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.

**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.

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.