Introduction

The 2013-14 Queensland State Budget delivered mainly good news for Queensland motorists but it included one nasty revenue grab. The good news is that Government upheld its pledge to freeze car registration charges for three years and committed significant funds to road safety through its Queensland Road Safety Action Plan 2013-2015. The plan provides $350 million for road safety over two years.

The Road Safety Action Plan reflects many of the safety priorities that RACQ has championed. Notably, the Action Plan includes improvements to the road traffic crash reporting system and it promises $19.8 million for a three year education program to tackle behavioural change, such as the Fatal Five. These were two of the Target Ten priorities outlined in RACQ’s 2012 state election campaign for road safety and infrastructure improvements: Motoring Matters. In total the Queensland Government has agreed to seven of the Target Ten policies the RACQ lobbied for prior to the 2012 State election. This is a good outcome for RACQ members and motorists.

Budgeted capital and operating road expenditure for 2013-14 is $4.487 billion\(^1\). This is less than the amount budgeted in 2012-13 but more than the 2012-13 estimated actual spend. RACQ considers that the 2013-14 road budget is acceptable, albeit not ideal, given the current fiscal environment. The RACQ will be looking for increased spending on roads over the next few years. Higher investment in road infrastructure is necessary to accommodate population growth and grow the economy. Better roads and transport routes facilitate freight and vehicle movements, reduce vehicle operating costs and travel times, and lead to greater productivity.

Disappointingly, the Government increased insurance duty to 9%. From 1 August 2013 insurance duty on cars will rise from 5% to 9%. This will add around $28 to the cost of the average annual comprehensive car insurance.

Queensland Budget 2013-2014: Outcomes for Motorists

- Car insurance duty increased from 5% to 9%
- Overall level of road and transport funding maintained
- No increase to car registration
- Boost to funding for road safety

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\(^1\) Advice from the Department of Transport and Main Roads
Budgeted capital expenditure on roads in 2013-14 is $3.841 billion\(^2\). In 2012-13, $3.506 billion in capital was spent on roads against a budget of $4.424 billion\(^3\).

The 2013-14 budgeted capital of $3.841 billion for roads is made up of $1.925 billion to repair flood and cyclone damaged roads and $1.916 billion 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. This has reduced the level of State and Federal Government spending on new Queensland road infrastructure. Because a large portion (usually 75%) of disaster recovery funding is provided by the Federal Government under the Natural Disaster Relief and Recovery Arrangements (NDRRA), the Queensland Government contribution to roads has fallen below funding levels in previous years. In 2013-14 Queensland Government capital funding, excluding Australian Government contributions, is $1.265 billion for roads.\(^4\) This includes the Queensland Government’s 25% contribution to road repairs under the NDRRA.

The RACQ is disappointed that the State Government has reduced its contribution to funding for Queensland roads, but acknowledges that there is little capacity in the short term for the Department of Transport and Main Roads (DTMR) to increase its project delivery, even if additional capital funding was forthcoming. With a large percentage of resources focussed on the repair of flood and cyclone damaged roads, the scope to deliver other projects is reduced.

**Chart 1: Capital Expenditure on Queensland Roads 2007-08 to 2013-14**

![Chart showing capital expenditure on Queensland roads from 2007-08 to 2013-14](chart)


1. The Federal Government provides 75% of the Flood/Disaster Recovery Funding and the Queensland Government contributes 25%. 2013-14 numbers are budget forecasts. Figures for prior years are actuals.

There were minimal funding announcements for new road projects in the 2013-14 Budget. This was partly a function of the reconstruction efforts underway and partly because the State Budget excluded a number of major projects which have not yet secured Commonwealth funding commitments.

In its 2013-14 Budget, the Federal Government announced funding of up to $715 million for the Cross River Rail and up to $718 million for the Gateway Upgrade North project. This Federal

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2 Advice from the Department of Transport and Main Roads  
3 Advice from the Department of Transport and Main Roads  
4 This figure was provided by the Department of Transport and Main Roads and relates to the State funding, borrowings and 3rd party contributions
funding is not based on finalised agreements so it was not included in the Queensland Budget for 2013-14 or in the Queensland Transport and Roads Investment Program (QTRIP) 2013-14 to 2016-17. The Queensland Government is unlikely to incorporate these projects into its planning until the results of the September Federal election are known and the Nation Building 2 Program is finalised.

