Introduction

RACQ considers that the Queensland Government delivered motorists a good budget in 2014-15. Allocations for road and transport infrastructure remained high and the Government maintained its commitment not to increase vehicle registration.

Budgeted capital and operating road expenditure for 2014-15 is $4.367 billion\(^1\). This is 2.7% less (in nominal terms) than the 2013-14 budgeted capital and operating figure of $4.487 billion\(^2\). The drop in road expenditure is partly a consequence of reduced disaster recovery funding in 2014-15 compared to recent years (see Chart 1).

The 2014-15 budgeted capital of $3.586 billion for roads is made up of $800 million to repair flood and cyclone damaged roads and $2.786 billion for new and continuing roads projects\(^3\). The $800 million provided in 2014-15 under the Natural Disaster Relief and Recovery Arrangements (NDRRA) is less than half of the 2013-14 figure of $1.9 billion\(^4\). As a result, the proportion of funding going to new and continuing road projects increased significantly in 2014-15. Strong 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.

Chart 1:

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\(^1\) The capital component of $3.586 billion was calculated using State Budget 2014-15 Budget Paper 3 Capital Statement pp 102-114. Budgeted maintenance expenditure of $781 million was provided by the Minister for Transport and Main Roads’ Office.

\(^2\) Advice from the Department of Transport and Main Roads.

\(^3\) Advice from the Minister for Transport and Main Roads’ Office.

\(^4\) Seventy-five percent of the disaster recovery funding is provided by the Federal Government. The remaining 25% is the Queensland Government’s contribution.
Table 1: Queensland State Budget Overview

<table>
<thead>
<tr>
<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic Growth</td>
<td>4.0%</td>
<td>3.6%</td>
<td>3.0%</td>
<td>3.0%</td>
</tr>
<tr>
<td>Unemployment Rate</td>
<td>5.5%</td>
<td>5.9%</td>
<td>6.0%</td>
<td>6.0%</td>
</tr>
<tr>
<td>Inflation</td>
<td>1.9%</td>
<td>2.0%</td>
<td>2.75%</td>
<td>2.75%</td>
</tr>
<tr>
<td>Roads Capital Expenditure</td>
<td>$3.3 billion&lt;sup&gt;1&lt;/sup&gt;</td>
<td>$3.5 billion&lt;sup&gt;1,2&lt;/sup&gt;</td>
<td>$3.8 billion&lt;sup&gt;1,3,3&lt;/sup&gt;</td>
<td>$3.6 billion&lt;sup&gt;1,4&lt;/sup&gt;</td>
</tr>
<tr>
<td>Government Revenue</td>
<td>$45.8 billion</td>
<td>$41.7 billion</td>
<td>$44.9 billion</td>
<td>$50.1 billion</td>
</tr>
<tr>
<td>Government Expenditure</td>
<td>$46.0 billion</td>
<td>$46.1 billion</td>
<td>$47.2 billion</td>
<td>$49.9 billion</td>
</tr>
<tr>
<td>Net Operating Balance</td>
<td>$(0.2) billion</td>
<td>$(4.4) billion</td>
<td>$(2.3) billion</td>
<td>$0.2 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, $1.9 billion in 2013-14 and $800 million in 2014-15. The Federal Government provides 75% of this NDRRA funding and the Queensland Government 25%.
(2) Advice from the Department of Transport and Main Roads.
(3) Uses budgeted figure as updated estimate/actual is not provided in the 2014-15 Budget Papers.

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 the 2011 prices shown in Table 2:

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, a 2.1% increase in 2013-14 and a 3.1% increase this year. Over the combined three-year period this saves motorists $21.80, $32.70 and $44.40 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.

Motor vehicle registration is one of the highest single tax takes administered by the State. In 2014-15 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 2014-15, from $1.53 billion to $1.58 billion. This growth is depicted in Chart 2. In 2014-15, with registration fees held constant for private-use cars, the revenue increase is largely the result of population growth.
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 2014-15 Budget the State Government is forecasting revenue of $517 million, an increase of 5% on the $492 million in vehicle registration duty collected during 2013-14.

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.

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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.
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.

Traffic Improvement Fee

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

In 2014-15 revenue from the Traffic improvement fee is expected to be $185 million.

Drivers Licence

From 1 July 2014 the fee structure for driver licences in Queensland will increase by 3.5%. Driver licence revenue in 2014-15 is expected to total $104 million.

Licence costs are shown in Table 3:

Table 3: Queensland Driver Licence fees

<table>
<thead>
<tr>
<th>Licence duration</th>
<th>Cost 1 July 2013</th>
<th>Cost 1 July 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 year licence</td>
<td>$66.45</td>
<td>$68.80</td>
</tr>
<tr>
<td>2 year licence</td>
<td>$92.65</td>
<td>$95.90</td>
</tr>
<tr>
<td>3 year licence</td>
<td>$114.65</td>
<td>$118.65</td>
</tr>
<tr>
<td>4 year licence</td>
<td>$132.65</td>
<td>$137.30</td>
</tr>
<tr>
<td>5 year licence</td>
<td>$148.80</td>
<td>$154.00</td>
</tr>
</tbody>
</table>

Speed and Red Light Camera Revenue

The 2014-15 Budget provides $28.2 million in additional funding to increase the number of speed and red light cameras operating in Queensland.

