



INDEPENDENT CONSUMER & COMPETITION COMMISSION

PUBLIC NOTICE

ICCC COMMENCES REVIEW OF ELECTRICITY CHARGES, FLOUR & RICE PRICES

The Independent Consumer & Competition Commission (“ICCC”) wishes to inform the general public, consumers, Government agencies & Department and the other key stake holders within the private sector that it has commenced a public review of electricity charges, flour and rice prices. The review for electricity charges are undertaken under the “Electricity Regulatory Contract” of the ICCC Act while the review for flour and rice prices are conducted under the amended provisions of the Prices Regulation Act.

Brief backgrounds to each of the reviews are provided below:

1. ELECTRICITY REGULATORY CONTRACT REVIEW – ISSUES PAPER

The ICCC has released an Issues paper to review the current Electricity Regulatory Contract that exists between the ICCC and PNG Power Limited. The Regulatory Contract is issued under the provisions of the ICCC Act 2002, setting out the methodology in which the maximum prices for electricity services are charged, the service standards and capital expenditure requirements that PNG Power will be required to meet over the regulatory period.

The review of the electricity regulatory contract is being undertaken with a view to making variations to the contract reflecting current information relating to the future regulated operations and activities of PNG Power. This review would also address some of the broader issues pertaining to the electricity industry in PNG and to reflect overall government policy relating to PNG Power’s operations.

The Issues Paper was released on 9th March 2005 through the media and daily newspapers. It provides details of the scope, nature and form of submission required from interested parties and a brief outline of the process the ICCC will use in undertaking the review.

Submissions in the form of comments, suggestions or views are invited from all interested person(s) on all issues highlighted in the Issues Paper and the submissions should be received by the Commission no later than 9th May 2005.

2. **FLOUR INDUSTRY PRICING REVIEW – DRAFT REPORT**

As part of the legislative requirements under the amended provisions of the Prices Regulation Act, the Commission (“ICCC”) is required to undertake major industry pricing reviews of certain goods and services that are declared for purposes of the Act. This declaration is made by the Minister for Finance & Treasury under Section 10 of the Prices Regulation Act.

Flour is among the list of declared goods and services that are subject to price regulation and review by the Commission. In accordance with this legislative requirement, the review involves a public transparent process whereby the general public, consumers and major stakeholders are given the opportunity to participate in the review and assist the Commission in its decisions as to whether or not flour products can be regulated.

There is a set timeframe which requires the Commission to conduct and complete the review process. The Flour Review commenced in July 2004 with the release of an Issues Paper which broadly discusses the issues pertinent to the industry such as the structure of the domestic flour industry, comparison of price control arrangements under the former price control regime and the new regulatory legislations of the ICCA Act and the amended Prices Regulation Act and also the operation and activities of both the wholesale and the retail sectors.

Release of the Issues Paper was publicly announced through the media where the Commission invited public comments and submissions. From the Issues Paper, the Commission received 6 written submissions upon which the Commission released a Draft Report on 28th February 2005, which recommends the possible regulatory options. To complete the public review process, the Commission invites further comments and submissions before the 11th April 2005. In line with the review timeframe, the Final Report will be released on 31st May 2005, indicating the Commission’s final conclusions and determinations on the future of price regulation for flour.

3. **RICE INDUSTRY PRICING REVIEW – ISSUES PAPER**

The Commission (“ICCC”) has also embarked on the review of the domestic Rice Industry with the release of an Issues Paper on 17th January 2005. The paper contains issues relating to the industry and discusses various regulatory aspects to be considered in the course of the review.

The revised timetable for the review is as follows:

Receipt of comments & submissions	-	30 th April 2005
Release of Draft Report	-	20 th June 2005
Receipt of submissions on Draft Report	-	7 th July 2005
Release of Final Report	-	1 st September 2005

The deadline for receipt of comments or submissions on the Issues Paper has been extended to 30th April 2005. The Commission is calling on the general public, consumers and major stakeholders to comment on the

issues raised by the Commission as to whether or not, rice should be subject to price regulation, and if so what form of regulation should be applied.

The issues of competition in the market, continuity and availability of supply, degree of contestability and countervailing powers of the buyers constitute the major areas of arguments for consideration.

Rice has become an important component of the diet of most Papua New Guineans therefore the price of rice and the form of regulation would certainly impact the livelihood of PNG consumers.

Finally, the Commission wishes to emphasise the participation and involvement of the general public, consumers and all stakeholders to enable the Commission to make informed decisions on the best regulatory option which would ultimately be fair to the consumers, suppliers and the service providers.

Copies of the Issues Paper on Electricity and Rice and the Draft Report on Flour can be obtained from the ICCC Head Office, Level One Garden City office, Boroko. Telephone enquiries can be made to Mr. Taunao Vai, Manager Prices & Regulatory Affairs Division on telephone: 3252144 or email to tvai@iccc.gov.pg.

Authorised by:

THOMAS ABE
Commissioner

Date: Thursday 17th March 2005