Federal Budget 2021-22

Summary of Transport-Related Funding Measures

The 2021-22 Budget delivers a decrease in total land transport funding for Queensland but an increase for Australia

Queensland Outcomes

- ✓ $27.1 million Black Spot Projects over the 2021-22 financial year with an additional $69.2 million to the 2024-25 period, accounting for c. 20% of total Black Spot Project spending over the forward estimates.
- ✓ $197.4 million in Local Roads and Community Infrastructure spending in Queensland for 2021-22 out of a total of $974 million nationally (20.3%).
- ✗ Overall, the funding for land transport increased nationally in 2021/22, however Queensland was the only state to receive less than last year with funding of $2.2 Billion, down from $2.7 billion in 20/21. This is despite Queensland having the highest rate of internal state migration in Australia.
- ✗ The RACQ is disappointed that of the roughly $1.6 billion for new road and rail infrastructure is over or beyond the forward estimates and won't be seen for years to come.
- ✗ There was inadequate or no funding to remove or upgrade additional level crossings, particularly in south east Queensland, or any meaningful upgrades for the Mt Lindesay Highway, Centenary Highway and Warrego and Ipswich Motorways.

National Outcomes

- ✓ The Federal Government has announced c. $11 billion in funding for land transport in 2021-22, up from the previous year of approximately $9 billion.
- ✓ Total land transport spending is forecast to grow to $15.2 billion in 2022-23, before dropping over the forward estimates to $14 billion in 2023-24 and then back to $11 billion in 2024-25.
- ✗ The RACQ is disappointed there is no motoring taxation relief for Queenslanders. The RACQ and AAA have lobbied for the removal of the luxury car tax, and tariffs on vehicle imports.
- ✗ Maintain funding levels in safety specific infrastructure programs such as the Black Spot Program.

RACQ Project Wins

- ✓ $400 million for the Bruce Highway including safety, capacity and flood upgrades (Gladstone to Rockhampton, Mackay to Proserpine)
- ✓ $178.1 million for line capacity improvement on the Gold Coast Rail Line from Kuraby to Beenleigh
- ✓ $400 million for upgrades to the inland freight route from Mungindi to Charters Towers
- ✓ $4 million for the Warrego Highway Mount Crosby Road interchange, however a larger investment would be more appropriate

RACQ / AAA Policy Wins

- ✓ $1.0 billion extension in road safety fund for 2022-23 operating on a 'use it or lose it' basis
- ✓ Maintain funding levels in safety specific infrastructure programs such as the Black Spot Program.
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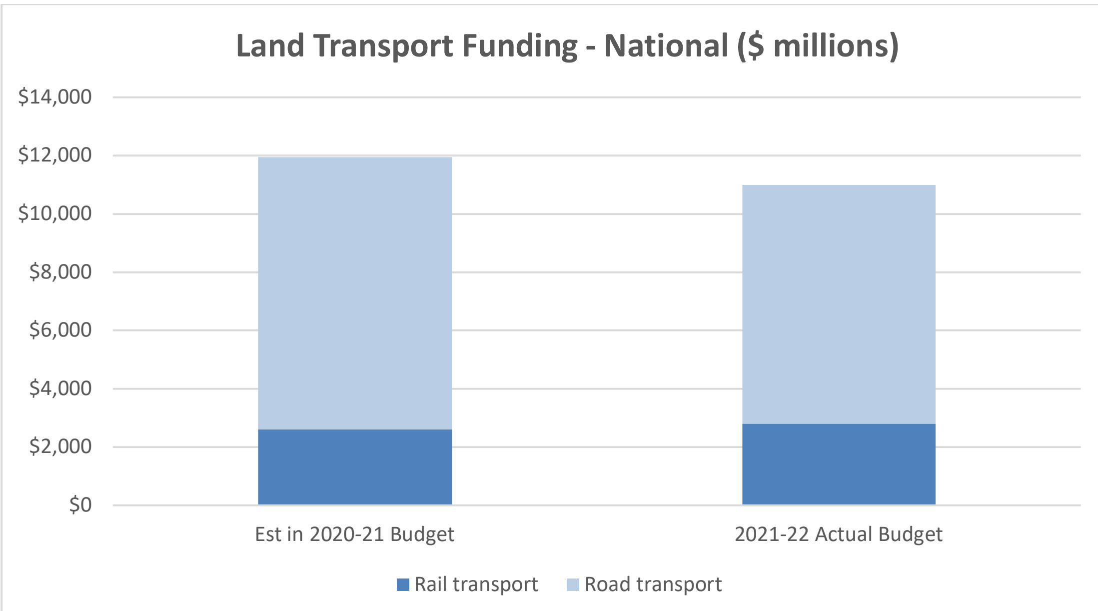
Land Transport Infrastructure Funding

