Fact Sheet

Taxing Transport - Motor vehicle registration fees in Queensland

Australia's road funding and transport taxation system is no longer fit for purpose and needs to be reformed. The current system is complex with no clear policy objectives and is administered differently by different Governments - State and Commonwealth.

The current system is inherently regressive, with those least able to pay often charged the most. With taxes like stamp duty on vehicle sales, the current system disincentivises upgrades and switching to lower emission vehicles.

A system-wide redesign of transport tax, starting at first principles, is required. This new transport taxation regime should be designed to be simple and national (all State transport related taxes should be abolished or minimised). It should tax or price in externalities – e.g. put a price signal on driving in congested traffic, on emissions, on negative public health, damage to roads and other negative impacts. It should also be technology agnostic and apply fundamental principles to all vehicle types.

Achieving this reform will take time, and in the interim vehicle registration fees remain a significant revenue source for each State and Territory. This fact sheet shows how registration costs in Queensland compare with other States and Territories.

Motor vehicle registration fees in Queensland in 2022-23

Queensland car registration consists of a base registration fee and a traffic improvement fee. These fees are set by the Queensland Government and revenue is returned to the Government. In addition, motorists are required to pay a Compulsory Third Party (CTP) insurance charge. This charge forms part of the total registration bill, although the CTP amount goes to the nominated insurance provider.

The registration costs for Queensland motorists in the 2022-23 financial year are shown in Table 1.

Table 1: Annual Queensland Registration for Class 1 Passenger Vehicles

	Registration including the Traffic Improvement Fee	CTP	Total
Electric car	$335.05	$364.00	$699.05
4-Cylinder car	$409.55	$364.00	$773.55
6-Cylinder car	$612.95	$364.00	$976.95
8-Cylinder car	$834.05	$364.00	$1,198.05

In Queensland and other jurisdictions, Compulsory Third Party (CTP) insurance protects motor vehicle owners and drivers from financial liability if they injure someone in a motor vehicle accident. It also enables a person who is injured wholly or partly due to the actions of another driver to access medical treatment and rehabilitation support and receive compensation. CTP insurance does not cover damage to property or to other vehicles.

In addition to a standard 12-month registration, Queensland motorists can also opt to register their vehicles on a monthly, quarterly and six-monthly basis. Monthly and quarterly registration options are only available with direct debit payments and incur a small administrative charge.

Table 2 provides comparison of the payment amounts and total annual costs for the 1-month, 3-month, 6-month and 12-month registration options offered by the Queensland Government. These values include registration costs, CTP and the administrative charges associated with the shorter registration options. In addition to the range of up-front payment options, Queensland motorists also have the option to pre-pay car registration in instalments through Australia Post[1].

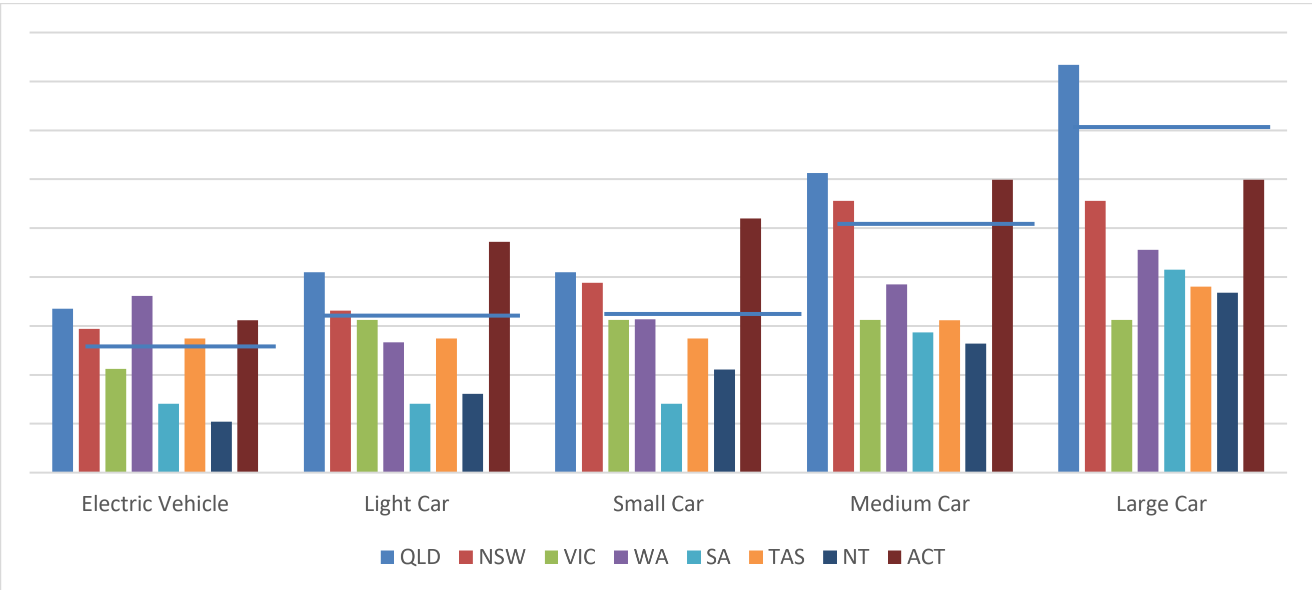
Table 2: Comparison of Queensland Registration Costs for Alternative Registration Periods (includes registration & CTP, Class 1 Passenger Vehicles)

