Introduction

The change of government in Queensland brings a new set of policy and infrastructure priorities to George Street. The State Budget will also be supplemented or guided in future years by the yet-to-be-released Road Safety Action Plan and the Infrastructure Strategy, expected to be released in February 2016.

The forward estimates for Queensland’s transport infrastructure in the 2015-16 State Budget look reasonable. Transport funding will total $18.8 billion over the next four years. This is an increase of $700 million over the previous four-year Queensland Transport and Road Investment Program (QTRIP). Less impressive is the budgeted capital for roads in 2015-16 which is only $2.63 billion. This is 26% less (in nominal terms) than the amount budgeted in 2014-15 ($3.58 billion).¹

The State Budget provides $3.72 billion in capital for transport and road infrastructure in 2015-16.² This consists of $2.63 billion for roads, $861 million for rail and $149 million for ports. The remainder ($80 million) goes to other transport infrastructure, including buses and cycling. The 2015-16 investment is down on the budgeted amount for 2014-15 of $4.59 billion.

It appears that about $1 billion of the funds budgeted for roads last year went unspent and the actual capital road expenditure was closer to $2.5 billion.³ This is disappointing, because if road upgrades are delayed, there are no jobs, congestion or safety benefits.

The 2015 State Budget will result in Queensland motorists paying more for vehicle registration, licence and traffic fees, while receiving less back in State capital road investment over the next twelve months. There was minimal funding in the 2015-16 Budget for new road projects. With the exception of the Western Roads Upgrade Program, the majority of funding goes to road projects previously committed or already underway. At the same time, vehicle registration, driver licence and associated fees increased 3.5% on 1 July 2015.

The 2015-16 budgeted capital of $2.63 billion for roads is made up of $409 million to repair flood and cyclone damaged roads. The balance ($2.59 billion) is for new and continuing roads projects. As Chart 1 shows, a significant portion of road funding has gone to repairing flood and cyclone damaged roads in recent years (NDRRA funding). This amount is reducing, as is the overall level of road capital expenditure and the contribution to road funding by the Queensland Government.

In 2015-16 the Australian Government will provide at least $1.2 billion for road projects in Queensland, in addition to a 75% contribution to road repairs under the NDRRA. This means the State Government contribution to capital road funding in 2015-16 is around $1.2 billion (including their 25% NDRRA contribution to road repairs). Even adding road maintenance funding on to the capital amount, it is likely that the Queensland Government’s contribution is less than drivers pay in motoring related taxes to the Government. For example, vehicle registration revenue is forecast at $1.6 billion in 2015-16, then there is vehicle registration stamp duty revenue of $495 million, plus revenue generated from traffic improvement and driver licence fees and speeding fines.

¹ The drop in 2015-16 capital expenditure versus the $18.8 billion in the four-year QTRIP suggests that more of the big money has moved out to year two and beyond. The danger with this is that the further out the spending appears in forward estimates, the greater the chance it never comes to fruition.
² State Budget 2015-16 Budget Paper 3 Capital Statement, p4
³ The expenditure in 2014-15 for the broader category: Transport and Main Roads (that roads fall into) is $2.5 billion. Therefore actual road capital expenditure in 2014-15 has to be less than this.
Chart 1: Capital Expenditure on Queensland Roads 2007-08 to 2015-16

Sources: State Budget: Budget Paper No. 3 2007-18 to 2015-16; advice from Department of Transport and Main Roads.
(1) The Federal Government provides 75% of the Flood/Disaster Recovery Funding and the Queensland Government contributes 25%.

Table 1: Queensland State Budget Overview

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic Growth</td>
<td>3.6%</td>
<td>3.0%</td>
<td>2.0%</td>
<td>4.5%</td>
</tr>
<tr>
<td>Unemployment Rate</td>
<td>5.9%</td>
<td>6.0%</td>
<td>6.5%</td>
<td>6.5%</td>
</tr>
<tr>
<td>Inflation</td>
<td>2.0%</td>
<td>2.75%</td>
<td>2.0%</td>
<td>2.25%</td>
</tr>
<tr>
<td>Roads Capital Expenditure</td>
<td>$3.5 billion¹</td>
<td>$3.8 billion¹</td>
<td>$3.6 billion (budget); $2.5 billion (actual/estimate)²</td>
<td>$2.63 billion</td>
</tr>
<tr>
<td>Government Revenue</td>
<td>$41.7 billion</td>
<td>$46.7 billion</td>
<td>$49.6 billion</td>
<td>$51.2 billion</td>
</tr>
<tr>
<td>Government Expenditure</td>
<td>$46.1 billion</td>
<td>$46.1 billion</td>
<td>$48.6 billion</td>
<td>$50.0 billion</td>
</tr>
<tr>
<td>Net Operating Balance</td>
<td>$(4.4) billion</td>
<td>$0.6 billion</td>
<td>$1.0 billion</td>
<td>$1.2 billion</td>
</tr>
</tbody>
</table>