National

The Australian Government is budgeting for total land transport funding of $11.0 billion in 2021-22, comprising $8.1 billion for roads and $2.8 billion for rail. This is a significant decrease on the levels of funding laid out in the 2020-21 budget, which had been set at $11.9 billion with $9.3 billion for roads and $2.6 billion for rail.

Figure 1: National Land Transport Funding 2020-21 and 2021-22



Source: Budget Paper 1 2020-21 and 2021-22

Total national land transport spending is budgeted to continue to increase till 2022-23 where total land transport funding will peak at $14.9 billion before decreasing in the following two years. Queensland's land transport funding is budgeted to peak at $3.2 billion in 2022-23 before declining slightly to $3.2 billion in 2023-24. In the previous budget Queensland had the second highest land transport funding after New South Wales, however this budget has seen Queensland drop to third highest spend and the states proportion of total funding drop from 26.0% to 19.5%.

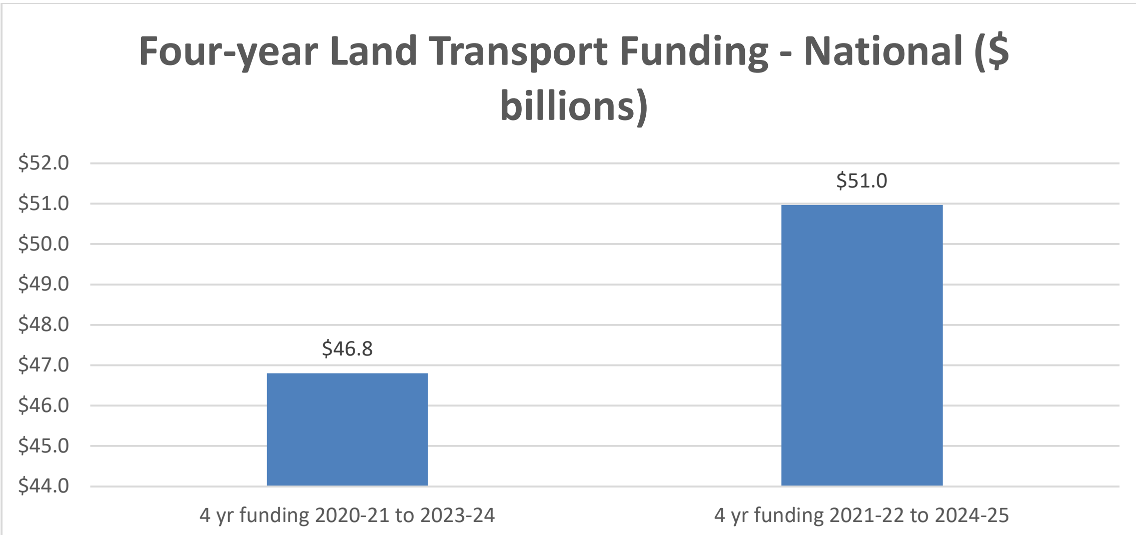
Table 1 Land Transport Funding Forward Estimates

Land Transport Funding ($ m)	2021-22	2022-23	2023-24	2024-25	Total
Queensland	$2,247.2	$3,227.9	$3,199.6	$2,400.2	$11,074.9
National	$10,992	$14,909	$14,032	$11,041	$50,974

Source: Budget Paper 1 2021-22, Budget Paper 3 2021-22

The four-year total for land transport infrastructure funding (2021-22 to 2024-25) is $51.0 billion, an increase over the $46.8 billion that had been budgeted over 4-years in the 2020-21 budget (see Figure 2).

