

MEDIA RELEASE (for immediate release)

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## Hidden utility tax hitting Aussie homeowners where it hurts

Australian first homebuyers and homeowners could be stumping up for an “excavation damage” tax to cover the multi-billion dollar cost to repair damaged underground utility services.

What’s more, consumers may never see such levies built into their electricity, gas, water or telecommunications bills, Before You Dig Australia says.

Each year, power, water and internet service providers fork out more than \$138 million in direct costs for design and construction, labour and materials to repair underground assets damaged by excavation works.

But it is the indirect hidden costs incurred by utilities through loss of revenue, compensation and regulatory fines that can potentially be passed on to consumers.

“The housing sector continues to experience lots of volatility. Every week, news headlines bounce between house values tumbling, then soaring. The last thing any first homebuyer or homeowner needs is an extra avoidable cost they’re not responsible for causing,” BYDA CEO Mell Greenall said.

“For every one dollar of direct damage caused, a further \$32.40 of indirect and economic or social costs are caused, in terms of loss of services, loss of business income and trade, lost time and added environmental impacts.

“There’s no escaping the fact that these additional imposts have a real impact on Australian homeowners and businesses.”

The total value of direct repairs is typically understated as many utilities do not record the costs and report their data.

And, unless utilities can recover the costs from the third parties causing the damage, they are likely included in customer prices.

Economic research by BYDA conservatively estimates the average direct repair cost to be \$9,000. In contrast, repairs to telco lines delivering home internet services can be as high as \$170,000 per incident, given the expensive nature of fibre optic cables.

## Case study: Damage to a telecommunications cable

**Damage:** A telecommunications cable was damaged by an excavator.

**Consequences:** The damage to the cable resulted in 4,997 customers being impacted for four hours while the repair was undertaken.

**Costs:** The direct cost of the repair was \$6,044.

However, the average economic cost to this large number of customers over this period of time was \$83.7. This reflects a combination of lost business income, business interruption and residential impacts. This led to a total economic cost of \$420,000.

**Outcome:** The indirect and social costs were 69.7 times the direct cost. This relatively large multiplier reflects the long duration of the outage, and the large number of customers involved. It reflects the value that customers placed on reliable telecommunications services. This high multiplier is consistent with findings in other jurisdictions.

“When you consider the average indirect and social costs are 32.4 times higher than direct repairs, the damage bill seriously starts to add up, Someone has to pay for this and like in other scenarios, it is the consumer,” Ms Greenall said.

“Not only do Australians pay the indirect social and economic costs – the disruption to their lives and businesses through prolonged outages – they are also likely paying more through their utility bills to cover the direct and indirect cost of repairs initially incurred.”

**For further information, case studies, multimedia or requests to interview BYDA CEO Mell Greenall, contact:**

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**About Before You Dig Australia**

BYDA is a not-for-profit, industry-led organisation that operates Australia’s national “before you dig” referral service. Each year we facilitate more than 2.7 million requests for underground utility information from contractors, engineers, councils and the public.

Our role is to connect those planning excavation with the asset owners responsible for critical infrastructure to prevent damage, disruption and injury. Read our latest research report [here](#).