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 latest data available shows that under the Camera Detected Offence Program in 2012 there were:
- 29,131 red light camera infringements
- 354,972 mobile speed camera infringements
- 135,879 fixed speed camera infringements
- 809 point-to-point speed camera infringements.

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

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7 Department of Transport and Main Roads Annual Report 2012–13 Volume 1 of 2 pp84-86
data shows that in 2012-13 revenue from Queensland’s Camera Detected Offence Program was $113.7 million. Operating and administrative costs totalled $39.6 million and remaining revenue was either carried forward or used to fund the following work:  

<table>
<thead>
<tr>
<th>Work</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Road accident injury rehabilitation programs</td>
<td>$4.5 million</td>
</tr>
<tr>
<td>Improvements to the safety of state-controlled roads</td>
<td>$17.1 million</td>
</tr>
<tr>
<td>Road safety education and awareness</td>
<td>$2.9 million</td>
</tr>
<tr>
<td>Digital platform and digital camera technology</td>
<td>$3.0 million</td>
</tr>
<tr>
<td>Intelligent traffic analysis system</td>
<td>$1.3 million</td>
</tr>
</tbody>
</table>

**Roadside Advertising**

In 2012 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.

Funds generated from roadside advertising sites are not itemised in the Queensland Budget nor in the Department of Transport and Main Roads Annual Report. Nonetheless, there appears to have been significant growth in roadside advertising and (one would assume), revenue. The 2012-13 Annual Report referred to 23 new advertising sites the Department had identified in high speed environments within south-east Queensland.

**Road and Transport Funding**

The 2014-15 Queensland State Budget provides $4.589 billion in capital for transport and road infrastructure. This consists of $3.586 billion for roads, $490 million for rail and $169 million for ports. The remainder ($344 million) goes to other transport infrastructure, including buses and cycling. The 2014-15 investment is on par with the $4.533 billion spent on transport and road infrastructure in 2013-14.

In 2014-15 the State Budget allocates $3.586 billion to road capital expenditure, a decrease on the 2013-14 budgeted allocation of $3.841 billion. This reduction is partly a result of a reduced disaster recovery funding component in 2014-15. In 2014-15 $800 million will be provided to repair flood and cyclone damaged roads under NDRRA. In 2013-14 NDRRA funding was $1.9 billion. Seventy-five percent of the disaster recovery funding is provided by the Federal Government. The remaining 25% is the Queensland Government’s contribution.

Spending on road maintenance is budgeted at $781 million. This is a welcome increase on the $645.7 million budgeted in 2013-14.

Funding for the Bruce Highway in 2014-15 is $768 million and includes the following projects:

- $177.3 million as part of the $590 million upgrade of the Cooroy to Curra section of the Bruce Highway between the Cooroy Southern Interchange and Sankeys Road (Section A), which is due for completion in 2016-17.
- $66 million as part of the $137.5 million duplication of the Bruce Highway to provide four-lane capacity between Vantassel Street and Stuart Drive in Townsville, which is due for completion in May 2015.

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8 Department of Transport and Main Roads Annual Report 2012–13 Volume 1 of 2 p83
9 Department of Transport and Main Roads Annual Report 2012–13 Volume 1 of 2 p41
10 State Budget 2014-15 Budget Paper 3 Capital Statement, p4
11 State Budget 2014-15 Budget Paper 3 Capital Statement, p4
12 Advice from the Minister for Transport and Main Roads’ Office
13 Budgeted maintenance expenditure of $781 million was provided by the Minister for Transport and Main Roads’ Office
14 Advice from the Department of Transport and Main Roads
$47 million as part of the $296 million elevated crossing of the Bruce Highway across the Yeppen Floodplain, which is due for completion in November 2016.

$24.5 million to commence Stage 1 ($341 million) of the $1.134 billion Caloundra Road to Sunshine Motorway Bruce Highway upgrade.

The $768 million in 2014-15 Bruce Highway funding includes $188 million of Queensland State funding in 2014-15, as part of the Queensland Government’s election promise to deliver an additional $1 billion for the Bruce Highway over 10 years. More broadly, the $768 million in 2014-15 also forms part of the combined $10 billion, 10-year deal between the Queensland and the Commonwealth Governments to fund safety, flood mitigation and capacity works on the Bruce Highway and the Gateway Motorway.