Table 1: Queensland State Budget Overview

<table>
<thead>
<tr>
<th>Item</th>
<th>2010-11 (Actual)</th>
<th>2011-12 (Actual)</th>
<th>2012-13 (Actual)</th>
<th>2013-14 (Budget)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic Growth</td>
<td>0.2%</td>
<td>4%</td>
<td>3.5%</td>
<td>3%</td>
</tr>
<tr>
<td>Unemployment Rate</td>
<td>5.5%</td>
<td>5.5%</td>
<td>6%</td>
<td>6%</td>
</tr>
<tr>
<td>Inflation</td>
<td>3.25%</td>
<td>1.9%</td>
<td>2.25%</td>
<td>2.5%</td>
</tr>
<tr>
<td>Roads Capital Expenditure</td>
<td>$3.3 billion</td>
<td>$3.3 billion</td>
<td>$3.5 billion</td>
<td>$3.8 billion</td>
</tr>
<tr>
<td>Government Revenue</td>
<td>$41.9 billion</td>
<td>$45.8 billion</td>
<td>$41.8 billion</td>
<td>$44.7 billion</td>
</tr>
<tr>
<td>Government Expenditure</td>
<td>$43.4 billion</td>
<td>$46.0 billion</td>
<td>$46.5 billion</td>
<td>$48.4 billion</td>
</tr>
<tr>
<td>Net Operating Balance</td>
<td>$(1.5) billion</td>
<td>$(0.2) billion</td>
<td>$(4.7) billion</td>
<td>$(3.7) billion</td>
</tr>
</tbody>
</table>

(1) This includes disaster recovery (NDRRA) funding to repair roads damaged by flood, cyclone or other natural disaster event. The NDRRA component is $883 million in 2011-12, $1.9 billion in 2012-13 and 1.9 b in 2013-14. The Federal Government provides 75% of this NDRRA funding and the Queensland Government 25%.
(2) Advice from the Department of Transport and Main Roads.

Vehicle Registration

The Queensland Government maintained its commitment to a three-year freeze on car registration and the traffic improvement fee for private-use cars weighing less than 4.5 tonnes (this excludes commercially-registered vehicles and motorbikes).

Until 30 June 2015 car registration, including the traffic improvement fee, will remain at 2011 prices:

Table 2: Annual Car Registration for private-use cars weighing less than 4.5 tonnes (excluding commercially-registered vehicles and motorbikes)

<table>
<thead>
<tr>
<th>No. of cylinders</th>
<th>Annual registration cost (including the traffic improvement fee)</th>
</tr>
</thead>
<tbody>
<tr>
<td>4 cylinder</td>
<td>$328.90</td>
</tr>
<tr>
<td>6 cylinder</td>
<td>$492.30</td>
</tr>
<tr>
<td>8 cylinder</td>
<td>$669.80</td>
</tr>
</tbody>
</table>

As a result of the registration price freeze, the Queensland Government forfeited a 1.3% CPI increase in 2012-13 and a 2.1% increase this year. This has saved motorists $11.27, $16.87 and $22.96 on four, six and eight cylinder car registration respectively.

A Queensland car registration bill consists of three components:
1. Base registration fee
2. Traffic improvement fee
3. Compulsory Third Party (CTP) insurance charge.

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 among the highest in Australia.
Motor vehicle registration is one of the highest single tax takes administered by the State. In 2013-14 it will contribute 12.7% of total Queensland Government taxation revenue. Queensland Government revenue from motor vehicle registration is forecast to grow by 3% in 2013-14, from $1.46 billion to $1.50 billion. This growth is depicted in Chart 2. In 2013-14, with registration fees held constant for private-use cars, the revenue increase is largely the result of population growth.