	1-Month Registration		3-Month Registration		6-Month Registration		12-Month Registration
	Payment Amount	Annualised Cost	Payment Amount	Annualised Cost	Payment Amount	Annualised Cost	Payment Amount
Electric car	$59.80	$717.60	$179.35	$717.40	$358.65	$717.30	$699.05
4-Cylinder car	$66.00	$792.00	$197.95	$791.80	$395.90	$791.80	$773.55
6-Cylinder car	$83.05	$996.60	$249.10	$996.40	$498.15	$996.30	$976.95
8-Cylinder car	$101.55	$1218.60	$304.60	$1218.4	$609.15	$1218.30	$1,198.05

Comparison of State Registration Costs

Queensland motorists contribute more than $2 billion in registration tax revenue each year (the Budget estimate for 2022-23 is $2.15 billion). The FY2022-23 registration costs for Queensland motorists relative to other States are shown in Chart 1. As each jurisdiction uses a different method to charge fees, a number of assumptions are made to ensure that the figures are a fair comparison (these are detailed in the notes to the chart). The figures do not include CTP insurance, as the insurance charge goes to the nominated CTP provider rather than to government revenue. Table 3 shows the registration fees for each category of vehicle in each State and Territory, consistent with the data in Chart 1, and compares Queensland with the average for other States for each category.

Chart 1: Annual Vehicle Registration by State/Territory (excluding CTP)



Queensland motorists pay more than the average of other States and Territories for registration. Queensland has the highest charge in the 6- and 8-cylinder categories and second highest charge in the other categories to various other States and Territories.[2]

In July 2022 registration fees increased by 2.5%. This was lower than CPI inflation in Brisbane over the preceding year but follows an extended period of above CPI inflation increases in registration costs. As a result, the relative expense of registration in Queensland has been sustained at a very high level relative to other states.

[1] For information on pre-paying registration, see RACQ's Fact Sheet *Queensland Vehicle Registration Planned Payment Card: How to pre-pay your car registration in instalments* at www.racq.com.au

[2] The figures in Chart 1 refer to passenger vehicles. There may be some differences in the costs for utes and commercial vehicles.

Table 3: Annual Vehicle Registration by State/Territory (excluding CTP)[3]

	QLD	NSW	VIC	WA	SA	TAS	NT	ACT	Average (excl. QLD)
Electric car	$335.05	$294.00	$212.20	$389.40	$141.00	$274.62	$104.00	$247.10	$242.71
4-Cylinder (light car)	$409.55	$331.00	$312.20	$266.64	$141.00	$274.62	$161.00	$471.90	$279.77
4-Cylinder (small car)	$409.55	$388.00	$312.20	$338.36	$141.00	$274.62	$211.00	$519.90	$308.66
6-Cylinder (med. car)	$612.95	$556.00	$312.20	$414.92	$287.00	$311.62	$264.00	$598.80	$387.78
8-Cylinder (large car)	$834.05	$556.00	$312.20	$491.48	$415.00	$380.62	$368.00	$598.80	$440.91

Comparison of State Compulsory Third Party (CTP) Charges

Maximum and minimum CTP premium amounts are set quarterly by the Motor Accident Insurance Commission (MAIC) in response to changes in costs and other criteria. The annual total CTP insurance premium in Queensland is currently $364.00 for Class 1 passenger vehicles. In October 2016 the Queensland CTP scheme was adjusted to incorporate a levy for the National Injury Insurance Scheme (NIIS) Queensland.

Each Australian State and Territory uses a different method of calculating and charging for CTP insurance. This makes it difficult to compare CTP offerings across Australia. New South Wales, in particular, has a highly fluid insurance system with CTP prices based on a number of location, driver and car-related factors.

Australian CTP fees are shown below in Table 4. The revenue from these fees goes to insurance providers rather than to government consolidated revenue. The large variation in costs highlights differences within Australia in legislative regimes covering personal injuries from motor vehicle accidents and the cost of payouts.

The Queensland CTP fees are between 12% and 22% lower than the average of all other states and territories. With the exception of Tasmania and the lower risk zones in NSW and South Australia, Queensland has the lowest CTP fees in Australia.

