

Costs and Affordability

Australian Infrastructure Audit

Infrastructure costs add to the cost of living

- Household total infrastructure costs have increased 13% in real terms from 2003-04.
- Infrastructure costs as a proportion of household expenditure have fallen marginally from **22.9%** in 2003-04 to **21.9%** in 2015-16.
- Infrastructure community service obligations are opaque and can be poorly targeted, and have a total cost of **\$29 billion** per annum.
- There is a lack of current and accurate data available to piece together the total impacts of infrastructure costs for households.
- Community perceptions on the scale of infrastructure cost rises do not always align with what they are actually paying.
- Infrastructure costs are regressive and hit lowest-income households hardest. Infrastructure costs across transport, energy, telecommunications and water are unaffordable for the lowest 20% of income earners.
- How people pay for infrastructure is little understood, however most prefer to pay directly through user charges.



Average Australian household's weekly infrastructure spend

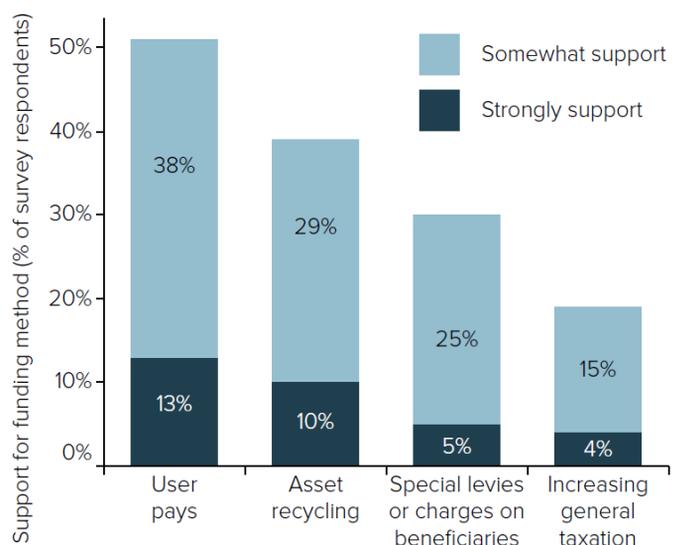
	\$205
	\$45
	\$41
	\$23



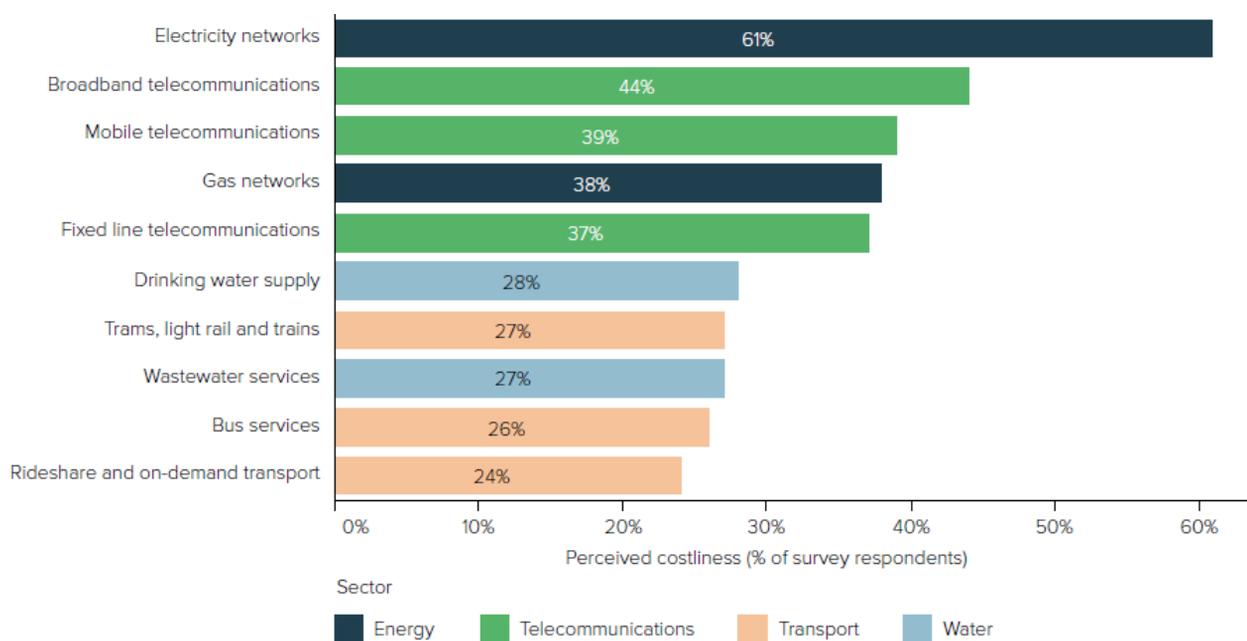
16.8% vs 13.8%

Victorians spend the most of their income on infrastructure costs, while **South Australians** spend the least

User pays is the most popular way of increasing infrastructure funding



User perception of infrastructure affordability



Note: Values are share of survey respondents who answered 'costly' or 'very costly'.

Principle challenges and opportunities

Challenge: Limited reliable data exists to allow governments, regulators and users to understand the total costs of infrastructure. Poor data limits the ability for government to understand the affordability of infrastructure services and cost of living pressures.

Opportunity: Improved collection of data, including by third parties could support improved decision making using big data. Partnering with data owners to support the collection of detailed, up-to-date data, will allow better decision making.

Opportunity: Some users have limited information or understanding of the costs associated with their use of infrastructure, however new technologies will increase information and control for those that can afford them. New technology will increase transparency of infrastructure costs for users and provide the opportunity for consumers to invest in alternatives to substitute or replace traditional services.

Challenge: User-pays funding for infrastructure has widespread support within the community: However, its regressive nature disproportionately affects low income earners. Transport, energy, water and telecommunications infrastructure user costs are above affordability thresholds for our lowest income earners thereby reducing access to services and quality of life.