



TRANSPORT AFFORDABILITY INDEX



Australian
Automobile
Association



SGS
Economics
& Planning

Report - March 2017



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Foreword

Transport Affordability Index: March 2017

The Australian Automobile Association's (AAA) Transport Affordability Index for the first quarter of 2017 shows Australian households are under increasing pressure from land transport costs, mainly driven by increased fuel costs, including an increase in Australian Government fuel excise.

The average family in Australia is now paying \$17,464 a year for household transport, an annual increase of \$317 on the previous quarter. The average Sydney family pays the most at \$22,238, while the annual cost of transport is lowest in Hobart at \$14,852.

Fuel was the number one contributor to the increase in costs over the quarter, with national costs increasing by around \$226 per year for the average household. The fact Government fuel excise increased to more than 40 cents a litre for the first time from 1 February 2017, means the average family now pays \$1,035 in fuel excise each year.

Public transport was also another cost that increased significantly due to fare rises in Melbourne, Hobart and Canberra. Other increased costs faced by the average family included tolls, new car servicing and new car prices which had a flow on impact on car repayment costs.

Nationally, average household transport costs account for 13.6 per cent of the household budget. In comparison, household expenses relating to electricity and gas consume a far smaller share of that budget, ordinarily around one to three per cent.¹

The increasing costs borne by households for land transport highlights the need for all governments to develop policies and make infrastructure investments that will make transport more affordable.

In the lead-up to the 2017-18 Budget Treasurer Scott Morrison said 'the focus of the budget would be consumers struggling with the cost of living in an era of low wage growth'².

Despite this, motorists will pay \$12.5 billion in net fuel excise in 2017-18, an increase from \$12.0 billion in 2016-17. At the same time the proportion of excise returned to motorists in the form of land transport infrastructure investment will decrease from 66 per cent in 2017-18 to just 30 per cent in 2020-21.

The Government maintains import restrictions and continues to collect importation taxes on vehicles, forcing Australians to pay an extra \$4.7 billion for newer, cleaner and safer cars. And the Government continues to consider the idea of removing regular unleaded petrol from the market place, a move that, according to AAA analysis, would see the average household to pay up to \$423 more each year for petrol.

The AAA will continue to work with the Government to develop a new transport infrastructure funding model that is more transparent, fairer and more sustainable and which eases the cost burden on families.



Michael Bradley

Chief Executive
Australian Automobile Association



Section One

Overview

The Australian Automobile Association (AAA) commissioned SGS Economics and Planning (SGS) to design and develop the Transport Affordability Index. It provides a snapshot of the costs of transport for typical households in Australia's capital cities, including public transport costs and costs associated with car use. This Index will be regularly updated to show how transport costs move over time relative to incomes. The baseline is quarter one (January to March) 2016.

The Index is based on the incomes and transport costs of a hypothetical household in each capital city. The characteristics of the household reflect the most common or average characteristics of the population. In some cases, household characteristics have been chosen to ensure some typical transport costs are well illustrated, while still being representative. The hypothetical household is identical across cities to allow for ready comparison.

The hypothetical household

The hypothetical household in each capital city is a couple with children, the most common type of household in Australia. The couple consists of a 38 year old woman and a 36 year old man, which are the average ages for men and women in Australia. They live in a detached house and have two cars. Both are employed.

A typical Australian passenger vehicle is driven 13,800 kilometres per year, and is 9.8 years old. Correspondingly, the model assumes that the household's two motor vehicles are driven 15,000 and 10,000 kilometres per year. The car that drives 10,000 kilometres per year is assumed to be ten years old and owned outright. The car that drives 15,000 kilometres per year is assumed to be a near-new vehicle (less than three years old), purchased new and financed with a car loan. In addition, one member of the household is assumed to travel by public transport into the CBD and home again, five days per week.

In each city, the hypothetical household is assumed to live in middle to outer ring suburbs that have relatively high population density, good access to public transport, and in the case of the Sydney, Melbourne and Brisbane households, the family uses toll roads to access the CBD.

The Index includes a full range of costs families face when they own a car as well as public transport costs. Broadly these fall into two categories: upfront costs and ongoing costs. Upfront costs include purchase costs for a new vehicle such as interest payments, registration, stamp duty, compulsory third party (CTP) insurance, driver's licences and comprehensive car insurance. Ongoing costs are those which increase the more the vehicle is driven, namely fuel costs, tolls and car maintenance. Public transport costs for an average commute to work are also captured as these are fixed costs to many families and make up a growing share of weekly expenses.

While the AAA recognises that vehicle depreciation represents a significant, often hidden, cost to families, this cost has not been included in the Index. The Index seeks to account for actual weekly transport cash flow for an average Australian household, covering costs that need to be factored into the weekly family budget; depreciation is not usually accounted for in this way. Similarly, parking costs have not been included in the Index due to the lack of consistent data available on the cost to regular parking users in the respective capital cities and the price variation that exists between CBDs and suburban locations.