Figure 2: Four-year National Land Transport Funding



Source: Budget Paper 1 and 3 2020-21 and 2021-22

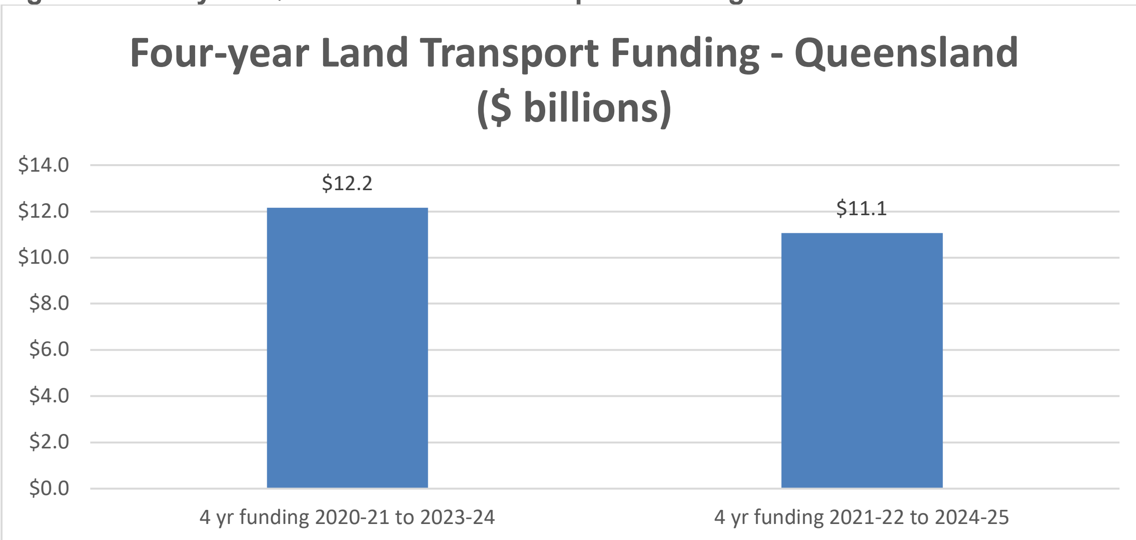
Queensland

Land transport funding for Queensland in 2021-22 is budgeted at $2.2 billion, down from $2.7 billion in 2020-21.

The budgeted expenditure for 2021-22 is more than $900 million below the levels of expenditure that had previously been laid out in the 2020-21 budget, with lower levels of transport infrastructure spending budgeted to continue across the forward period.

As shown in Figure 4, the four-year funding total for Queensland land transport in the 2021-22 Budget is $11.1 billion through to 2023-2024. This is $1.1 billion less than the four-year funding total in the previous Budget, which was set at a total of $12.2 billion from 2020-21 to 2023-24.

Figure 3: Four-year Queensland Land Transport Funding



Source: Budget Paper 3 2020-21 and 2021-22

An overview of State and Territory land transport infrastructure totals is shown in Table 2. In 2021-22 Queensland will receive the third highest funding allocation of any state or territory as a proportion of total spending. This is a reduction from previous years and contrary to the 2020-21 budget where Queensland's share increased even more over the forward estimates to receive the largest single portion of total land transport infrastructure spending over the 2020-21 to 2023-24 period at 25.60% of all funding. In the 2021-22 budget from 2020-21 to 2024-25 Queensland will be the third largest share just behind Victoria at 22.31%. This funding share is slightly greater than Queensland's population share of 20.18%.