Other key road funding commitments outlined in the 2014-15 Queensland Budget include:

- $80.4 million for the $200 million Townsville Ring Road Stage 4, which is due for completion in October 2016
- $50.7 million for upgrading the interchange at Smith Street and Olsen Avenue, and improvements on Smith Street east of the Pacific Motorway, at a total cost of $119.4 million
- $14.5 million to progress the $560 million Mackay Ring Road Stage 1
- $8.5 million to progress the $58 million six-laning extension between Robert Road and Foster Road (Cairns Southern Access Corridor Stage 2)
- $41.1 million to widen a portion of the Centenary Highway to six lanes, in conjunction with the Legacy Way tunnel project and the Moggill Road interchange upgrade, at a total cost of $41.8 million
- $38 million to widen the Mount Gravatt - Capalaba Road, between Broadwater Road and Mount Petrie Road to six lanes, as part of the Gateway Upgrade South project, at a total cost of $135.8 million, which is jointly Australian and Queensland Government funded
- $30.4 million towards the Toowoomba Second Range Crossing project, a bypass route to the north of Toowoomba, approximately 41 km in length, running from the Warrego Highway at Helidon, to the Gore Highway at Athol, via Charlton, at a total cost of $1.606 billion, which is jointly Australian and Queensland Government funded
- $79.2 million in funding under the Royalties for the Regions program to improve roads in regions that host significant resource developments.

Funding for the local network Transport Infrastructure Development Scheme (TIDS) is down slightly on last year. TIDS funding is used by local councils to deliver necessary upgrades and is budgeted at $40.7 million in 2014-15 (the budgeted amount in 2013-14 was $43.5 million).

**Other Transport Funding**

Major rail, bus and cycling projects funded in the 2014-15 Budget include:

- $374 million to continue construction on the Moreton Bay Rail link
- $25.4 million for the New Generation Rollingstock project to construct a new maintenance facility and new rollingstock to meet the growing demand for rail services in South East Queensland
- $30 million allocated for cycleway infrastructure
- $22.7 million to upgrade school bus fleets across Queensland
- $3.9 million as part of the $7.5 million commitment over four years towards installation of flashing lights in school zones

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15 Queensland Government Media Release Strong Plan puts Bruce Highway on road to improvement, 3 June 2014
16 QTRIP 2013-14 to 2016-17; QTRIP 2014-15 to 2017-18
• $1.2 million for construction of a bus stop and complementary works at Bolsover Street, Rockhampton, at a total cost of $2.7 million.

The State Budget Papers outline an expected 2.1% increase in the number of south-east Queensland public transport trips to 180.5 million trips in 2014-15, up from 176.7 million trips in 2013-14 and 176.1 million in 2012-13. The increase is attributable to growth in light rail.

The average cost of public transport subsidies is forecast to rise from $6.58 per trip to $7.10 in 2014-15, partially as a result of a smaller than anticipated increase in public transport fares in 2015. The Government has said that on 1 January 2015 public transport fares will rise by 2.5%. This is less than the last increase of 7.5% in January 2014 and well below the previous Labor annual increases of 15%.

**QTRIP**

The Queensland Transport and Roads Investment Program 2014-15 to 2017-18 (QTRIP) was released in conjunction with the 2014-15 Queensland State Budget. The QTRIP itemises funding for various roads and transport projects over the four years commencing 2014-15.

As a result of funding commitments from the Australian and Queensland Governments, total four-year funding for transport and roads in Queensland is $18.1 billion for 2014-15 to 2017-18 (up from $17.2 billion in the previous QTRIP 2013-14 to 2016-17).

**Road safety**

Last year the State Government committed $350 million over two years for a road safety action plan, including additional funds for the Safer Roads Sooner program to target road improvements at high severity crash sites.

The Road Safety Action Plan covers five road safety priority areas: road and roadside infrastructure, educating road users to make safe on-road decisions, encouraging people to purchase safe vehicles, maintaining a strong speed management program and building better road safety community partnerships.

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 higher Queensland road toll is forecast in 2014-15 than the estimated/actual fatality rate in 2013-14. DTMR estimates that total road fatalities per 100,000 population will be 5.8 in 2014-15. In 2013-14 they were estimated at 5.3 and the year before at 6.64 per 100,000 population.

An additional 267 police officers will be employed in 2014-15. This is on top of 567 extra police officers already recruited over the last two years, as part of a $358.3 million commitment to provide an extra 1,100 police officers over four years.

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18 State Budget 2013-14 Service Delivery Statement: Department of Transport and Main Roads, p15; State Budget 2014-15 Service Delivery Statement: Department of Transport and Main Roads, p14
Congestion

The State Budget 2014-15 Service Delivery Statements show little change in congestion measures\(^{20}\). During the morning traffic peak the average travel time (minutes per 10km) in 2013-14, both forecast and actual, was 10.9. The forecast in 2014-15 is also 10.9.

In the afternoon / evening peak, the 2014-15 travel time is predicted to be 11.2. This is the same as the 2013-14 forecast, while the actual for 2013-14 is 11.0.

The percentage of the road network with reliable travel times is forecast at 85% in 2014-15 in the morning peak. The forecast for 2013-14 was also 85%, although the actual for 2013-14 is 83%. The forecast for the afternoon/evening peak in 2014-15 is 82%. The forecast for 2013-14 was also 82%, although the actual for 2013-14 was 79%.

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Ph: 07 3872 8920

\(^{20}\) State Budget 2014-15 Service Delivery Statements: Department of Transport and Main Roads, p13