

## RACQ Submission to the Queensland Government Budget Process 2011-2012

### Summary

The Royal Automobile Club of Queensland (RACQ) represents 1.2 million motoring members and seeks to maintain the viability of motor vehicle transport on their behalf. The Club recognises that mobility is not free, and certain taxes and charges are necessary to provide and regulate roads and transport infrastructure. This aligns with RACQ's Advocacy Charter, which seeks to ensure fair and justifiable costs of road use.

Queensland is the most expensive Australian state in which to own and operate a vehicle, and recent government-imposed cost increases have severely tested motorists. Over the past two years, the Queensland Government:

- withdrew the 8.3 (plus GST) cent a litre fuel subsidy;
- inflated motor vehicle registration fees by 20% to 25%;
- increased toll prices and sold the Gateway and Logan toll roads; and
- increased the driver's licence fee.

At the same time, the Government cut its capital works budget for road expenditure by more than half a billion dollars (\$554 million).

While acknowledging that motor vehicle registration revenue is fully invested in road building and maintenance, the RACQ is very concerned that, as registration fees are being increased to deliver higher revenues, the overall level of State Government spending on roads is being reduced. It appears that the State Government is using motorists as an easy source of revenue, while failing to invest in the infrastructure required for safe and flood-resistant roads.

RACQ's submission to the Queensland Government Budget Process asks that the 2011-2012 State Budget recognise the need for:

1. Vehicle registration charges to be maintained at current 2010-2011 rates.

In 2010, registration charges and traffic improvement fee increases became linked to the Brisbane Consumer Price Index (CPI). The Queensland Government should re-consider this policy and acknowledge that registration costs in Queensland are already higher than those in other states. Removing the Consumer Price Indexation would prevent annual registration price rises and provide some respite for Queensland motorists. At the same time, the State Government would still enjoy registration revenue growth because this tax base increases as the population grows.

2. \$900 million in increased funding to flood-proof Queensland roads, improve safety and address urban traffic congestion. This would take the Queensland



road capital expenditure budget allocation from \$3.3 billion in 2010-2011 to \$4.2 billion in 2011-2012.

Queensland’s roads need to become more durable and less susceptible to flooding. Resilient roads with greater capacity are crucial to managing urban traffic congestion, and accommodating growth in population, freight movements and tourist travel.

Efforts to save lives on Queensland roads must be accelerated. The Queensland Government should support the *Decade of Action for Road Safety* and target a 50% reduction in road fatalities and serious injuries. This will require substantial investment in a strategic program of road improvements over the next 10 years and more on-road police presence.

The RACQ wants the State Government to overcome its ‘cash cow’ mentality, and stop viewing motorists as merely a convenient source to grow treasury coffers. Queensland motorists deserve a ‘fair go’, with access to better and safer roads, and relief from escalating motoring costs. Affordable motoring is important for Queenslanders, particularly those living in rural and regional areas, and in outer south-east Queensland suburbs, where there is limited access to public transport alternatives.

### No Increase to Vehicle Registration Charges

Queensland is the most expensive state in which to own and operate a vehicle.

The total annual registration bill by Australian state and territory, including Compulsory Third Party (CTP) insurance, is presented in Table 1. This data is clear evidence that Queensland motorists face the highest average fixed annual fees in Australia. The Australian Capital Territory (ACT) - with its higher proportion of well-paid jobs, primarily urban population and more generous accident compensation payments - is the only other jurisdiction with comparable fee levels.

Table 1: Australian Total Registration Bill amount by State

	<b>Qld 2009/10</b>	NSW	Vic	WA	SA	Tas	NT	ACT	<b>Average (excl. Qld)</b>
Small car	<b>\$648.25</b>	\$539.91	\$549.80	\$436.94	\$507.00	\$519.85	\$597.10	\$661.20	<b>\$544.54</b>
Medium car	<b>\$801.40</b>	\$570.11	\$549.80	\$500.94	\$605.00	\$542.85	\$666.10	\$691.40	<b>\$589.46</b>
Large car	<b>\$967.70</b>	\$686.91	\$549.80	\$548.94	\$692.00	\$584.85	\$733.10	\$808.20	<b>\$657.69</b>

Notes:

Small car is defined as a 4 cylinder 2 litre car weighing approximately 1,100kg.

