

# Funding

## Australian Infrastructure Plan

February 2016

The Australian Infrastructure Plan outlines a program of reforms to increase the funding for new infrastructure and maintenance of our existing assets.



The greatest opportunity for funding reform is our approach to roads. The current system of funding is *unfair* because those who use the network less subsidise those who use it the most; *unsustainable* because fuel excise will decline as vehicles become more fuel efficient; and *inefficient* because the absence of effective price signals results in delays and congestion.



We need to increase cost recovery for public transport. At present, users pay only around one-quarter of what it typically costs to provide the service – taxpayers subsidise the remainder.



Taxpayer funding alone will not be sufficient (without a substantial increase in taxes), to meet our infrastructure funding needs. Across all sectors, we need to diversify the pool of funding, freeing up taxpayer dollars for other priorities.



## Actions

- There should be a public inquiry into road funding, undertaken by Infrastructure Australia or the Productivity Commission. The inquiry would identify a new funding model to replace existing road taxes and charges with a more equitable approach that charges users, not taxpayers.
- Governments should commit to the implementation of a heavy vehicle road charging structure within five years, followed by the extension of road charging across all vehicle types within 10 years.
- State and territory governments should increase the cost recovery of public transport services and strike a more appropriate balance between user and taxpayer funding.
- The Australian Government should review its capacity to use additional public borrowing to increase infrastructure investment.
- All governments should routinely consider land value capture in public infrastructure investments.
- All governments should take steps to reduce Australia's infrastructure maintenance backlog. The Australian Government should require all proponents seeking project funding to consider whole-of-life maintenance costs in their business cases. Public infrastructure asset owners should routinely use fixed-term maintenance contracts to deliver funding certainty and better asset conditions.