



Notification email: Invitation to provide comments on 2016/17 base milk price calculation review workshop

Good afternoon

Today we have published:

- Details of the milk price calculation workshop on 23 May 2017.
- Presentation materials from the workshop.

We thank those parties who attended this workshop.

We invite interested parties to provide written comments on matters discussed at the workshop including interested parties' views on the following questions:

- Please provide detailed evidence of the extent to which firms in the comparator sample transfer commodity price risk to farmers, and how this compares to a notional producer that fully passes through that risk. We understand that some companies in the comparator sample may employ different pricing mechanisms to those employed in NZ. However, the key issue is the ability to transfer commodity price risk to farmers, regardless of what the specific pricing mechanism looks like.
- Are there other material components of the milk price whose fluctuations are systematic in nature? Please justify why they are or are not systematic. How does the allocation of these risks differ between the notional producer and companies in the comparator sample? Please provide a view of the impact on asset beta.
- What is the impact on the estimate of the notional producer's beta of excluding Fonterra from the comparator sample?

Comments are due by **5pm, Tuesday 13 June 2017**. Please send comments to regulation.branch@comcom.govt.nz with the subject line: base milk price calculation review workshop comments.

Kind regards

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