(1) Advice from the Department of Transport and Main Roads
(2) Calculated using State Budget 2015-16 Budget Paper 3 Capital Statement p4

Vehicle Registration

Car registration in Queensland went up for the first time in three years. From 1 July 2015, vehicle registration and the associated traffic improvement fee increased by 3.5%. This was more than the annual CPI.

Table 2: Queensland vehicle registration costs from 1 July 2015

<table>
<thead>
<tr>
<th>Queensland registration increase 1 July 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>4 cylinder cars</td>
</tr>
<tr>
<td>Registration</td>
</tr>
<tr>
<td>2014</td>
</tr>
<tr>
<td>$280.05</td>
</tr>
<tr>
<td>Registration + Traffic Improvement Fee</td>
</tr>
<tr>
<td>2014</td>
</tr>
<tr>
<td>$328.90</td>
</tr>
<tr>
<td>6 cylinder cars</td>
</tr>
<tr>
<td>Registration</td>
</tr>
<tr>
<td>2014</td>
</tr>
<tr>
<td>$443.45</td>
</tr>
<tr>
<td>Registration + Traffic Improvement Fee</td>
</tr>
<tr>
<td>2014</td>
</tr>
<tr>
<td>$492.30</td>
</tr>
<tr>
<td>8 cylinder cars</td>
</tr>
<tr>
<td>Registration</td>
</tr>
<tr>
<td>2014</td>
</tr>
<tr>
<td>$620.95</td>
</tr>
<tr>
<td>Registration + Traffic Improvement Fee</td>
</tr>
<tr>
<td>2014</td>
</tr>
<tr>
<td>$698.80</td>
</tr>
</tbody>
</table>
A Queensland car registration bill consists of three components:

- Base registration fee (revenue goes to government)
- Traffic improvement fee (revenue goes to government)
- Compulsory Third Party (CTP) insurance charge (revenue goes to the insurance provider).

Once CTP is included, from July 2015 it will cost $670 to register a four-cylinder car, $839.10 to register a six-cylinder car and $1022.85 for an eight-cylinder.  

Motor vehicle registration is one of the highest single tax takes administered by the State. In 2015-16 it will contribute 12.8% of total Queensland Government taxation revenue. Queensland Government revenue from motor vehicle registration is forecast to grow by 4.5% in 2015-16, from $1.58 billion to $1.65 billion. This growth is depicted in Chart 2.

**Chart 2: Queensland Government Vehicle Registration Revenue 2000-2015 $ millions (excludes traffic and transport fees and CTP)**

![Chart 2: Queensland Government Vehicle Registration Revenue 2000-2015 $ millions (excludes traffic and transport fees and CTP)](chart)

Source: Historical QLD Government State Budget Papers (back to 2002); QLD Government State Budget 2015-16: Budget Paper No. 2 Budget Strategy and Outlook p 55

**Vehicle Registration (Stamp) Duty**

Vehicle Registration (Stamp) Duty remained unchanged with rates of between 2% and 4% applied to the GST-inclusive price of a car. The Queensland stamp duty rate varies depending on the number of cylinders of the vehicle:

- 2% for hybrid vehicles
- 3% for 4 cylinder vehicles
- 3.5% for 6 cylinders
- 4% for 8 or more cylinder vehicles.

In the 2015-16 Budget the State Government is forecasting revenue of $495 million, an increase of 1.4% on the $488 million in vehicle stamp duty collected during 2014-15.

Both the RACQ and the national motoring body, the Australian Automobile Association (AAA), have advocated for the removal of motor vehicle stamp duty.