Table 2: Infrastructure Spend by State and Ratio of Total Spend

Infrastructure Totals

	NSW ($m)[1]	VIC ($m)	QLD ($m)	WA ($m)	SA ($m)	TAS ($m)	ACT ($m)	NT ($m)	Total ($m)
2020-21	2,783.3	1,822.1	2,730.5	1,176.8	695.2	267.9	47.8	215.3	9,738.9
2021-22	3,253.0	2,740.3	2,247.2	1,740.6	867.3	307.6	83.7	274.7	11,514.4
2022-23	3,994.6	3,599.6	3,227.9	2,519.3	1,008.2	507.9	145.1	281.1	15,283.7
2023-24	3,563.4	3,327.3	3,199.6	1,842.3	1,107.7	534.9	179.5	242.2	13,996.9
2024-25	3,467.8	2,619.7	2,400.2	862.0	1,064.2	253.1	103.1	246.8	11,016.9
Grand Total (FY20-FY24)	17,058.0	14,108.7	13,804.5	8,432.6	4,769.5	1,871.2	559.2	1,260.4	61,864.1

Ratio of total spend

2020-21	28.58%	18.71%	28.04%	12.08%	7.14%	2.75%	0.49%	2.21%	
2021-22	28.25%	23.80%	19.52%	15.12%	7.53%	2.67%	0.73%	2.39%	
2022-23	26.14%	23.55%	21.12%	16.48%	6.60%	3.32%	0.95%	1.84%	
2023-24	25.46%	23.77%	22.86%	13.16%	7.91%	3.82%	1.28%	1.73%	
2024-25	31.48%	23.78%	21.79%	7.82%	9.66%	2.30%	0.94%	2.24%	
Ratio of total spend (FY20-FY24)	27.57%	22.81%	22.31%	13.63%	7.71%	3.02%	0.90%	2.04%	

[1] NSW funding includes funds allocated to the Western Sydney Infrastructure Plan, intended to enhance capacity and improve transport infrastructure in Western Sydney, including the infrastructure needed to support the new Western Sydney airport at Badgery's Creek

Population	31.79%	26.01%	20.18%	10.38%	6.89%	2.11%	1.68%	0.96%	

Funding budgeted to Queensland between 2020-21 and 2024-25 is itemised in Table 3. Funding for non-program related road transport projects represents the largest portion of total infrastructure spending across the forward period, accounting for $7.7 billion of the total $11.0 billion in spending budgeted from 2021-22 to 2024-25.

Table 3: Federal funding for Queensland land transport ($m)

Program	2020-21	2021-22	2022-23	2023-24	2024-25	4 Yr Total
Roads	*2,143.9*	*1,432.2*	*2,264.7*	*2,348.3*	*1,706.1*	***7,751.3***
Rail	*46.2*	*97.9*	*234.2*	*322.2*	*263.7*	***918.0***
Black Spot Projects	*27.1*	*27.1*	*23.8*	*22.7*	*22.7*	***96.3***
Developing Northern Australia - Improving Cattle Supply Chains	*9.3*	*0.1*	*3.7*	*0.8*	*0.0*	***4.6***
Developing Northern Australia - Northern Australia Roads	*38.8*	*24.6*	*3.9*	*6.6*	*0.0*	***35.1***
Heavy Vehicle Safety and Productivity	*22.6*	*12.8*	*17.9*	*23.9*	*16.3*	***70.9***
Roads to Recovery	*121.8*	*102.4*	*102.4*	*99.7*	*101.7*	***406.2***
Bridges Renewal Program	*17.0*	*23.3*	*29.9*	*45.6*	*34.3*	***133.1***
Major Projects Business Case Fund	*20.0*	*38.1*	*31.2*	*12.1*	*4.5*	***85.9***
Roads of Strategic Importance	*58.2*	*137.8*	*183.1*	*130.3*	*227.6*	***678.8***
Urban Congestion Fund	*38.4*	*153.5*	*211.1*	*187.4*	*23.3*	***575.3***
Local roads & community infrastructure	*187.2*	*197.4*	*122.0*	*0.0*	*0.0*	***319.4***
Total $m	***2,730.5***	***2,247.2***	***3,227.9***	***3,199.6***	***2,400.2***	***11,074.9***

Source: Budget Paper 3 2021-22

The Budget outlined more than $1.6 billion in new land transport projects in Queensland, including:

- $400.0 million for Bruce Highway Additional Funding
- $400.0 million for the Inland Freight Route (Mungindi to Charters Towers) Upgrades
- $240.0 million for the Cairns Western Arterial Road Duplication
- $178.1 million for the Gold Coast Rail Line Capacity Improvement (Kuraby to Beenleigh) — Preconstruction
- $160.0 million for the Mooloolah River Interchange Upgrade (packages 1 and 2)
- $126.6 million for Gold Coast Light Rail — Stage 3
- $35.3 million for the Maryborough-Hervey Bay Road and Pialba-Burrum Heads Road Intersection Upgrade
- $10.0 million for the Caboolture — Bribie Island Road (Hickey Road —King John Creek) upgrade
- $5.0 million for the Beerburrum to Nambour Duplication Study
- $4.0 million for the Warrego Highway — Mt Crosby Road Interchange.