Table 4: Australian CTP Fees[4]

	QLD	NSW	VIC	WA	SA	TAS	NT	ACT	Average (excl. QLD)
Low Risk Zone	$364.00	$289.75	$430.10	$468.70	$283.36	$302.00	$591.30	$525.10	$412.90
Medium Risk Zone	$364.00	$342.01	$496.10	$468.70	$401.60	$302.00	$591.30	$525.10	$446.69
High Risk Zone	$364.00	$420.15	$552.20	$468.70	$401.60	$302.00	$591.30	$525.10	$465.86

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[3] These are the full prices for private use, not including concessions available to some car-owners or the NSW Government's Toll Relief Scheme.
The electric car is assumed to be a Battery Electric Vehicle (BEV) weighing 1,500kg.
The 4-cylinder, light vehicle is assumed to be a 1.3 litre car weighing 1,100 kg.
The 4-cylinder, small car is assumed to be a 1.8 litre car weighing 1,300kg.
The 6-cylinder, medium car is assumed to be a 2.8 litre car weighing 1,600kg.
The 8-cylinder, large car is assumed to be a 4 litre car weighing 1,900kg.
The analysis assumes a 12-month registration renewal, including registration and related fees, excluding CTP.
[4] This analysis includes all Compulsory Third-Party insurance premiums, including scheme levies, administration fees and GST. All costs are the annual full prices for private use, not including concessions available to some car owners. RACQ CTP quotes were used in Queensland. For all other states and territories, the cheapest CTP quote was used.
Victoria uses the low, medium and high-risk zones adopted in this table. High risk is predominantly the metropolitan zone.
South Australia uses two risk classifications: country (low risk) and metro (high risk).
NSW has five classification zones: metro, outer metro, Newcastle/Central Coast, Wollongong and country. Low risk is the country zone and Newcastle/Central Coast zone, high risk is metro and medium risk is outer metro and the Wollongong zone.
In NSW insurers risk rate and price CTP on the basis of a range of factors including: the age of vehicle owners and drivers, age of vehicle, number of traffic offences, number of demerit points, motor vehicle claims history, level of motor vehicle insurance and comprehensive insurance no claim bonus.
For NSW, assumptions included a 2013 model car (RAV 4 as it was the most popular vehicle sold in 2020) with no comprehensive or third-party insurance. The age of the driver was 35 and the driver had no demerit points lost and no recent at-fault accidents. The driver is the youngest person to drive the vehicle and has held their license for over 6 years.

Comparison of Total Registration and CTP Bill

The total bill, including registration costs and CTP insurance, is presented in Table 5 for cars in Australian metropolitan areas. The bill received by motorists includes both the registration fees that go to government and the CTP fees that go to the insurance provider.

The data shows that Queensland motorists living in metropolitan areas face the highest fixed annual vehicle fees in Australia for eight-cylinder cars and the third highest fees for six-cylinder cars after ACT and NSW.

Table 5: Total Registration Bill in Australian Metropolitan areas[5]

	QLD	NSW	VIC	WA	SA	TAS	NT	ACT	Average (excl. QLD)
Electric car	$699.05	$709.15	$764.40	$858.10	$542.60	$576.62	$695.30	$772.20	$668.08
4-Cylinder (light car)	$773.55	$751.15	$864.40	$735.34	$542.60	$576.62	$752.30	$997.00	$745.66
4-Cylinder (small car)	$773.55	$808.15	$864.40	$807.06	$542.60	$576.62	$802.30	$1,045.00	$778.02
6-Cylinder (med. car)	$976.95	$976.15	$864.40	$883.62	$688.60	$613.62	$855.30	$1,123.90	$831.09
8-Cylinder (large car)	$1,198.05	$976.15	$864.40	$960.18	$816.60	$682.62	$959.30	$1123.90	$888.65

Conclusion

Queensland has among the highest registration fees (excluding CTP) in Australia. RACQ noted that that the Queensland Government's increase to registration fees by 2.5% from July 2022 was modest compared with overall CPI inflation. However, the increase to already high registration fees adds to the cost-of-living pressures many households are facing.

Across Australia, registration taxes are levied in different ways. In Queensland, South Australia and Tasmania charges increase with the number of vehicle cylinders. In Victoria registration is a flat fee, while in the Northern Territory the registration charge varies with engine capacity. In New South Wales, Western Australia and the Australian Capital Territory, the charge increases with vehicle weight.

The difference in rates, bases and administration of registration for passenger vehicles makes it difficult to compare registration costs in Australia. RACQ believes that all State and Commonwealth taxes imposed on motorists need reform. This would include using a nationally consistent methodology to calculate the registration charge for passenger vehicles, to improve efficiency and equity outcomes for registration of passenger vehicles.

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[5] This analysis includes registration, metropolitan CTP charges and related annual fees. The analysis uses the same assumptions as Chart 1 and Table 3. These are the full prices for private use, not including concessions available to some motorists.