



Cost-Benefit Analysis with Case Studies

Two-day Workshop with Dr Peter Abelson



New South Wales
TREASURY

This two-day workshop will cover the principles and practice of cost-benefit analysis. It will include basic and more advanced concepts and also many practical case studies.

The workshop will be delivered as a series of sessions each day. Each session will contain a lecture on core principles of CBA and case studies. Participants will receive a workbook and the power point presentation.

Dr Peter Abelson is a Director of Applied Economics P/L, a Visiting Scholar at the University of Sydney, and Adjunct Professor of the Australian and New Zealand School of Government. He is a principal economic advisor to NSW Treasury. In recent years he has run several workshops on cost-benefit analysis for the Victorian Department of Infrastructure as well as for the Economic Society of Australia (NSW branch). His consulting work in areas such as transport, urban and environmental issues, health, and education economics includes many cost-benefit studies. Peter re-drafted The Handbook of Cost-Benefit Analysis for the Department of Finance which was republished in January 2006. He is the author of *Public Economics: Principles and Practice* (2008), which is the leading text in this field in Australia.

Who should attend?

The workshop will benefit people with little knowledge of economics as well as to those who are already familiar with micro-economics and cost-benefit analysis.

PROGRAM DETAILS							
DATE:	25-26 June 2009 (Code – 97TRE5)						
CATERING:	Morning/afternoon tea and lunch						
MAXIMUM NO.:	22						
FEE (INCL. GST):	<table> <tr> <td>\$1,045.00</td> <td>Non IPAA NSW member</td> </tr> <tr> <td>\$979.00</td> <td>IPAA NSW member</td> </tr> <tr> <td>\$1,012.00</td> <td>Group booking rate (3 or more bookings received at the same time from 1 agency into the same course code)</td> </tr> </table>	\$1,045.00	Non IPAA NSW member	\$979.00	IPAA NSW member	\$1,012.00	Group booking rate (3 or more bookings received at the same time from 1 agency into the same course code)
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VENUE:	Cliftons – Level 2, 190 George Street, SYDNEY						



Workshop program

Day One

1. Introduction to cost-benefit analysis

Overview of CBA principles and process. Efficiency measures: net present value, internal rate of return, benefit-cost ratios. Case studies: Major transport projects.

2. Valuation principles

Definitions of benefits and costs. Valuation principles. Willingness to pay, demand curves and consumer surplus. Opportunity cost and producer surplus. Case studies: examples from the housing sector.

3. Valuing benefits in practice

Estimating demand curves. Revealed and stated preference methods. Case studies: examples from health and education sectors.

4. Further valuation Issues

Choice of numeraire. Related markets. Secondary effects. Taxes and transfer payments. Case studies: Major events and regional benefits case studies.

Day Two

5. Social welfare, efficiency and equity

Defining social welfare. The relationship between efficiency and welfare. Why and when equity matters. Dealing with distributional issues in CBA. Case studies: evaluating ownership models.

6. Discount rates and the treatment of time

Time preference rates and the opportunity cost of capital. The choice of discount rates for publicly and privately funded projects. Case studies: climate change policies and other long term projects.

7. Risk and uncertainty

Defining risk and uncertainty. Attitudes to risk: neutrality and aversion. Methods for dealing with risk under different circumstances. Case studies: Transport pricing, planning regulations and terrorism.

8. CBA and alternative economic evaluation methods

Review of CBA, financial analysis, cost-effectiveness analysis, economic impact analysis, computable general equilibrium analysis, and multi-criteria analysis. Case study: taxi deregulation and other MCA /CBA comparisons.

Reference: Boardman, A.E., Greenberg, D.H., Vining, A.R. and D.L.Weimer, 2006, *Cost-Benefit Analysis: Concepts and Practice*, 3rd edition, Pearson, New Jersey.