Job-Maker

The Government has extended or built upon most of the projects in its Job-Maker program intended to support Australia's recovery from the COVID-19 epidemic.

Job-Maker encompasses a range of initiatives, of which expanding the Federal Government's instant asset write-off scheme and bringing forward previously legislated tax cuts form the largest component. However, the Federal Government has also sought to include increased investment in road infrastructure as a plank of the Job-Maker program. In this year's budget, the Federal Government has announced a $1 billion dollar extension in funding for road safety and upgrades, and a further $1 billion dollars in funding to extend the Local Roads and Community Infrastructure program split over 2021-22 and 2022-23.

The road safety and upgrades program will focus on small scale road safety projects such as road widening, centre lines and barrier installation. Specific projects will be identified and delivered by jurisdictions in three six-month tranches. Funding for each tranche will be contingent on delivery success by state and local governments.

While a state-by-state breakdown of funding allocations for road safety upgrade funding has not been announced, Queensland has been budgeted to receive a total of $319.4 million in funding in 2021-22 and 2022-23 under the extended Local Roads and Community Infrastructure program.

Bruce Highway

The Federal Government has announced an additional $400 million in funding for projects on the Bruce Highway. This is in addition to the $201 million in funding that had been allocated to the Bruce Highway in the previous budget and the $731 million in the 2019-20 budget.

The projects along the Bruce Highway that will be funded under the 2021-22 budget are not disclosed in the Budget Paper.

Roads of Strategic Importance

The Federal Government has increased the funding allocation for the Roads of Strategic Importance (ROSI) initiative, which was increased from $4.5 billion to at a total of $4.9 billion over 12 years.

Queensland's budgeted allocation of funding under the ROSI initiative is $137.8 million for 2021-22 and a total of $678.8 million over the forward estimates. The 2021-22 budget did not allocate funding to specific ROSI projects, but previous budgets have indicated Queensland's allocation will be directed towards projects that include:

- Tennant Creek to Townsville Corridor
- Mount Isa to Rockhampton Corridor (including Yeppoon Road Duplication)
- Townsville to Roma Corridor
- Cooktown to Weipa Corridor
- Cairns to Northern Territory Border Corridor
- Toowoomba to Ipswich Corridor
- Toowoomba to Seymour Corridor
- Shute Harbour Road
- Quay Street Upgrade, Bundaberg
- Torbanlea Pialba Road Upgrade
- Bargara Road Upgrade, Bundaberg
- Urraween/Boundary Road Extension, Hervey Bay
- Isis Overtaking Lanes.

Urban Congestion Fund

The Federal Government has marginally increased the funding allocated to Queensland in the Urban Congestion Fund, however Queensland is left with a smaller proportion than previous years. Queensland is allocated to receive $153.5 million in funds for 2021-22 and a total of $575.3 million over the forward estimates, down from a 4-year budgetary allocation of $613.6 million under the 2020-21 budget.

No new projects to be funded by the Urban Congestion Fund were disclosed in the 2021-22 budget. Previously announced projects for the Urban Congestion Fund in Queensland include:

- Newnham Road—Wecker Road Intersection Upgrade, Mount Gravatt
- Chelsea Road—Rickertt Road Intersection Upgrade, Ransome
- Panorama Drive—Wellington St, Thornlands/Cleveland
- Youngs Crossing, Lawnton
- Gympie Arterial Road
- M1 Intersection Upgrades

- Beaudesert Road/Mt Lindesay Highway Corridor
- Barbour Road/Norris Road, Bracken Ridge
- Norris Road, Bracken Ridge
- Hoyland Street, Bracken Ridge
- Ipswich Motorway Corridor
- Commercial Road—Doggett Street Intersection Upgrade, Newstead
- Commuter Car Park Upgrades—Mango Hill and Ferny Grove
- Lindum Rail Crossing Upgrade (the Budget also allocated funding $400,000 in 2019-20 to undertake detailed design works on the Lindum Rail Crossing Replacement Project at Kianawah Road in Wynnum West)
- Indooroopilly Roundabout Intersection Upgrade
- Mooloolaba Access Upgrade.