Family car is defined as a 6 cylinder 3.5 litre car weighing approximately 1,500kg.

Large car is defined as an 8 cylinder 5 litre car weighing 1,800kg.

This analysis includes all registration, CTP and related annual fees.

Motor vehicle registration will raise an estimated \$1.31 billion for the Queensland Government in 2010-2011. In 2010, Queensland vehicle registration fees became



indexed to the Brisbane CPI, and rose by three percent. This followed registration increases of between 17% and 22% the previous year. In 2011-2012, a CPI increase may be applied and motor vehicle registration will rise again by around three percent.

The RACQ believes the State Government should remove the CPI indexation of registration, and leave vehicle registration fees at their current 2010-2011 levels. This would provide some respite for motorists, while the natural growth in this tax base, through population growth, means that the Government would still maintain a substantial income stream from registration charges.

The Queensland Government has benefited historically from additional motor vehicle registration revenue, over and above budgeted amounts. As shown in Table 2 below, revenue from motor vehicle registration continually exceeds Budget estimates and, since 2005, has delivered a windfall gain of \$158 million to Queensland Treasury. Total registration revenue exceeds \$1.3 billion per annum.

In the past two years, the Queensland Government has increased motor vehicle registration fees between 20% and 25%. Over the same period, the Government has driven up tolls and driver's licence fees, and increased fuel costs for Queensland motorists by eight cents a litre (plus GST), after removing the Queensland Fuel Subsidy Scheme in July 2009. The removal of the subsidy program has saved the State Government more than \$500 million a year.

Table 2: Actual motor vehicle registration revenue 2005-2010

Motor Vehicle Registration Revenue (\$ millions)																	
2005-06			2006-07			2007-08			2008-09			2009-10			2010-11	2005-10	2005-10
Budget	Actual	% Diff	Budget	Actual	% Diff	Budget	Actual	% Diff	Budget	Actual	% Diff	Budget	Actual	% Diff	Budget	5 Year \$mill Windfall	Avg 5 Year % Windfall
\$793	\$819	3.3%	\$846	\$865	2.2%	\$900	\$966	5.0%	\$991	\$1,014	2.3%	\$1,237	\$1,261	1.9%	\$1,311	\$158	3.0%

Sources: Chamber of Commerce & Industry Queensland, March 2009: *Blueprint for Growth*; QLD Government State Budget 2009-10: *Budget Paper No. 2*; QLD Government State Budget 2010-11: *Budget Paper No. 2*

The RACQ asks that the State Government effectively hand-back some of the increased revenue it has taken from motorists, by capping motor vehicle registration charges at 2010-2011 rates and removing the CPI indexation (see Figure 1 below). This would provide some relief from escalating motoring costs and recognise that reasonable and affordable motoring is a necessity for many Queenslanders, particularly those unable to access public transport alternatives.

The RACQ acknowledges that CTP premiums fell during 2010, providing some limited cost respite for motorists. CTP premiums were reduced as a result of legislative reforms to outlaw trailing commissions paid by CTP insurers to motor traders.



## More durable and less flood-prone roads

The dire state of many Queensland roads was highlighted during the 2011 flood and cyclone events in Queensland. 9,170 km of state controlled roads, representing 27% of the State road network, were damaged by the natural disasters.

Capital investment in road infrastructure should be a key platform for flood recovery. Good roads are vital and deserve appropriate funding. The recent flood disaster reinforced how important roads are to the community and it is essential that they provide a safe and efficient transport network and an effective distribution channel for food and medical supplies.

In Far North and North Queensland, there are an estimated 6,500 road-repair jobs needed over the next few years, which is a doubling of Main Roads' normal work in these regions. Roads need to be built to a standard that will ensure they are not as susceptible to future flooding and damage.

In recent years, the Queensland Government has reduced capital outlays for roads by more than half a billion dollars. The RACQ calls on the State Government to reverse this trend and prioritise investment in key road infrastructure. This would require a 2011-2012 Queensland road capital expenditure budget allocation of at least \$4.2 billion.