Chart 2: Queensland Government Vehicle Registration Revenue 2000-2013 $ millions (excludes traffic and transport fees and CTP)

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenue (millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000/01</td>
<td>500</td>
</tr>
<tr>
<td>2001/02</td>
<td>500</td>
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<tr>
<td>2002/03</td>
<td>500</td>
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<td>2003/04</td>
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<td>2011/12</td>
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<tr>
<td>2012/13</td>
<td>500</td>
</tr>
<tr>
<td>2013/14</td>
<td>500</td>
</tr>
</tbody>
</table>

Source: Historical QLD Government State Budget Papers (back to 2002); QLD Government State Budget 2013-14: Budget Paper No. 2 Budget Strategy and Outlook p 60

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 2013-14 Budget the State Government is forecasting revenue of $536 million, an increase of 5% on the $510 million in vehicle registration duty collected during 2012-13.

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.

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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.
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**

The Government announced an increase to insurance duty from 1 August 2013. As a result, insurance duty on cars will rise from 5% to 9%. This will add around $28 to the cost of the average annual comprehensive car insurance.

The increase from 5% to 9% will move Queensland from having the equal lowest rate of stamp duty on car insurance to the third lowest. At 9% Queensland remains marginally lower than most other states and territories.

**Table 2: Car Insurance (Stamp) Duty Rates by State and Territory**

<table>
<thead>
<tr>
<th>Stamp Duty Rate - Motor Vehicle Insurance</th>
</tr>
</thead>
<tbody>
<tr>
<td>NSW</td>
</tr>
<tr>
<td>VIC</td>
</tr>
<tr>
<td>QLD</td>
</tr>
<tr>
<td>WA</td>
</tr>
<tr>
<td>SA</td>
</tr>
<tr>
<td>ACT</td>
</tr>
<tr>
<td>TAS</td>
</tr>
<tr>
<td>NT</td>
</tr>
</tbody>
</table>

**Traffic Improvement Fee**

Along with registration charges, the Government has pledged to keep the traffic improvement fee constant for three years at $48.85.

Revenue from the traffic improvement fee is incorporated into the Queensland Budget category, *Transport and Traffic Fees*. This 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 5.7% to $355 million in 2013-14. The traffic improvement fee component of *Transport and Traffic Fees* revenue is expected to increase less than the overall percentage because the fee is being maintained at $48.85.

**Speed and Red Light Camera Revenue and Roadside Advertising**

There will be more speed and red light cameras operating on Queensland roads in 2013-14, with estimated revenue of at least $122 million from the Camera Detected Offence Program in 2013-14. The 2013-14 DTMR Service Delivery Statements note that 2012-13 revenue has been higher than anticipated, and 2013-14 revenue was moved up accordingly. This in turn has boosted funding for road safety in 2013-14.

Last year the State Government announced a four-year plan to increase the number of roadside advertising sites and grow revenue by $27 million over the period 2012-13 to 2015-16. While

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6 State Budget 2013-14 Budget Paper 4 p39 & p51
roadside advertising revenue is not itemised separately in the 2013-14 Budget, advertising revenue is assumed to be higher than previously budgeted. Note 13 on page 32 of the DTMR Service Delivery Statements 2013-14 explains that the increase in the DTMR income category, ‘other revenue’ is partly due to additional revenue from roadside advertising.

Road and Transport Funding

The 2013-2014 Queensland State Budget provides $5.385 billion in capital for transport and road infrastructure. This consists of $3.841 billion for roads, $1.147 billion for rail and $199.5 million for ports, with the remainder going to other transport infrastructure, including buses and cycling. The 2013-14 investment is on par with the $5.327 billion spent in 2012-13.

In 2013-14 the State Budget allocates $3.841 billion to road capital expenditure, a decrease on the 2012-13 budgeted allocation of $4.424 billion, but greater than the estimated actual spend in 2012-13 of $3.506 billion7. A significant portion ($1.925 billion) of the money allocated in 2013-14 is NDRRA funding to repair flood and cyclone damaged roads, leaving $1.916 billion in the Budget for new and continuing road projects.

