

APPENDIX 2

		CL Test 1***					Rows
		S Malherbe*	Genesis**	Less Cost Concessions	CL Test 1****	Commission's submission*****	
Revenue		7 554	7 554	7 554	7 554	7 554	1
Avoidable Costs		6 540	6 658	7 366	7 884	9 896	2
Total Costs		11 141	11 141	11 375	11 440	11 375	3
		Avoidable cost + cannibalisation (R'000s)					
Diversion Ratio	0%	6 540	6 658	7 366	7 884	9 896	4
	16.0%	6 813	6 915	7 546	8 016	9 791	5
	27.0%	7 137	7 228	7 805	8 243	9 854	6
	30.7%	7 246	7 333	7 892	8 319	9 875	7
	38.5%	7 476	7 555	8 076	8 480	9 920	8
			Surplus (/ - Deficit) (R'000s)				
	0%	1 014	896	189	-330	-2 342	9
	16%	741	639	9	-462	-2 236	10
	27.0%	417	327	-251	-688	-2 300	11
	30.7%	308	222	-338	-764	-2 321	12
	38.5%	79	0	-522	-925	-2 366	13

Notes

Turquoise figures are Media 24 cost figures

Grey figures are Commission costs figures

This Table is based on Annexure B, which was compiled by Media 24 in their final written submission after the hearing entitled “Media 24’s response on the Commission’s response to the Tribunal’s request for further information.” We have omitted from the Table what was referred to as Tribunal B as this column is not relevant to the decision.

* **S Malherbe** - refers to the final submission made on all the relevant costs by Stefan Malherbe of Genesis and can be regarded as **Media 24**’s final submission on the figures;

** **Genesis** - refers to an earlier submission on the costs by Media 24 which was since revised by Stefan Malherbe. The difference is his exercise in re-calculating avoidable costs the net result is that in his final * version the avoidable costs are lower by 118 000 rand over the period;

*** “*CL Test 1 less concessions*” - is the Commission’s economists Compass Lexecon’s penultimate version of costs where they have made certain concessions to Media 24 about avoidable costs (thus lowering the avoidable cost calculation in Media 214’s favour) but it excludes what it later took into account as the redeployment costs which are found in column five headed Commission submissions;

**** *CL Test 1* - is the Commission’s economists first submission during the course of hearing on the cost issue before they had recalculated the avoidable costs and included the redeployment costs;

***** *Commission’s submission* - This is the Commission’s final submission and it takes CL Test 1 less concessions but adds to the avoidable costs what the Commission referred to as the redeployment costs. As a result this is the most adverse cost calculation to Media 24 and hence the deficit is largest here.

Note: that in this Table the diversion ratio figures all assume Media 24’s approach to the net off costs i.e. assume that the costs definitions for Forum and Vista are consistent.

In Appendix 2 that follows we show how these figures change (highlighted in yellow) if the Commission’s approach viz that these costs must be treated differently is followed.

APPENDIX 2

		CL Test 1***					Rows
		S Malherbe*	Genesis**	Less Cost Concessions	CL Test 1****	Commission’s sub-mission*****	
Revenue		7 554	7 554	7 554	7 554	7 554	1
Avoidable Costs		6 540	6 658	7 366	7 884	9 896	2
Total Costs		11 141	11 141	11 375	11 440	11 375	3
		Avoidable cost + cannibalisation (R'000s)					
	0%	6 540	6 658	7 366	7 884	9 896	4
	16.0%	7 012	7 131	7 795	8 313	10 325	5
	27.0%	7 473	7 591	8 225	8 743	10 755	6
	30.7%	7 628	7 746	8 370	8 888	10 900	7
	38.5%	7 955	8 073	8 675	9 193	11 205	8
		Surplus (/ - Deficit) (R'000s)					
	0%	1 014	896	188	-330	-2 342	9
	16%	542	424	-240	-758	-2 770	10
	27.0%	81	-37	-671	-1 189	-3 201	11
	30.7%	-74	-192	-816	-1 334	-3 346	12
	38.5%	-400	-518	-1 121	-1 639	-3 651	13