While road capital spending of \$4.2 billion is a \$900 million increase on the 2010-2011 allocation of \$3.3 billion, \$4.2 billion only represents an increase of four percent per annum on the 2008-2009 State Government capital road funding (which was \$3.8 billion). The extra Government revenue taken from motorists (with the fuel subsidy removal, increased vehicle registration charges, and the sale of the Gateway and Logan toll roads), should go to boosting capital expenditure on Queensland roads in 2011-2012 to deliver the minimum capital funding requirement of \$4.2 billion.

It is well established that the growth in capital expenditure up to 2008-2009, shown in Figure 1 below, was "catch up" spending after a long period of neglect. The RACQ points out that road infrastructure spending has not yet caught up with the demonstrated needs of rapid population growth in Queensland.

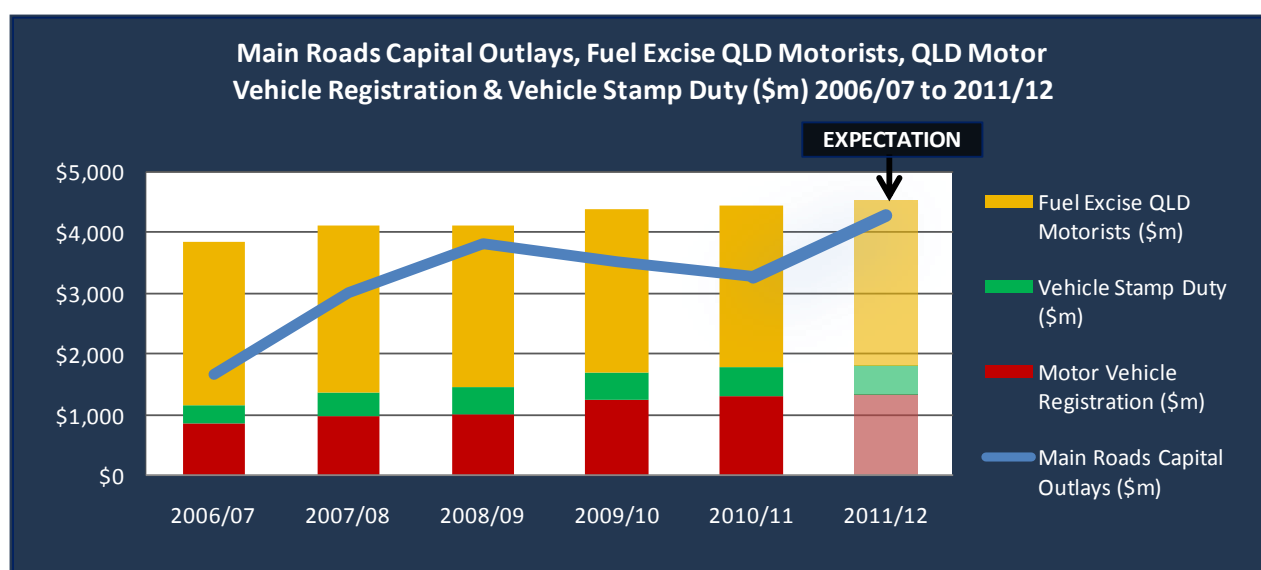
The current State Government has a record of inflating costs for motorists, such as vehicle registration, which are then not matched by equivalent increases in capital road spending.

In 2010-2011, \$3.3 billion was allocated to road capital expenditure, a decrease of \$232.5 million or 6.4 percent over 2009-10. At the same time, motor vehicle registration revenue grew by \$50 million. The 2010-2011 road capital expenditure cut followed on from an even greater reduction the previous year.



Between 2008-2009 and 2010-2011, more than half a billion dollars was removed from road spending (a 14% decrease). Over the same two-year period, motorists, through vehicle registration fee increases, provided \$270 million in additional tax revenue (an increase of 27%). This is highlighted in Figure 1. Figure 1 also shows that motorists pay much more towards the cost of their driving than just motor vehicle registration. Queensland motorists contribute \$470 million in vehicle registration duty and around \$2.6 billion in fuel excise annually.

