

COST BENEFIT ANALYSIS PREPARED BY NZIER COMPARING CURRENT REGIME WITH PROPOSED CHANGES

Option 1 - Current Regime			ComCom	MoT	Others	Airports	BARNZ	Air NZ & Airlines	Totals
Information disclosure preparation	annual					\$30,000			\$30,000
Review of information disclosure returns - BARNZ & airlines	annual						\$5,000	\$10,000	\$15,000
Periodic review information disclosure regulations	10-yearly		\$185,000		\$300,000		\$100,000	\$150,000	\$735,000
Consultation process	5-yearly				\$3,000,000	\$750,000		\$360,000	\$4,110,000
Litigation over consultation	10-yearly				\$500,000	\$25,000		\$500,000	\$1,025,000
Commerce Commission's pricing inquiry	10-yearly	\$2,000,000			\$1,300,000	\$600,000	\$1,100,000		\$5,000,000
Review of Commission's decision by Minister	10-yearly			\$20,000	\$15,000	\$15,000	\$20,000		\$70,000
		\$2,000,000	\$185,000	\$20,000	\$5,145,000	\$1,495,000	\$2,140,000		\$10,985,000

Option 2 - BARNZ's Proposed Regime			ComCom	MoT	Others	Airports	BARNZ	Air NZ & Airlines	Totals
Information disclosure preparation	annual					\$30,000			\$30,000
Review of information disclosure returns - BARNZ & airlines	annual						\$5,000	\$10,000	\$15,000
Review of information disclosure returns - ComCom	annual	\$7,000							\$7,000
Periodic review information disclosure regulations	10-yearly	\$185,000			\$300,000	\$100,000		\$150,000	\$735,000
Show cause' inquiry	5-yearly	\$50,000			\$150,000				\$200,000
Initial setting of pricing guidelines	one-off	\$200,000			\$450,000	\$150,000		\$150,000	\$950,000
Review of pricing guidelines	20-yearly	\$100,000			\$225,000	\$75,000		\$75,000	\$475,000
Negotiation process	5-yearly				\$600,000	\$300,000		\$200,000	\$1,100,000
Arbitration - first round	one-off				\$50,000	\$50,000		\$50,000	\$150,000
Arbitration - ten-yearly	10-yearly				\$50,000	\$50,000		\$50,000	\$150,000
		\$542,000			\$1,855,000	\$730,000		\$685,000	\$3,812,000

Option 1	Actual annual	5-yearly	10-yearly	20-yearly	one-off	
	\$45,000	\$4,110,000	\$6,830,000			\$10,985,000
1	\$45,000					\$45,000
2	\$45,000					\$45,000
3	\$45,000					\$45,000
4	\$45,000	\$2,055,000				\$2,100,000
5	\$45,000	\$2,055,000				\$2,100,000
6	\$45,000					\$45,000
7	\$45,000					\$45,000
8	\$45,000					\$45,000
9	\$45,000	\$2,055,000				\$2,100,000
10	\$45,000	\$2,055,000	\$6,830,000			\$8,930,000
11	\$45,000					\$45,000
12	\$45,000					\$45,000
13	\$45,000					\$45,000
14	\$45,000	\$2,055,000				\$2,100,000
15	\$45,000	\$2,055,000				\$2,100,000
16	\$45,000					\$45,000
17	\$45,000					\$45,000
18	\$45,000					\$45,000
19	\$45,000	\$2,055,000				\$2,100,000
20	\$45,000	\$2,055,000	\$6,830,000			\$8,930,000
21	\$45,000					\$45,000
22	\$45,000					\$45,000
23	\$45,000					\$45,000
24	\$45,000	\$2,055,000				\$2,100,000
25	\$45,000	\$2,055,000				\$2,100,000
						NPV \$14,381,652

Option 2	Actual annual	5-yearly	10-yearly	20-yearly	one-off	
	\$52,000	\$1,300,000	\$885,000	\$475,000	\$1,100,000	\$3,812,000
1	\$47,000				\$1,100,000	\$1,147,000
2	\$47,000					\$47,000
3	\$47,000					\$47,000
4	\$47,000					\$47,000
5	\$47,000	\$1,300,000				\$1,347,000
6	\$47,000					\$47,000
7	\$47,000					\$47,000
8	\$47,000					\$47,000
9	\$47,000					\$47,000
10	\$47,000	\$1,300,000	\$885,000			\$2,232,000
11	\$47,000					\$47,000
12	\$47,000					\$47,000
13	\$47,000					\$47,000
14	\$47,000					\$47,000
15	\$47,000	\$1,300,000				\$1,347,000
16	\$47,000					\$47,000
17	\$47,000					\$47,000
18	\$47,000					\$47,000
19	\$47,000					\$47,000
20	\$47,000	\$1,300,000	\$885,000	\$475,000		\$2,707,000
21	\$47,000					\$47,000
22	\$47,000					\$47,000
23	\$47,000					\$47,000
24	\$47,000					\$47,000
25	\$47,000	\$1,300,000				\$1,347,000
						NPV \$5,011,479