Major Project Business Case Fund

$38.1 million for Queensland in 2021-22 and $85.9 million across the forward estimates will be allocated to the Major Project Business Case Fund to develop business cases for major Queensland projects.

The budget did not provide detail around any new measures or programs to be undertaken under the Major Project Business Case fund. As a result, despite an increase in short term funding (this financial year) for Queensland relative to the 2020-21 budget it is not clear whether any new business cases will be allocated to the fund. Projects that have previously been announced as having their business cases funded by the Major Project Business Case Fund include:

- Toowoomba to Brisbane Passenger Rail Business Case
- Inland Rail Intermodal Terminal Business Case Brisbane
- Brisbane to Gold Coast Fast Rail Business Case
- Second M1 (Coomera Connector)
- Centenary Motorway Upgrade
- North Brisbane Bruce Highway Western Alternative
- Caloundra Road Network Planning Study
- Brisbane North-West Transport Corridor.

Comment	Land transport funding is up significantly both within Queensland and Nationally. Queensland received the third highest funding allocation (22.3%) of the states and territories over the forward estimates. This is a decrease from the previous budget. Queensland also had the highest level of interstate migration in the December Quarter of 2020 having a net gain of 9,800 residents. WIth Queensland having more people on its roads there should not be a reduction in funding.

Road and Vehicle Safety Funding

The Government has continued to fund critical road and vehicle safety infrastructure programs including Roads to Recovery, Black Spot Program, Keys to Drive, and Heavy Vehicle Safety and Productivity. The 2021-22 Budget confirms that these programs will continue through to 2024-25.

Roads to Recovery

The Federal Government has allocated $102.4 million to Queensland in 2021-22 (down from $121.8 million the previous year) under the Roads to Recovery program, and a total of $406.2 million over the forward estimates, down from $426.4 million in 4-year funding under the 2020-21 budget. The Roads to Recovery program provides funding for road construction and maintenance projects at the local level, with decisions on projects to be funded made locally and then reported back to the Federal Government.

Black Spot Program

The Federal Government’s Black Spot Program aims to fund projects that improve the safety of road sites and that have been identified as high-risk areas for serious crashes. Funding is aimed at improving sites that have a record of at least three accidents involving casualties over a five year period and that can demonstrate a cost benefit ratio of over two.

The Budget includes $27.1 million for Queensland in 2021-22 and a total of $96.3 million across the forward estimates. This is the third highest funding allocation nationally after NSW and Victoria.

Heavy Vehicle Safety and Productivity

The Federal Government’s Heavy Vehicle Safety and Productivity program aims to improve the safety and productivity of heavy vehicles through funding projects that improve the safety of the road environment, enhance the capacity of existing roads and improve connections to freight services.

The Budget allocates $12.8 million for Queensland in 2021-22 and a total of $70.9 million to Queensland over the forward estimates.

Bridges Renewal Program

The Federal Government is funding bridge upgrades across the nation. This program renews and replaces bridges serving local communities and facilitates higher productivity access.

The Budget includes $23.3 million in funding for Queensland for 2021-22 and a total of $133.1 million over the forward estimates. This is an in increase on the four-year total forward estimates spend of $77.6 million budgeted for Queensland in under the previous 2020-21 budget.

Road Safety Program - Extension

The Government has added an additional $1.0 billion in funding for the road safety program for the year 2022-23 supporting the National Road Safety Strategy 2021-30. This measure builds on the 2020-21 Budget measure - JobMaker Plan. The program aims to deliver small scale road safety projects to provide short term economic stimulus. Road safety projects such as road widening, centre lines, and barriers will be identified and delivered by jurisdiction ins in three six-month tranches to improve safety on Australian roads while stimulating local economies. Funding for each tranche will be contingent on successful delivery by state and territory governments.