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Note: 4 RACQ CTP amounts have been used.
Stamp duty involves large compliance costs and is a tax inconsistently levied on a narrow base. This results in a net loss of economic value and adds to the ‘efficiency cost’ of taxation. For example, stamp duty is applied to cars and property, but not to the purchase of computers or washing machines.

In Queensland, stamp duty adds $1,400 to the purchase of a $40,000 six-cylinder car. Removing stamp duty on motor vehicles would reduce purchase prices and reduce the disincentive to turn over vehicles. This would lead to a safer, more fuel-efficient vehicle fleet.

**Car Insurance (Stamp) Duty**

Insurance duty on cars is 9%. Prior to 2013 insurance duty had been 5%. In August 2013 it was increased from 5% to 9%, adding around $28 to the cost of the average annual comprehensive car insurance.

**Drivers Licence**

From 1 July 2015 the fee structure for driver licences in Queensland will increase by 3.5%. Licence costs are shown in Table 3:

<table>
<thead>
<tr>
<th>Licence duration</th>
<th>Cost 1 July 2014</th>
<th>Cost 1 July 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 year licence</td>
<td>$68.80</td>
<td>$71.20</td>
</tr>
<tr>
<td>2 year licence</td>
<td>$95.90</td>
<td>$99.25</td>
</tr>
<tr>
<td>3 year licence</td>
<td>$118.65</td>
<td>$122.80</td>
</tr>
<tr>
<td>4 year licence</td>
<td>$137.30</td>
<td>$142.10</td>
</tr>
<tr>
<td>5 year licence</td>
<td>$154.00</td>
<td>$159.40</td>
</tr>
</tbody>
</table>

Plate fees will also increase by 3.5% from 1 July 2015 (from $26.35 to $27.25), as will the cost to transfer registration (from $24.45 to $25.30).

**Speed and Red Light Camera Revenue**

Net revenue from camera detected offences (speed and red light cameras) is used to fund road safety programs. This is legislated under the Transport Operations (Road Use Management) Act 1995. The Act requires that money collected for penalties imposed for camera detected offences, in excess of the administrative costs, must be used for specific road safety purposes. The 2015-16 Budget provides additional funding for Camera Detected Offence Program equipment.

The latest data available shows that under the Camera Detected Offence Program in 2013 there were:

- 31,455 red light camera infringements (up 8% from 29,131 in 2012)
- 436,171 mobile speed camera infringements (up 23% from 354,972 in 2012)
- 113,235 fixed speed camera infringements (down 17% from 135,879 in 2012)
- 2,118 point-to-point speed camera infringements (up 162% from 809 in 2012).

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5 A net loss of economic value often occurs when taxes are implemented. If the tax affects relative prices and affects individuals’ incentives and encourages a shift to different activities or goods, this is referred to as the ‘efficiency cost’ of taxation. Efficiency costs associated with tax will be lower where revenue is raised across a broad base and conversely higher where revenue is raised across a narrow base. Australian Treasury, *Architecture of Australia’s tax and transfer system*, 2008 pp174-175.

6 State Budget 2015-16 Budget Paper 3 Capital Statement, p4

7 Department of Transport and Main Roads Annual Report 2013–14 Volume 1 of 2 pp66-68
The Department of Transport and Main Roads (DTMR) does not appear to publish total revenue collected from all traffic-related fines; however, revenue from the Camera Detected Offences Program is published and itemised separately in DTMR annual reports. The most recent published data shows that in 2013-14 revenue from Queensland’s Camera Detected Offence Program was $122 million and net revenue $72 million. Revenue going back to 2009 is shown in Chart 3.

**Chart 3: Camera Detected Offence Program Revenue 2009-10 to 2013-14**

![Chart 3: Camera Detected Offence Program Revenue 2009-10 to 2013-14](chart3.png)

Source: Department of Transport and Main Roads Annual Report 2013–14 Volume 1 p65; Department of Transport and Main Roads Annual Report 2012–13 Volume 1 of 2 p83; Department of Transport and Main Roads Annual Report 2011–12 Volume 1 p70; Department of Transport and Main Roads Annual Report 2010–11 Volume 1 p168; Department of Transport and Main Roads Annual Report 2009–10 Volume 1 p143

In 2013-14 net revenue from the Camera Detected Offence Program was used to fund:

- Road accident injury rehabilitation programs ($4.5 million)
- Improvements to the safety of state-controlled roads ($65.9 million)
- Road safety education and awareness ($8 million)
- RACQ DocuDrama ($160,000)
- Prevent alcohol and risk-related trauma in youth (PARTY program) at Royal Brisbane and Women’s Hospital ($327,000).

