COMMERCE COMMISSION NEW ZEALAND
Te Komihana Tauhokohoko

Third errata to Cavalier Wool Holdings Limited and New Zealand Wool Services International Limited [2015] NZCC 31

Paragraph number	Current wording	Amended wording
420	As outlined below, the Commission has made some adjustments to these figures and our estimate is that non-capital cost savings would be worth between [ ] over five years, depending on the post-merger volumes.	As outlined below, the Commission has made some adjustments to these figures and our estimate is that non-capital cost savings would be worth between [ ] over five years, depending on the post-merger volumes.
Footnote 266	The result is that we have reduced the estimates of the lower and upper bound of variable cost savings provided by Cavalier by around [ ] and [ ] based on an estimated relationship between these costs and volume.	The result is that we have reduced the estimates of the lower and upper bound of variable cost savings provided by Cavalier by around [ ] and [ ] based on an estimated relationship between these costs and volume.
430	We estimate staff cost savings to be between $[ ] and $[ ].	We estimate staff cost savings to be between $[ ] and $[ ].
435	[ ].	[ ].
438	The Commission expects efficiency gains from electricity savings, but, as outlined above, we have reduced this figure by electricity savings associated with the Clive site and adjusted it for a potential lower post-merger volume. Consequently, we estimate cost savings for electricity to be between $[ ] and $[ ].	The Commission expects efficiency gains from electricity savings, but, as outlined above, we have reduced this figure by electricity savings associated with the Clive site and adjusted it for a potential lower post-merger volume. Consequently, we estimate cost savings for electricity to be between $[ ] and $[ ].
440	We estimate gas cost savings to be between $[ ] and $[ ].	We estimate gas cost savings to be between $[ ] and $[ ].
442	We estimate that effluent system cost savings to be between [ ]	We estimate that effluent system cost savings

	and [ ].	to be between [ ] and [ ].
443	Total non-capital cost synergies range from [ ] in years one and two, and [ ] per year for subsequent years.	Total non-capital cost synergies range from [ ] in years one and two, and [ ] per year for subsequent years.
521	In this case the Commission has allowed for a relatively modest loss of productive efficiency of between zero and 1% of pre-merger variable costs, which has a maximum value of [ ] over a five year period.	In this case the Commission has allowed for a relatively modest loss of productive efficiency of between zero and 1% of pre-merger variable costs, which has a maximum value of [ ] over a five year period.
538	Based on the range which the Commission considers is appropriate, ie that the likely productivity efficiency losses would be between 0% and 1% of pre-merger variable costs, we have estimated that productive efficiency losses are likely to have a value of between zero to [ ] over a five year period.	Based on the range which the Commission considers is appropriate, ie that the likely productivity efficiency losses would be between 0% and 1% of pre-merger variable costs, we have estimated that productive efficiency losses are likely to have a value of between zero to [ ] over a five year period.
Table 7	The 5-year NPV for productivity efficiency is $[ ].	The 5-year NPV for productivity efficiency is $[ ].
Table 8	The 5-year NPV for reduction in production and administration costs is [ ].	The 5-year NPV for reduction in production and administration costs is [ ].
Table 8	The total of quantified benefits is $24.79-$28.23 million.	The total of quantified benefits is $~~24.79~~24.71-$28.23 million.
Table 9	The estimated net impact over 5 years using high detriments/low benefits is $0.81 million.	The estimated net impact over 5 years using high detriments/low benefits is $~~0.81~~1.15 million.
Table 9	The estimated net impact over 10 years using high detriments/low benefits is -$1.37 million.	The estimated net impact over 10 years using high detriments/low benefits is -$~~1.37~~0.82 million.
629	As can be seen from Table 9, while the estimated net impact of the transaction is positive in a five year	As can be seen from Table 9, while the estimated net impact of the transaction is positive in a five year time frame, ranging from

	time frame, ranging from $0.81 million to $23.42 million, the total quantified range of our estimated overall net public benefit over 10 years spans from minus $1.37 million to a positive $34.27 million.	$~~0.81~~1.15 million to $~~23.42~~23.48 million, the total quantified range of our estimated overall net public benefit over 10 years spans from minus $~~1.37~~0.82 million to a positive $~~34.27~~34.33 million.
Figure 5	Figure 5 has been updated to reflect the updates made to Table 9.	
639	Our assessment of the acquisition must also take future years into account to allow for the realisation of likely future benefits and detriments. Over the 10 year period, we observe that there may be a negative impact of minus $1.37 million.	Our assessment of the acquisition must also take future years into account to allow for the realisation of likely future benefits and detriments. Over the 10 year period, we observe that there may be a negative impact of minus $~~1.37~~0.82 million.
650	In this case, as can be seen from Table 9 above, the benefits outweigh the detriments in the five year timeframe by between $0.81 million (using high detriment assumptions) and $23.42 million (using low detriment assumptions) in an industry with annual turnover in the vicinity of $60 million to $80 million.	In this case, as can be seen from Table 9 above, the benefits outweigh the detriments in the five year timeframe by between $~~0.81~~1.15 million (using high detriment assumptions) and $~~23.42~~23.48 million (using low detriment assumptions) in an industry with annual turnover in the vicinity of $60 million to $80 million.