 2008, which received Royal Assent on 16 September 2008, significantly changes the provisions in Parts 4, 4A, 5 and 6 of the Commerce Act 1986 that relate to the economic regulation of goods and services in New Zealand.

The amended Commerce Act directly affects the Commission's existing role in regulating electricity and gas distribution/transmission services, and extends the Commission's responsibilities to include the regulation of services supplied by operators of Auckland, Wellington and Christchurch international airports. The Commerce Amendment Act introduces new tests for determining when regulation may and should be imposed on other sectors. With the exception of the majority of regulatory provisions relating to electricity lines services, which will not come into force until 1 April 2009, most of the provisions in the Commerce Amendment Act came into force from 14 October 2008.

Proposed timeframes:

Process		Indicative timeframe
1.	Regulatory Provisions of the Commerce Act: Discussion paper published for consultation. This paper will provide an overview of the amended Act and its implications, including detail on the process for determining input methodologies.	December 2008
2.	Guidelines Discussion Paper published for consultation. This paper will discuss matters associated with evaluating or determining the cost of capital, valuation of assets, allocation of common costs, the treatment of taxation, and pricing methodologies, as set out in section 52T(1)(a) and (b) of the Act.	Q2 2009
3.	Cross submissions invited in response to the submissions received on the Discussion Paper.	Directly after the submissions received
4.	Conference on the Guidelines Discussion Paper.	Q3 2009
5.	Draft input methodologies for each type of regulated service published for consultation.	Q4 2009/ Q1 2010
6.	Determination of input methodologies for each type of regulated service, in accordance with section 52W of the Act.	By 30 June 2010

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