The 2015-16 Budget Paper No. 4 Budget Measures, outlines funding of $71 million in 2015-16 for road safety enhancements paid for out of Camera Detected Offence Program revenue.

**Road and Transport Funding**

The 2015-16 Queensland State Budget provides $3.72 billion in capital for transport and road infrastructure. This consists of $2.63 billion for roads, $861 million for rail and $149 million for ports. The remainder ($80 million) goes to other transport infrastructure, including buses and cycling. The 2015-16 $3.72 million investment is down on the budgeted amount for 2014-15 of $4.59 billion, but an increase on the $3.2 billion that was actually spent.

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8 State Budget 2015-16 Budget Paper 3 Capital Statement, p4
9 State Budget 2015-16 Budget Paper 3 Capital Statement, p4; State Budget 2015-16 Budget Paper 3 Capital Statement, p4
In 2015-16 the State Budget allocates $2.63 billion to road capital expenditure, a decrease on the 2014-15 budgeted allocation of $3.59 billion. It is, however, more than the actual expenditure for 2014-15, which at a maximum, is $2.5 billion.

Last year spending on road maintenance was budgeted at $781 million. The road maintenance budget for 2015-16 has not been published, although the numbers in QTRIP suggest that the maintenance funding amount is similar to 2014-15.

The Budget figures show that the performance of the state-controlled road network is deteriorating. In 2011-12 the percentage of state-controlled roads with a seal age exceeding the optimal was 23%. In 2012-13 it rose to 27% and in 2013-14 to 29%. In 2014-15 it was 28.6% and the estimate for 2015-16 is 30.4%. This is despite the capital injection of road funding and NDRRA works in recent years. More attention needs to be given to routine road maintenance and repairs.

Funding for the Bruce Highway in 2015-16 is estimated at $625 million based on the Australian Government contribution of $500 million at an 80:20 funding ratio. In 2015-16 projects include:

- the construction of the Cooroy to Curra section A, delivering a new four-lane divided highway between the existing interchange south of Cooroy and the new section of highway in Federal near Sankeys Road
- the construction of the Townsville Ring Road Stage 4, which will provide a high-speed bypass of Townsville for heavy and commercial vehicles
- the construction of a new bridge and upgrading approaches across the Yellow Gin Creek, south of Ayr
- the upgrade of the existing Sandy Gully Bridge and approaches, near Bowen.

The estimated $625 million in 2015-16 Bruce Highway funding forms part of the combined $8.5 billion, 10-year deal between the Queensland and the Commonwealth Governments to fund safety, flood mitigation and capacity works on the Bruce Highway.

Other key road funding commitments outlined in the 2015-16 Queensland Budget include:

- $175.9 million in joint funding to widen the Gateway Motorway North to six lanes all the way between Nudgee and Bracken Ridge (total cost of $1.2 billion)
- $172.1 million in joint funding towards the Toowoomba Second Range Crossing – a bypass route to the north of the city from the Warrego Highway at Helidon to the Gore Highway (total cost of $1.6 billion)
- $40 million in State funds over two years to deliver the Western Roads Upgrade Program, comprising 14 regional priority road projects across western Queensland
- $12.9 million in joint funding towards the replacement of timber bridges on the Peak Downs Highway, between Nebo and Mackay (total cost of around $70 million)
- $635 million in joint funding over five years to upgrade the Warrego Highway between Toowoomba and Miles
- $260.5 million in joint funding over five years for the Cape York Region Package, to upgrade key roads and other infrastructure to better connect communities in the Cape
- $160.7 million in State funding over three years for the Gold Coast package of road works, in the lead up to the Commonwealth Games.

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10 The actual / estimated capital expenditure on roads is not reported for 2014-15, however the actual is reported for the broader category of Transport and Main Roads as $2.5 billion in 2014-15, and road expenditure is less than this.
11 Budgeted maintenance expenditure of $781 million was provided by the Minister for Transport and Main Roads’ Office
12 State Budget Service Delivery Statements: Department of Transport and Main Roads from 2012-13 to 2015-16
Disappointingly, there is minimal funding for new road projects. With the exception of the Western Roads Upgrade Program, the majority of funding will go to road projects previously committed or already underway.

