

Senate Economics Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Budget Estimates

2017 - 2018

Division/Agency: Structural Reform Group

Question No: 294

Topic: Theory of Natural Monopoly

Reference: Written

Senator: Roberts, Malcolm

Question:

Is it the case that the theory of natural monopoly was created many years after the creation of government regulated franchise monopolies/cartels as a text-book justification not backed by real-world evidence?

Answer:

Most economists and public policymakers support the theory of natural monopoly, which underpins the regulation of, for example, aspects of gas and electricity markets and the National Access Regime in the *Competition and Consumer Act 2010*.