Comment	The RACQ welcomes the Government's continued focus on road safety, including the announced $1.0 billion extension in funding for road safety initiatives. We believe the 'use it or lose it' rules around the JobMaker road safety funding was effective in incentivising states to move quickly to implement safety improvements, reducing injuries and fatalities on our roads.

Tax

Fuel Excise and Fuel Tax Credit Scheme

In 2021-22 the petrol excise component is budgeted at $6.1 billion, while Diesel is forecast to generate $13.1 billion in excise and $1.8 billion in excise will come from other fuel products.

The Fuel Tax Credit Scheme provides a rebate for fuel excise when fuel is used for business activities, machinery, equipment and heavy vehicles (over 4.5 tonnes gross vehicle mass). The cost of the Fuel Tax Credit Scheme is expected to increase from $7.6 billion in 2021-22 to $8.0 billion in 2023-24. These figures represent a significant increase in the cost of the Fuel Tax Credit Scheme from the $7.3 billion the program cost during 2019-20, with this increase despite a reduction in business activity forecast over 2021-22. This is largely a reflection of businesses increasing the use of fuels that are eligible for the Fuel Tax Credits Scheme.

Net fuel excise (total fuel excise less fuel tax credits) is expected to be $13.0 billion in 2021-22, an increase of approximately $690 million from the previous year. As a result of the increase in the fuel tax credits in the forecasts, there will be a decrease in net fuel excise in 2022-23 to $12.8 billion. Net fuel excise is then forecast to increase following 2022-23 over the forward estimates to reach $14.7 billion in 2024-25, with indexation and a recovery in demand for fuel products expected to be the primary drivers of the recovery.

Table 4 provides an estimate of how much Queensland motorists contribute to fuel excise revenue. The four-year petrol excise contribution from Queensland motorists totals approximately $5.2 billion.[2] This is higher than the $4.8 billion we estimated in the 2020-21 budget and reflects the rapid return to normal travel in Australia and the assumed fuel demand over the coming period due to the effects of a stronger Australian economy.

Table 4: Fuel Excise Revenue from Petrol ($m)

Excise Revenue from Petrol	2021-22	2022-23	2023-24	2024-25	Total
National	6,100	6,300	6,650	7,150	26,200
Estimated QLD contribution	1,220	1,260	1,330	1,430	5,240

[2] It assumes a standard proportion of 20% of the national amount. Diesel excise is not included in the analysis because only 12% of passenger cars run on diesel.

Luxury Car Tax (LCT)

Revenue from the LCT is forecast to decline from $800 million in 2020-21 to a budgeted $680 million in 2021-22. This decline is not expected to be recovered over the forward period, with LCT receipts in 2022-23 budgeted at just $610 million.

Tariffs on Passenger Motor Vehicles

Import duties on passenger motor vehicles are forecast to trend downward due to the phasing-in of tariff cuts as part of free trade agreements, dropping from $310 million in 2021-22 to $70 million in 2023-24 before increasing to $80 million in 2024-25.

Petroleum Resource Rent Tax

The petroleum resource rent tax (PRRT) is a tax on profits generated from the sale of petroleum products including stabilised crude oil, natural gas, LPG, condensate and ethane.

Since the 2020-21 budget PRRT receipts have been revised down $100 million but then increase by $200 million over the four years to 2023-24. PRRT receipts are forecast to grow by 25% in 2021-22. It has been budgeted that PRRT will remain at $1 billion each year from 2021-22 to 2024-25.

Comment	Collective motoring taxes are forecast to increase signifcantly in 2021-22 and remain continue to increase over the forward estimates with an increase of 5.5% in 2021-22 and up to 7.2% in 2023-24. This is despite the significant reduction in import tarriffs as there is a heavy reliance on diesel fuel revenues (which may be paid back to users in the form of fuel tax credits). The RACQ is disappointed there is no motoring taxation relief for Queenslanders. The RACQ and AAA have lobbied for the removal of the luxury car tax, and tariffs on vehicle imports.