In 2013-14 the capital provided from State Government coffers, excluding Australian Government contributions, is $1.265 billion for Queensland roads. This includes the Queensland Government’s 25% contribution to road repairs under the NDRRA. This State Government contribution, while similar to 2012-13, has been declining over the last past five years.

Spending on road maintenance and operations, including grants to local authorities, is budgeted at $645.7 million in 2013-148. Nonetheless, the Budget figures show that the performance of the state-controlled road network will not improve this year and the percentage of state-controlled roads with a seal age exceeding the optimal will go from 27% in 2012-13 to 29% in 2013-149.

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 additional funds above traditional base line funding levels on an 80/20 split. In its 2013-14 Budget, the Australian Government announced a $4.1 billion ten-year package for the Bruce Highway, including $2.4 billion of new funding10. The Queensland Government has committed an additional $340 million over the next four years, as part of the promised additional $1 billion11. A $790 million upgrade of the Cooroy to Curra section (Section A) of the Bruce Highway will be the first project to be funded under the $1 billion Bruce Highway state election commitment, with $65 million budgeted for it in 2013-14.

The 2013-14 Budget also promises $71.6 million to complete the upgrade of the Pumicestone Road Interchange on the Bruce Highway between Brisbane and Gympie and $23.3 million in 2013-14 to finish construction of an interchange at Calliope Crossroads on the Bruce Highway between Benaraby and Rockhampton. Other funding to progress current Bruce Highway projects in 2013-14 includes:

- $42.6 million for grade-separation between Sheehy Road and Ray Jones Drive on the Bruce Highway between Innisfail and Cairns
- $33.7 million for the construction of a deviation between Sandy Corner and Collinsons Lagoon on the Bruce Highway between Ayr and Townsville
- $18.8 million for the $85 million construction of the Yeppen Lagoon Bridge and roundabout on the Bruce Highway between Benaraby and Rockhampton

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7 Figures provided by the Department of Transport and Main Roads
8 Advice from the Department of Transport and Main Roads
9 State Budget 2013-14 Service Delivery Statement: Department of Transport and Main Roads, p13
10 State Budget 2013-14 Service Delivery Statement: Department of Transport and Main Roads, p21
11 Queensland Government Media Release: Budget boost for Bruce Highway, 4 June 2013
$12.8 million for the duplication, from two to four lanes, between Temples Lane and Farrellys Lane on the Bruce Highway southern approach to Mackay.

In its 2013-14 Budget, the Federal Government announced funding of up to $715 million for Cross River Rail and up to $718 million for the Gateway Upgrade North project. This Federal funding was not included in the Queensland Budget for 2013-14 or in the Queensland Transport and Roads Investment Program (QTRIP) 2013-14 to 2016-17. The Queensland Government is still negotiating these projects with the Australian Government.

The Australian Government Budget Papers also proposed two new road projects as part of the Nation Building 2 Program (2014-15 to 2018-19). State funding has been allocated in the 2013-14 Queensland State Budget to progress the projects:

- $5 million for planning and detailed design for the upgrade of the Ipswich Motorway to three lanes between Oxley Road and Suscatand Street, eastbound and westbound
- $5 million to progress planning and design for a package of high priority projects upgrading various sections of the Warrego Highway between Helidon and Morven.

Other funding allocated to road and transport projects in the 2013-14 financial year includes:

- $28 million for Toowoomba CBD Ring Road to ease traffic pressure by providing an alternative route for local traffic
- $24 million for flood mitigation works at Blakey’s Crossing, Townsville
- $40.2 million to complete construction of an additional northbound lane on the Gateway Motorway, Sandgate Road to Depot Road
- $40 million to continue widening the Pacific Motorway to six lanes between Worongary and Mudgeeraba
- $45.8 million for the construction of auxiliary lanes on the Centenary Motorway adjacent to the Darra to Springfield rail project.

Funding for the local network Transport Infrastructure Development Scheme (TIDS) was cut in 2012-13 from $63 million to $40 million. TIDS funding is used by local councils to deliver necessary upgrades. TIDS funding for 2013-14 remains down and is budgeted at $43.5 million. Overall, funding for the local network has been increased in 2013-14, from $170 million in 2012-13 to $225 million in 2013-14. A large portion of the $55 million increase relates to the Roads to Resources State Government Election Commitment.

