

Framework discussion document

Input methodologies review forum

29 July 2015

Susannah Sharpe and Scott Pearse-Smith



Purpose of this session

The purpose of this session is:

- To present our early thinking on frameworks in the IM review for:
 - Decision making to guide the IM review
 - How we consider IM changes in a wider context
- To inform stakeholders for their written submissions after the Forum



Context for the decision-making frameworks

- Submitters on our open letter provided suggestions on frameworks for the review
- We put forward some preliminary views in the problem definition paper on framework matters
- Initial thinking to promote discussion and seeking your views through submissions
- The focus is on developing the decision-making framework for the review

High-level factors relevant when considering a change to the IMs

- High-level factors are relevant to both frameworks
- Only changing the current IMs where likely to:
 - Promote the Part 4 purpose in s 52A more effectively
 - Promote the IM purpose in s 52R more effectively (without detrimentally affecting the promotion of the s 52A purpose) or
 - Significantly reduce compliance costs, other regulatory costs or complexity (without detrimentally affecting the promotion of the s 52A purpose)

Other factors in decision-making on IM changes



- Preliminary view that there is no specific statutory threshold for changing the IMs
- Preliminary view that we will not introduce IMs on new matters
- These views apply to both section 52Y review and s52X amendments
- Seeking your examples of where these views are tested

Nature of the frameworks

- We must consider Part 4, Commerce Act matters
- Guidance on what we are likely to take into account when considering changes to IMs
- Conceptual, rather than prescriptive or mechanistic
- At a level which can address a range of situations with IMs



Part II – More detail on the draft framework for the current review



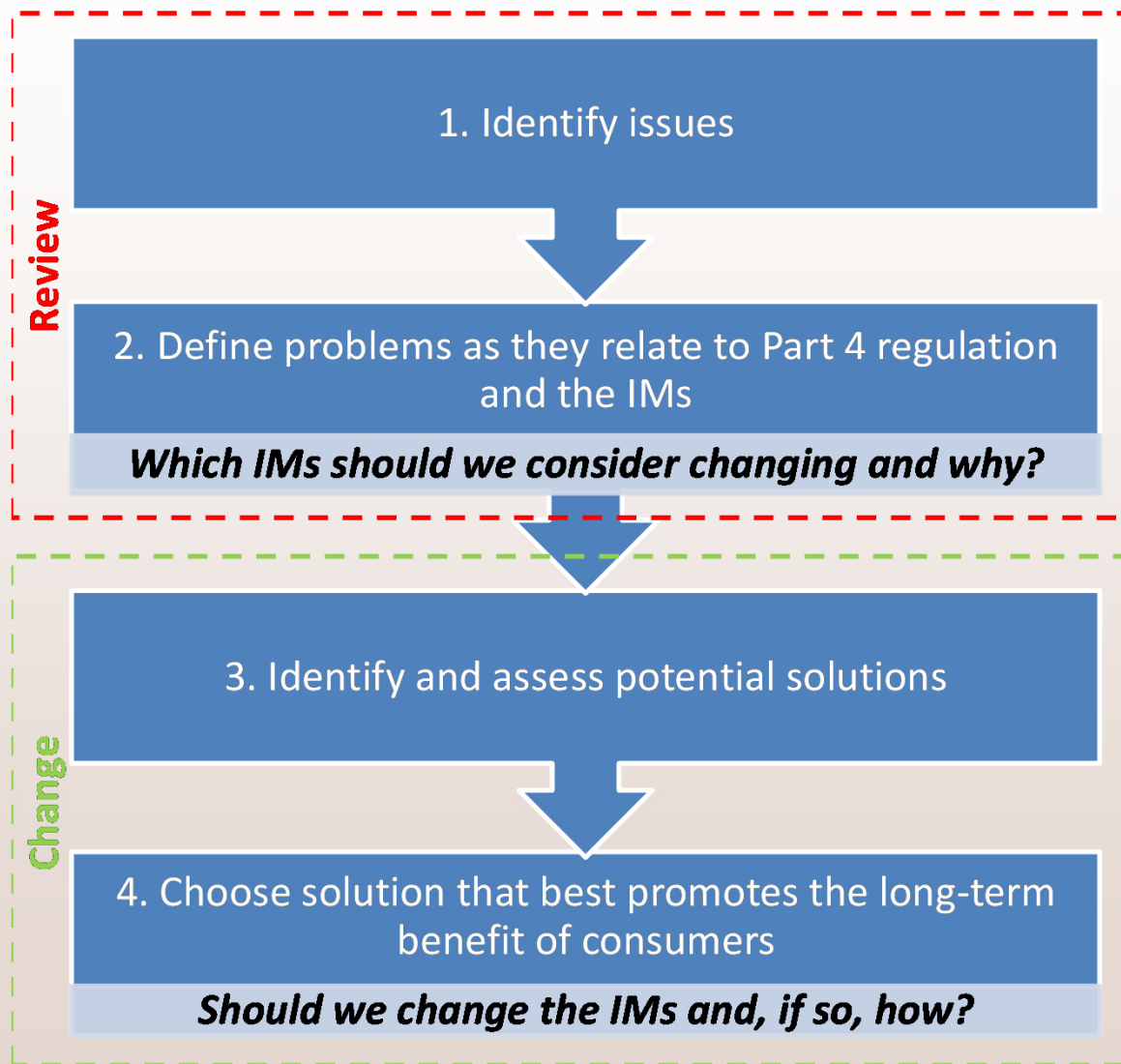
Decision-making framework to guide the IM review

