



Reinstate the 80:20 federal funding model for nationally significant road projects in regional and remote Australia

Party: The Coalition

Summary of proposal:

The proposal would restore the 80:20 federal funding model for all new nationally significant road projects in regional and remote areas ensuring more regional roads and highways are upgraded. The current cost-sharing arrangement is on a 50:50 basis.

The proposal would be ongoing and start on 1 July 2025.

Additional information (based on further advice provided):

- Other conditions would be placed on the Federation Funding Agreement for Land Transport Infrastructure to minimise Commonwealth budget exposure to project cost overruns and the costs of state regulatory burden.
- The 80:20 policy would apply only to future cost-sharing agreements and will not be applied retrospectively. If any project agreements are entered into at less than 80:20, the Commonwealth contribution will remain at the pre-agreed funding level.
- This is a change to a policy position that does not impact the amount of funding allocated to current infrastructure projects in the Infrastructure Investment Program (and pipeline).

Costing overview

The Parliamentary Budget Office (PBO) has determined that the estimated financial impact of this proposal is unquantifiable due to insufficient data and the significant level of uncertainty.

The change in the funding cost-share principle from 50:50 to 80:20 would either result in fewer projects being delivered for the same level of funding, or the same number of projects being delivered at a higher cost to the Commonwealth. The PBO did not assess which scenario is more likely.

The proposal would have an unquantifiable impact beyond the 2025-26 Budget forward estimates period (Table 1).

Table 1: Reinstate the 80:20 federal funding model for nationally significant road projects in regional and remote Australia – Financial implications (\$m)

	2025-26	2026-27	2027-28	2028-29	Total to 2028-29
Fiscal balance	*	*	*	*	*
Underlying cash balance	*	*	*	*	*

* Unquantifiable

Attachment A – Reinstate the 80:20 federal funding model for nationally significant road projects in regional and remote Australia – Financial implications

Table A1: Reinstate the 80:20 federal funding model for nationally significant road projects in regional and remote Australia – Fiscal and underlying cash balances (\$m)

	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36	Total to 2028-29	Total to 2035-36
Expenses													
<i>Reinstate the 80:20 federal funding model</i>	*	*	*	*	*	*	*	*	*	*	*	*	*
Total – expenses	*	*	*	*	*	*	*	*	*	*	*	*	*
Total (excluding PDI)	*	*	*	*	*	*	*	*	*	*	*	*	*

* Unquantifiable

Table A2: Reinstate the 80:20 federal funding model for nationally significant road projects in regional and remote Australia – Memorandum item: Public Debt Interest (PDI) impacts – Fiscal and underlying cash balances (\$m)

	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36	Total to 2028-29	Total to 2035-36
Fiscal balance	*	*	*	*	*	*	*	*	*	*	*	*	*
Underlying cash balance	*	*	*	*	*	*	*	*	*	*	*	*	*

* Unquantifiable