Cost Benefit Analysis

Short Introduction and Example
CBA

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Step 2: Identify the people who gain and those who lose
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Step 3: Identify the benefits and costs, allocate to time periods
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Step 4: Quantify the benefits and costs within ranges
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• Avoid double counting;

• Make sure that costs and benefits are measured comprehensively.
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Step 7: Write report
<table>
<thead>
<tr>
<th>Raw Milk</th>
<th>Prohibition</th>
<th>Current (to 1 March 2016)</th>
<th>Reference point (retail sales/no controls)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Quantified</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>public health (cost) (note 2)</td>
<td>$260k - $560k</td>
<td>$1,000k - $2,200k</td>
<td>$1,600k - $3,600k</td>
</tr>
<tr>
<td>taxation loss due to illness (cost) (note 3)</td>
<td>$29k - $63k</td>
<td>$120k - $251k</td>
<td>$180k - $380k</td>
</tr>
<tr>
<td>consumer surplus (benefit) (note 4)</td>
<td>$440k - $730k</td>
<td>$1,800k - $2,900k</td>
<td>$2,600k - $4,400k</td>
</tr>
<tr>
<td>compliance activity (cost)</td>
<td>$290k - $550k</td>
<td>$290k - $550k</td>
<td>undetermined</td>
</tr>
<tr>
<td><strong>Unquantified</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Risk to NZ food safety reputation</td>
<td>low</td>
<td>medium</td>
<td>high</td>
</tr>
<tr>
<td>Loss to suppliers who exit market</td>
<td>unknown</td>
<td>nil</td>
<td>unknown</td>
</tr>
</tbody>
</table>