Introduction

In what was generally considered to be a tough State budget, motorists fared relatively well.

The RACQ was pleased to see increased capital funding for Queensland roads, from $3.3 billion last year to $4.5 billion in 2012-13 (see Table 1). With the recent public sector redundancies and 1,450 fewer staff in the Department of Transport and Main Roads, this will be a challenging capital roads program for the government to deliver.

A significant portion of the additional money for roads in 2012-13 comes from Federal Government funding for disaster relief (NDRRA), to repair roads damaged by Queensland’s 2011 floods and cyclones. Removing the Federal NDRRA from the equation, the 2012-13 State Budget includes a Queensland Government contribution of $3 billion to capital road spending this year, compared to an investment of $2.6 billion in 2011-12. This is shown in Chart 1 below.

Chart 1: Queensland Government capital road expenditure 2006-07 to 2012-13

The RACQ was also pleased that the Queensland Government maintained its commitments on the Bruce Highway upgrades, the three-year freeze on car registration, and funding to upgrade two congested railway level crossings in Brisbane.

Through engineering, education and enforcement, the State Government plays a vital role in ensuring Queensland’s roads and drivers meet acceptable safety standards. A total of 188 lives have already been lost on Queensland roads this year. This is eight more deaths than the same time last year. RACQ was therefore disappointed not to see increased funding for road safety programs in the State Budget. Money for the Safer Roads Sooner Program was reduced from $66 million in 2011-12 to $61.2 million in 2012-13. The budget also indicated that from 2012-13, funding for road safety campaigns would have to be stretched across a broader area to encompass boating and marine safety, as well as motorists.
Despite the capital injection of road funding and NDRRA works, the budget figures show that the performance of the state-controlled road network is deteriorating. The percentage of state-controlled roads with a seal age exceeding the optimal will go from 23% in 2011-12 to 28% in 2012-13. This suggests that more attention needs to be given to routine road maintenance and repairs.

### Table 1: Queensland State Budget Overview

<table>
<thead>
<tr>
<th>Item</th>
<th>2009-10</th>
<th>2010-11</th>
<th>2011-12</th>
<th>2012-13</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic Growth</td>
<td>3%</td>
<td>0.2%</td>
<td>4%</td>
<td>4%</td>
</tr>
<tr>
<td>Unemployment Rate</td>
<td>5.75%</td>
<td>5.5%</td>
<td>5.5%</td>
<td>6%</td>
</tr>
<tr>
<td>Inflation</td>
<td>2.7%</td>
<td>3.25%</td>
<td>1.9%</td>
<td>2.75%</td>
</tr>
<tr>
<td>Roads Capital Expenditure</td>
<td>$3.5 billion</td>
<td>$3.28 billion</td>
<td>$3.31 billion</td>
<td>$4.47 billion</td>
</tr>
<tr>
<td>Government Revenue</td>
<td>$39.73 billion</td>
<td>$41.9 billion</td>
<td>$45.7 billion</td>
<td>$42.2 billion</td>
</tr>
<tr>
<td>Government Expenditure</td>
<td>$39.79 billion</td>
<td>$43.4 billion</td>
<td>$46.0 billion</td>
<td>$48.5 billion</td>
</tr>
<tr>
<td>Net Operating Balance</td>
<td>$(56) million</td>
<td>$(1.5) billion</td>
<td>$(0.3) billion</td>
<td>$(6.3) billion</td>
</tr>
</tbody>
</table>

(1) $883 million of this amount in 2011-12 and $1.978 billion in 2012-13 is disaster recovery funding (NDRRA) to repair roads damaged by the 2011 floods and Cyclone Yasi. The Federal Government provides 75% of NDRRA funding and the Queensland Government 25%.

### Vehicle Registration

Vehicle registration fees for private-use cars weighing less than 4.5 tonnes will not increase in the next three years. This is a welcome contrast to the increases of the preceding three years, when registration costs escalated by a total of 26%. The three-year price freeze does not extend to motorbikes and business utes. Registration for these vehicles escalates by CPI, and in 2012 this increased registration charges by 1.3%.