Figure 1: Queensland road capital expenditure and vehicle-related revenue (registration, stamp duty, fuel excise)



Sources: QLD Government State Budget 2010-11: *Budget Paper No. 2 & Budget Paper No. 3*; QLD Government State Budget 2009-10: *Budget Paper No. 3*; QLD Government State Budget 2008-09: *Budget Paper No. 2 & Budget Paper No. 3*; QLD Government State Budget 2007-08: *Budget Paper No. 3*; Australian Government Budget 2010-11: *Budget Paper no. 1*; Australian Government Budget 2009-10: *Budget Paper no. 1*; Australian Government Budget 2008-09: *Budget Paper no. 1*.

The RACQ expects to see a 2011-2012 road capital expenditure budget allocation of at least \$4.2 billion. This would recognise the need to urgently flood-proof Queensland roads, improve safety, manage urban traffic congestion and accommodate Queensland's ongoing population growth. Specific road infrastructure requirements are identified in Appendix I.

## Road Safety

The importance of road safety cannot be overstated. Almost 250 lives were lost on Queensland roads last year and under the 'human capital' model used to quantify crash costs, crashes and fatalities cost the State an estimated \$4 billion annually.

2011 marks the first year of the international *Decade of Action for Road Safety*. The United Nations (UN) Decade of Action for Road Safety 2011-2020, targets a 50% reduction in road fatalities globally.



In line with the *Decade of Action for Road Safety*, the State Government should target a 50% reduction in road fatalities and serious injuries in the next *Queensland Road Safety Strategy*.

Meeting this 50% reduction target would require greater emphasis on road safety from all levels of government. It would also need increased road infrastructure investment in safety-related initiatives to address the three most prevalent crash types: run-off road; intersection; and head-on crashes.

As a minimum, RACQ believes that at least 10 percent of the total amount of road infrastructure investment should be spent on safety-related initiatives. It is well documented that better and safer roads save more lives than better drivers and better cars combined.

The RACQ also recommends that the Queensland Government consider the road safety priorities outlined in Appendix I, and:

- Double its funding of the *Safer Roads Sooner* program, to expand the coverage of blackspots and also target black links.
- Support the development and implementation of a 'willingness to pay' model, as the preferred method for determining the costs of road crashes. This would replace the current 'human capital' model and allow road safety initiatives to be viewed more competitively in economic terms when prioritising funding.
- Engage AusRAP to benchmark the top 10 percent of the Queensland road length by traffic volume, with a goal to eliminating any section rated as high crash risk and/or one or two stars by 2020. Road assessment programs, such as AusRAP, provide a valuable tool for highlighting problem locations and identifying countermeasures to 'engineer out' road deficiencies which intensify the frequency and severity of crashes.
- Increase funding to facilitate an increased on-road police patrol presence across Queensland, targeting the full range of contributing factors to crashes.

## Congestion

The 2010-2011 Budget papers claimed to demonstrate the State Government's commitment to managing urban traffic growth and congestion, and their plan to deliver a roads program that recognises Queensland's ongoing population growth.

The Queensland Government continues to roll out these platitudes, meanwhile traffic congestion in south-east Queensland is worsening.

RACQ travel time surveys and member feedback confirm that peak hour vehicle speeds continue to dwindle across the Brisbane arterial road network. Major congestion hot-spots for motorists consistently occur at level crossings, with additional disruptions caused to all transport modes when boom gates are damaged.



A strategic program to eliminate at-grade level crossings is required on major arterial roads in the Brisbane metropolitan area over the next 10 years. These are identified in Appendix I.

The economic, social and environmental costs of congestion are well documented. To combat congestion, the RACQ considers that a range of measures are required and the Queensland Government, in partnership with federal and local governments, must:

- fund greater investment in the road network and upgrade intersections and road corridors at congested locations;
- upgrade rail corridors;
- integrate land use and transport planning;
- deliver integrated traffic management systems;
- implement behaviour change and education programs; and
- reduce the reliance on toll roads that prevent the network from operating efficiently.

