

# REGULATORY INCENTIVES: THE LONG AND THE SHORT OF IT

**JAMES MARSHALL**

Graham Phelan

Incentive regulation through a price or revenue control is a popular form of regulation for network businesses both in New Zealand and overseas. However what are the genuine incentives to a business subject to this form of regulation? What is the tension between the incentives faced during the control period and in the longer-term? Using New Zealand's regulatory framework as a background we explore these frictions and ask how it should inform our regulatory decisions.