

Senate Standing Committee on Environment and Communications

Answers to Senate Estimates Questions on Notice

Budget Estimates Hearings May 2014

Communications Portfolio

Department of Communications

Question No: 530

Program No. 1.1

Hansard Ref: In Writing

Topic: Independent cost-benefit analysis and review of regulation

Senator Pratt asked:

Section 4.4.3 refers to the NBN cross-subsidies as an implicit tax subsidy scheme and shows how the welfare effects are calculated. Does an implicit tax subsidy scheme have any different welfare effects to an explicit tax subsidy scheme that produces uniform prices?

Answer:

In relation to Figure 4.4 in section 4.4.3 of the 'Cost-Benefit Analysis of Public Investment in High Speed Broadband Network Infrastructure: An Analytical Framework', the aggregate welfare effects will be the same if a uniform price of P is achieved through an implicit tax subsidy or an explicit tax subsidy scheme.