The RACQ has strong concerns over the inefficiency of placing tolls on our newest and best urban roads and thereby diverting potential users onto the surrounding road network. The Queensland Government should commit to investigating more equitable and efficient road charging schemes and funding models, to reduce urban congestion.

To facilitate future road pricing reform, RACQ believes the Queensland Government should take ownership of the Clem7 toll tunnel. This could be debt-funded through the Queensland Treasury Corporation and acquired in partnership with the Brisbane City Council. The Clem7 could then be linked with Brisbane's other inner city toll roads (The Go Between Bridge and Legacy Way), ensuring future policy flexibility and scope for reform of road charging in Brisbane.

## **Conclusion**

The rebuilding of Queensland after the recent natural disasters presents a real opportunity to make smart improvements to road infrastructure, and a chance to address problems that have plagued motorists for many years.

The Queensland Government has a limited tax base from which to derive revenue, but must resist the temptation to increase revenues from non-affected streams, such as motor vehicle registration, to cover any budget shortfalls.

It is not fair or sustainable for the Government to keep reaping the benefits of increased population, such as higher registration revenue, and then fail to deliver a level of road investment required to provide safe and efficient travel.

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Title: RACQ Qld Pre-Budget Submission 2011-2012



## Appendix I – RACQ Road and Rail Priorities

The following list highlights road and rail improvements that should be prioritised over the next few years. Funding would be via State and Federal sources. Please note that this is not an exhaustive catalogue of road projects, rather it is a compilation of vital infrastructure needs identified through the Australian Road Assessment Program (AusRAP) or by RACQ members. Many of these road projects have been repeatedly flagged in RACQ member surveys such as Unroadworthy Roads and Red Spots.

### Rural Highways (capacity, safety and flooding improvements)

- Bruce Highway – completion of Cooroy to Curra duplication (need to solve existing capacity and safety problems).
- Bruce Highway – Innisfail to Cairns (need to address flooding issues, increase overtaking opportunities, improve capacity and safety and rationalise the number of intersections).
- Bruce Highway – Sarina to Mackay (improve safety and overtaking opportunities).
- Bruce Highway – Gympie to Maryborough (requires realignment and improved overtaking opportunities).
- Bruce Highway – Bells Creek Road to Sunshine Motorway (improve capacity, interchange and safety).
- Bruce Highway /Deception Bay Road interchange; Bruce Highway/Pumicestone Road interchange; and Bruce Highway/Boundary Road interchange.
- Warrego Highway – Ipswich to Toowoomba (includes the interchange at Brisbane Valley Highway, Toowoomba bypass and range crossing).
- Warrego Highway – Toowoomba to Dalby (duplication Toowoomba to Oakey needed and overtaking improvements to Dalby).
- Cunningham Highway – Cunningham’s Gap (improve overtaking opportunities and flood mitigation).
- D’Aguilar Highway – Kingaroy to Caboolture (improve overtaking opportunities, width and alignment, flood mitigation, roadside hazard removal).



- Mt Lindesay Highway – Park Ridge to Beaudesert (improve capacity and safety).
- Capricorn Highway – Rockhampton to Emerald (improve overtaking opportunities, roadsides and flood mitigation).

### **Urban Improvements (capacity improvements)**

- Gateway North – Nudgee to Bald Hills.
- Western Brisbane Bypass – Toowong to Bruce Highway.
- Pacific Motorway – Rochedale to Springwood.
- Pacific Motorway – Nerang to Elanora.
- Gympie Road – Bald Hills to Kedron.
- Moggill Road – Kenmore to Indooroopilly (includes Kenmore Bypass).
- Centenary Motorway – Toowong to Darra.
- North south urban arterial from Bruce Highway to Mango Hill (North Lakes).

### **Rail level crossings (capacity and safety improvements)**

- Newman Road near Robinson Road East/West, Geebung.
- Telegraph Road near Lacey Road, Bald Hills.
- South Pine Road near Farrington Street, Alderley.
- Cavendish Road near Temple Street/Clarence Street, Coorparoo.
- Boundary Road near Orange Grove Road, Coopers Plains.
- Warrigal Road near Beenleigh Road, Runcorn.