Additional funding of $60 million over two years is provided for the local network Transport Infrastructure Development Scheme (TIDS). This takes the budgeted amount for 2015-16 to $70 million (the budgeted amount in 2014-15 was $40.7 million). TIDS funding is used by local councils to deliver necessary upgrades.

Other Transport Funding

Major rail, bus and cycling projects funded in the 2015-16 Budget include:

- $137 million to complete the Moreton Bay Rail link
- $305 million for 75 new trains by December 2018
- $12 million allocated for cycleway infrastructure
- $568.4 million to continue road network improvements including commencing the duplication of the Gold Coast line between Coomera and Helensvale station.

The State Budget Papers outline an expected 2% increase in the number of south-east Queensland public transport trips to 179.7 million trips in 2015-16, up from 176.3 million trips in 2014-15. Most of the increase is being forecast to occur in bus trips.

The average cost of public transport subsidies is forecast to rise from $6.78 per trip to $6.82 in 2015-16.

Queensland Transport and Roads Investment Program

QTRIP 2015-16 to 2018-19 was released in conjunction with the 2015-16 Queensland State Budget. It itemises funding for various roads and transport projects over the four years commencing 2015-16.

Total four-year funding for transport and roads in Queensland is $18.8 billion for 2015-16 to 2018-19 (up from $18.1 billion in the previous QTRIP 2014-15 to 2017-18).

Road safety

More than $500 million in joint funding will be provided for road safety projects across Queensland over the next two years. This includes revenue generated by the Camera Detected Offence Program.

The $500 million is made up of Australian Government funding for the Black Spot Program of $63 million, Queensland Government funding for the Safer Roads Sooner and the Safety Mass Action programs of $194 million, with the balance is going to minor road safety works, highway upgrades and cycling grants.

The Queensland Government has committed to deliver flashing school zone signs at 300 new zones across Queensland over the next three years and will employ an additional 266 police in 2015-16.

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13 State Budget 2015-16 Budget Paper 3 Capital Statement, p120
14 2015-16 Queensland State Budget Service Delivery Statements: Department of Transport and Main Roads p15
15 Advice from the Department of Transport and Main Roads. The Safer Roads Sooner program treats high risk sites with low-cost, high-benefit engineering treatments. The Safety Mass Action program delivers widespread low cost engineering treatments (such as wide centreline treatments and removal of roadside hazards) to improve the safety of the road network.
A higher Queensland road toll is forecast in 2015-16. DTMR estimates that total road fatalities per 100,000 population will be 5.4 in 2015-16, up from 4.75 in 2014-15.\(^\text{16}\)

**Congestion**

The State Budget 2015-16 Service Delivery Statements show little change in congestion measures. During the morning traffic peak the average travel time (minutes per 10km) in 2014-15 was 11.1. The forecast in 2015-16 is also 11.1.

In the afternoon / evening peak, the 2015-16 travel time is predicted to be 11.3 (the same as 2014-15).\(^\text{17}\)

The percentage of the road network with reliable travel times is forecast at 79% in 2015-16 in the morning peak. The forecast for 2014-15 was 85%, although the actual for 2014-15 was 79%. The forecast for the afternoon/evening peak in 2015-16 is 75%. The forecast for 2014-15 was 82%, although the actual for 2014-15 was 75%.

As noted in the Service Delivery Statements: Department of Transport and Main Roads:

*The 2014-15 Estimated Actual results show there has been an increase in congestion when compared with the 2014-15 Target Estimate figures. This is consistent with population, traffic and economic growth resulting in a continuation of the steadily increasing congestion trend. TMR is progressing a number of road and motorway initiatives to mitigate this trend.*\(^\text{18}\)

**Contact:**  
*RACQ Public Policy Department*

*Ph: 07 3872 8920*

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\(^{16}\) State Budget 2015-16 Service Delivery Statement: Department of Transport and Main Roads, p11\(^\text{17}\) State Budget 2015-16 Service Delivery Statements: Department of Transport and Main Roads, p8\(^\text{18}\) State Budget 2015-16 Service Delivery Statements: Department of Transport and Main Roads, p9