In its first year of operation, the registration price freeze will see the government forfeit a 1.3% CPI\(^1\) increase on registration, saving Queensland motorists $4.30, $6.40 and $8.70 on four, six and eight cylinder cars respectively in the 2012-13 financial year. The registration savings for Queensland motorists will continue for a further two years, with the price freeze ending on 30 June 2015. Over the next three years this registration freeze will cost the government $132 million in forfeited revenue.

A Queensland car registration bill consists of three components:

1. Base registration fee
2. Traffic improvement fee
3. Compulsory Third Party (CTP) insurance charge.

Revenue from the base registration and traffic improvement fees go to the State Government, while the CTP fee goes to the nominated insurance provider.

Until July 2015, any changes to Queensland registration bills for private-use cars (under 4.5 tonnes) will be restricted to the CTP component. This year, Queensland annual CTP charges for Class 1 Passenger Vehicles increased from $318 to $318.80 on 1 July 2012, and a further change is possible later in the year. The current motor vehicle registration charges are shown in Table 2. The table includes CTP because it is levied as part of motor vehicle registration.

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\(^1\) 1.3% was the March quarter 2012 annual CPI increase for Brisbane
Table 2: Queensland vehicle registration costs as at September 2012

<table>
<thead>
<tr>
<th>Queensland registration costs 2011 and 2012</th>
<th>4 cylinder cars</th>
<th>6 cylinder cars</th>
<th>8 cylinder cars</th>
</tr>
</thead>
<tbody>
<tr>
<td>Registration</td>
<td>$280.05</td>
<td>$280.05</td>
<td>$0.00</td>
</tr>
<tr>
<td>Registration + Traffic Improvement Fee (1)</td>
<td>$328.90</td>
<td>$328.90</td>
<td>$0.00</td>
</tr>
<tr>
<td>Total, including CTP (2)</td>
<td>$641.90</td>
<td>$647.70</td>
<td>$5.80</td>
</tr>
</tbody>
</table>

(1) The traffic improvement fee is $48.85 and is not expected to increase until July 2015
(2) CTP in September 2012 for a class 1 passenger vehicle is $318.80. In September 2011, the majority of CTP providers were quoting CTP of $313

Queensland motorists pay the highest vehicle registration charges in Australia. Our registration costs, relative to the rest of Australia, are shown in Chart 2 below. The figures do not include CTP insurance, as the insurance charge goes to the nominated CTP provider rather than to government revenue.

Chart 2: Annual Vehicle Registration Fees by State / Territory 2012 (Excluding CTP)

Notes:
Small car is defined as a 4 cylinder 2.01 litre car weighing approximately 1,100kg.
Medium car is defined as a 6 cylinder 3.51 litre car weighing approximately 1,500kg.
Large car is defined as an 8 cylinder 5.01 litre car weighing 1,800kg.
The definitions allow comparison of state registration systems due to the differing criteria and fees used to calculate total charges.
This analysis includes all registration and related fees and excludes Compulsory Third Party insurance.
All figures assume a 12 month registration renewal.
These are the full prices for private use, not including concessions available to some car-owners.
Between now and July 2015, the registration price freeze will slowly reduce the real cost of registering a car in Queensland. Over the next three years, the registration fees in other states are expected to increase roughly in line with CPI growth. Even after three years with no price increase in Queensland, RACQ forecasts that Queensland registration fees will remain the highest in Australia.

**Motoring-Related State Revenues 2012-2013**

In 2012-13, Queensland Government revenue from motor vehicle registration will grow by 4%, from $1.40 billion to $1.46 billion. This growth is depicted in Chart 3. In 2012-13, with registration fees held constant, the revenue increase is largely the result of population growth.

**Chart 3: Queensland Government Vehicle Registration Revenue 2000-2013 $ millions (excludes traffic and transport fees and CTP)**

![Chart 3: Queensland Government Vehicle Registration Revenue 2000-2013 $ millions (excludes traffic and transport fees and CTP)](image)

Source: Historical QLD Government State Budget Papers (back to 2002); QLD Government State Budget 2012-13: Budget Paper No. 2 Budget Strategy and Outlook p 82

The government’s registration tax take as a percentage of total state tax revenue is shown in Chart 4 below. These figures highlight that motor vehicle registration will be 13.2% of Queensland Government revenue in 2012-13 and is one of the highest single tax takes administered by the State.