### Other Transport Funding

The State Government is allocating $1.544 billion for other capital transport infrastructure including rail, bus, cycling and pedestrian programs in 2013-14. A further $214.5 million is allocated to the local network as capital grants. Major projects funded in the 2013-14 Budget include:

- $178.8 million for on-going construction of the Gold Coast Rapid Transit project
- $170.6 million to continue construction on the Moreton Bay Rail link
- $15.8 million to continue the extension of the South East Busway from Eight Mile Plains to Rochedale South
- $16.7 million allocated for cycleway infrastructure and an additional $13.7 million provided to local authorities as cycleway capital.

The State Budget Papers outline a marginal increase in the number of south-east Queensland public transport trips, from 176.1 million trips in 2012-13 to 176.4 million trips in 2013-14. A slight rise in train patronage is roughly matched by a forecast drop of 1.6 million bus trips in 2013-14. The

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12 QTRIP 2012-13 to 2015-16; QTRIP 2013-14 to 2016-17
average cost of public transport subsidies is forecast to rise from $6.23 per trip to $6.40 in 2013-14 and public transport fares will increase by 7.5%.

**Road safety**

The State Government has committed $350 million over two years for a road safety action plan. The Queensland road toll is set to rise for the third year running. DTMR estimated that total road fatalities per 100,000 population would be 5.9 in 2012-13; instead they are currently at 6.64.

The Queensland Road Safety Action Plan 2013-2015 provides a much needed funding increase to the $100 million for road safety in last year’s Budget. A large portion of the $52 million in additional funding comes from speed and red light camera revenue. It includes $19.8 million to tackle behavioural change, such as the Fatal Five. It also includes $82 million for the Safer Roads Sooner (SRS) program, an increase of $35 million on last year’s Budget\(^\text{13}\). The SRS program targets road improvements at high severity crash sites.

The Queensland Road Safety Action Plan 2013-2015 also includes:

- $10 million to install flashing lights in school zones across Queensland in the period 2012-13 to 2015-16
- $1.62 million to expand the RACQ-sponsored Prevent Alcohol and Risk-related Trauma in Youth (PARTY) program throughout Queensland hospitals
- $480,000 to expand RACQ’s Docudrama program to high school students across the State
- A commitment to bring in a flexible, contemporary road traffic crash reporting system.

Performance indicators in the 2013-14 DTMR Delivery Statements suggest that the Road Safety Action Plan is expected to reduce road fatalities in 2013-14 by 11%. This year total road fatalities per 100,000 population are 6.64. The estimate for 2013-14 is 5.9.\(^\text{14}\)

An additional 267 police officers will be employed this year. This is on top of 300 extra police officers recruited in 2012-13, as part of a $358.3 million commitment to provide an extra 1,100 police officers over four years.

**Congestion**

The Budget figures show some improvement in the DTMR congestion measures\(^\text{15}\). During the morning traffic peak the average travel time (minutes per 10km) in 2012-13 was 10.9, less than the original forecast of 11.2. The forecast in 2013-14 is also 10.9.

In the afternoon / evening peak, the 2013-14 travel time is predicted to remain at the 2012-13 actual figure of 11.2. Again, this is below the original 2012-13 forecast of 11.5. These improvements are the result of the Airport Link Tunnel opening in July 2012 and reducing some traffic on surface roads.

The percentage of the road network with reliable travel times is forecast to improve, with an estimated increase from 82% in 2012-13 to 85% in 2013-14 in the morning peak and a similar increase of 78% to 82% in the afternoon/evening peak.

**Contact:** RACQ Public Policy Department

Ph: 07 3872 8920

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\(^{13}\) Advice from the Department of Transport and Main Roads

\(^{14}\) State Budget 2013-14 Service Delivery Statement: Department of Transport and Main Roads, p15

\(^{15}\) State Budget 2013-14 Service Delivery Statement: Department of Transport and Main Roads, p14