Two major conceptual stages in the IM review process:

- **Review stage:** Which IMs should we consider changing and why?
- **Change stage:** Should we change the IMs and, if so, how?



Decision-making framework to guide the IM review



Decision-making framework to guide the IM review

Key points informing this draft framework:

- Starting point for the review is the existing IMs
- Only change the existing IMs where likely to:
 - Promote the Part 4 purpose in s 52A more effectively
 - Promote the IM purpose in s 52R more effectively (without detrimentally affecting the promotion of the s 52A purpose) or
 - Significantly reduce compliance costs, other regulatory costs or complexity (without detrimentally affecting the promotion of the s 52A purpose)

Decision-making framework to guide IM review



Review stage: Which IMs should we consider changing and why?

- Is the policy intent behind the IM still relevant and appropriate?
- Is the current IM achieving the intent?
- Could the current IM achieve the policy intent better?
- Could the current IM achieve the policy intent as effectively, but in a way that better promotes s52R or reduces complexity and compliance costs?
- Are changes to the current IM required as a consequence of changes to other IMs?

Decision-making framework to guide IM review



Change stage: Should we change the IMs and, if so, how?

- Only make changes that promote the high-level objectives for the review
- An exercise in judgement, involving weighing up the pros and cons of change
- Considering minor changes as a package
- The type of regulation that the IM affects is also relevant

Part III – More detail on the draft framework for IM changes more generally



Framework for IM changes more generally

Purpose

- Step back and consider how the IM review and any resulting changes fit into the wider context of different avenues for making changes to the IMs, including beyond the current review



Framework for IM changes more generally

Draft framework presents four categories of IM changes

Change made under section ...	SECTION 52Y	SECTION 52X		
Category	Category 1: Changes resulting from a section 52Y review	Category 2: Pre-price-setting changes	Category 3: Material changes to improve workability, effectiveness or predictability	Category 4: Non-material workability changes

Framework for IM changes more generally

Guidance on two key questions for each category

1. What types of changes fall into this category?
2. Once a change is being considered in this category, what are the factors we will take into account in considering whether to make the change?



Next steps and questions

- We are interested in hearing your views in submissions
- Some questions for submitters to consider:
 - Should we continue developing decision-making frameworks for the review and for IM changes more generally? Is the wider framework useful?
 - Any other specific areas where further guidance would be useful for the review in developing the frameworks?
 - Should ‘Category 3’ be split into separate categories for ‘workability and effectiveness’ and ‘predictability’?
 - Do you agree with our preliminary views regarding no IMs on new matters and no specific statutory threshold?