**Chart 4: Queensland Government Tax Revenue by Category for 2012-13**

![Chart 4: Queensland Government Tax Revenue by Category for 2012-13](image)

Vehicle Registration (Stamp) Duty

The Queensland Government charges vehicle registration duty (vehicle stamp duty) at rates of between 2% and 4% of 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.

Last year, revenue was $461 million (up 6.7%) and in the 2012-13 budget the government is forecasting 2.8% growth, to $474 million.

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

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.

Transport and Traffic Fees

The Queensland budget category, Transport and Traffic Fees, consists of revenue from state transport fees, the traffic improvement fee, driver’s licence fees, and various marine licence and registration fees. The government expects the total of these revenues to rise by 18.6% to $344 million in 2012-13. The traffic improvement fee component of Transport and Traffic Fees is expected to increase less than the overall percentage. Along with registration charges, the government has pledged to keep the traffic improvement fee constant for three years at $48.85.

Speed and Red Light Camera Revenue and Roadside Advertising

Fines and penalties for traffic offences will be higher in 2012-13 and there will be more speed and red light cameras operating on Queensland roads. The Queensland Government will spend an additional $30 million on mobile and fixed speed and red light cameras this financial year. Along with the deployment of more cameras, the number of operational hours for some types of cameras will also increase. These measures will grow government revenue by $28 million in 2012-13 and take the total revenue from camera detected offences to $81 million. A portion of this revenue ($49 million) will be allocated to road-related safety, trauma recovery and rehabilitation services.

The government will increase the number of roadside advertising sites over the next four years and this will provide additional revenue of $27 million.

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2 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.
Road and Transport Funding

The 2012-2013 Queensland State Budget provides more than $6.2 billion for transport and road infrastructure. This consists of $4.5 billion for roads, $827 million for rail and $406 million for ports, with the remainder going to buses and cycling. The 2012-13 investment is significantly higher than the $5.4 billion allocated for transport and road infrastructure in 2011-12.

In 2012-13 the State Budget allocates $4.5 billion to road capital expenditure, an increase of more than $1 billion on last year’s funding. A significant portion of the money allocated in 2012-13 is Federal Government funding for disaster relief (NDRRA) funding to repair roads damaged by Queensland’s 2011 floods and cyclones.

The large up-front injection of NDRRA money for Queensland in 2012-13 was pre-empted in the Federal Budget. The Australian Government provided Queensland with a lump sum of NDRRA money, that would normally have been paid upon completion of projects and therefore have been allocated over two or three years. It is likely that the Federal Government allocated this money upfront in an effort to reduce spending in 2013-14 and therefore meet its commitment of returning the government to surplus next year.

The Queensland Government has increased its contribution to road funding 15% over last year. Federal disaster relief money aside, the State Government will put $3 billion into capital road spending in 2012-13, compared to the $2.6 billion invested in 2011-12. Spending on routine maintenance for roads appears similar to last year.

The Queensland Government remains committed to contributing an extra $1 billion to upgrading the Bruce Highway over the next decade, contingent upon the Federal Government allocating $5 billion in funding. The 2012-13 budget also promises $55 million for the Brisbane Valley Highway at Blacksoil, $45 million for the Toowoomba CBD Ring Road and $60.6 million for completing Section B of the Cooroy-Curra upgrade. Other funding allocated to road and transport projects in the 2012-13 financial year includes:

- $93 million for on-going upgrades on the Gateway Motorway (north and south)
- $35.1 million for the Pacific Motorway
- $415.6 million for the Bruce Highway
- $219.9 million for the Warrego Highway
- $11.7 million for the New England Highway
- $30.3 million for the Capricorn Highway
- $42.2 million for the Peak Downs Highway
- $100.5 million for the Landsborough Highway
- $12.7 million for the Kennedy Development Rd
- $17.5 million for the Flinders Highway
- $22.7 million for the Townsville Ring Road.

New projects, the first two of which are funded under the government’s Roads to Resources program, include:

- $5 million for West Creek Railway Bridge, Toowoomba
- $24 million for Blakey’s Crossing, Townsville
- $42.5 million to upgrade railway level crossings at Geebung and Bracken Ridge in Brisbane.
Funding for the Transport Infrastructure Development Scheme (TIDS) has been cut in 2012-13 from $63 million last year to $40 million. This will hit local regions hard and make it difficult for councils to deliver necessary upgrades.

**Other Transport Funding**

The State Government is allocating close to $1.3 billion for rail, bus, cycling and pedestrian transport infrastructure in 2012-13.

Major projects funded in the 2012-13 budget include:

- $184 million for the Richlands to Springfield train line on Brisbane’s south
- $279 million for on-going construction of the Gold Coast Rapid Transit project
- $66 million to start construction on the Moreton Bay Rail link.

The State Budget predicts the number of public transport trips will increase by 3.2 million in 2012-13. The average cost of public transport subsidies is forecast to rise from $6.43 per trip to $6.77 in 2012-13. This is within the context of public transport fares increasing by 7% annually, and the introduction in June 2012 of free public transport travel after nine journeys in a week. The cost of forfeited government revenue for this election promise is estimated to be $9 million in 2012-13.

The RACQ was disappointed in the Queensland Government’s decision to pull funding for its TravelSmart Schools program. The program provided opportunities for students to develop sustainable travel habits and promoted healthier travel to and from school. In addition, it helped reduce traffic congestion near schools.

**Road safety**

Through engineering, education and enforcement, the State Government plays a vital role in ensuring Queensland’s roads and drivers meet acceptable safety standards.

The budget figures show that the performance of the state-controlled road network is deteriorating. The percentage of state-controlled roads with a seal age exceeding the optimal will go from 23% in 2011-12 to 28% in 2012-13. This suggests that more attention needs to be given to routine road maintenance and repairs.

A total of 188 lives have already been lost on Queensland roads this year. This is eight more deaths than the same time last year. RACQ was therefore disappointed to see cuts to road safety spending in the 2012-13 State Budget.

More than $4 million has been cut from the Safer Roads Sooner (SRS) Program, with a reduction from $66 million in last year’s budget to $61.2 million this year. The SRS program targets road improvements at high severity crash sites.

Funding of $6.4 million for road safety campaigns was maintained in the 2012-13 budget. However, unlike last year, this money will now be allocated across a broader area to include marine and boating safety.

The budget contains no evidence of any real inroads being made into road safety, nor are there any visionary targets to reduce road fatalities. The budget papers suggest a 4% reduction in road fatalities in 2012-13, but an increase in level crossing collisions, from 0.33 in 2011-12 to 0.45 in 2012-13 (per one million train kilometres travelled). This is despite additional funding in 2012-13 for upgrades to Brisbane railway level crossings at Geebung and Bracken Ridge.
In 2011-12 road fatalities per 100,000 of population are estimated at 6.16 and in 2012-13 the forecast is 5.9. These government estimates suggest that Queensland will fall behind in achieving the Australian national road safety target of a 30% reduction in road fatalities over the next decade. More needs to be done to protect the lives of motorists and improve the safety of Queensland roads.

The government will provide additional funding of $1.5 million in 2012-13 to start installing flashing safety lights at school zones, with priority given to those schools with a significant crash history and a high level of car and pedestrian traffic.

The budget provides $30 million in additional funding for mobile and fixed speed cameras and red light cameras. The number of vehicles monitored per offence, specifically by red light cameras, is forecast to grow by 7%.

### Congestion

The Queensland Government has increased funding for its managed motorways program by $17 million over the next three years. This program uses Intelligent Transport Systems, such as ramp metering and variable speed limits, to improve traffic flow and ease congestion in south-east Queensland.

However, the budget figures show that congestion is likely to worsen over the coming year, despite already costing the Queensland economy nearly $2 billion annually. During the morning traffic peak the average travel time (minutes per 10km) is forecast to rise from 10.9 in 2011-12 to 11.2 in 2012-13. In the afternoon / evening peak, the travel time will increase from 11.2 to 11.5 in 2012-13. The percentage of the road network with reliable travel times is similarly forecast to worsen, with an estimated drop from 85% in 2011-12 to 83% in 2012-13 in the morning peak and a similar reduction of 82% to 80% in the afternoon/evening peak.

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