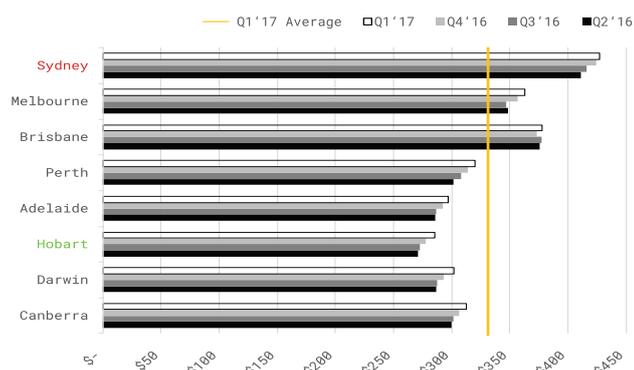
Finally, the Index seeks to compare the affordability of household transport costs across Australia by comparing them with an estimate of the median weekly income of the hypothetical household. Total household transport costs in each city are compared with the average income of a typical family in that city, as a way to illustrate the proportion of income spent on transport-related costs.

As the Index is updated over time, a clearer picture will emerge of which household transport costs are putting pressure on the budget of a typical Australian family, which may differ across Australia's capital cities. The Index will allow the AAA to assess the impact of proposed government policies on the average weekly budget. The analysis is presented in a timely, easy to understand format. Families will also be better informed about how their decisions around transport affect their overall household budgets.

Section Two

Summary of Results

Household total weekly transport costs



City	Q2	Q3	Q4	Q1	Q1 Ranking
Sydney	\$411.34	\$416.41	\$424.04	\$427.64	1
Melbourne	\$348.77	\$347.23	\$357.21	\$363.25	3
Brisbane	\$375.92	\$377.21	\$373.26	\$377.48	2
Perth	\$301.35	\$308.43	\$313.84	\$320.23	4
Adelaide	\$285.94	\$287.12	\$292.58	\$297.40	7
Hobart	\$271.46	\$273.02	\$277.67	\$285.62	8
Darwin	\$286.56	\$287.74	\$293.28	\$302.22	6
Canberra	\$299.89	\$301.85	\$306.12	\$312.85	5
National Average	\$322.65	\$324.88	\$329.75	\$335.84	

The fourth edition of the Transport Affordability Index, which includes four consecutive quarters of data, finds that overall, national average transport costs have increased between the last two quarters. The latest increase means that costs have increased for the average family four consecutive quarters in a row.

Sydney households continue to face, by a significant margin, the highest household transport costs of any capital city in Australia, both in dollar terms and as a percentage of household income.

Household total annual transport costs

City	Q4 2016	Q1 2017	Change	Q1 Ranking
Sydney	\$22,050.30	\$22,237.50	187.20	1
Melbourne	\$18,574.67	\$18,889.05	\$314.38	3
Brisbane	\$19,409.29	\$19,629.12	\$219.82	2
Perth	\$16,319.45	\$16,651.73	\$332.27	4
Adelaide	\$15,213.99	\$15,464.86	\$250.87	7
Hobart	\$14,438.71	\$14,852.31	\$413.60	8
Darwin	\$15,250.37	\$15,715.55	\$465.19	6
Canberra	\$15,918.06	\$16,268.09	\$350.03	5
National	\$17,146.86	\$17,463.53	\$316.67	

Melbourne would be overtaken by Perth as the third most expensive city for transport, while Sydney and Brisbane would nevertheless remain at the top of the rankings.

Lower income, lower density cities such as Darwin, Adelaide and Hobart have relatively low transport costs, at \$15,716, \$15,465 and \$14,852 per year respectively. In these cities, public transport, driver's licence fees and vehicle registration are all relatively less expensive.

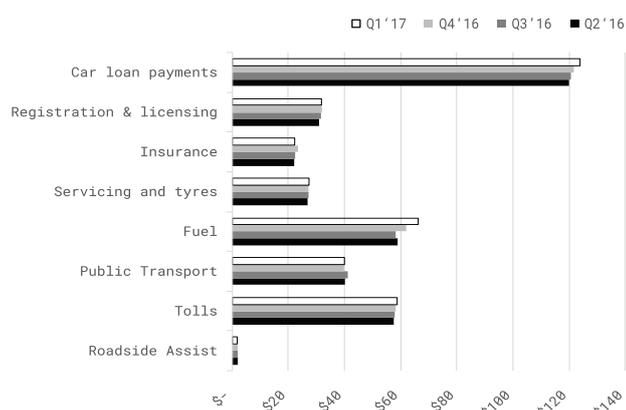
Annual transport costs	Q4 2016	Q1 2017	Change
Fuel excise	\$1,021.68	\$1,034.58	\$12.90
Registration, CTP and licensing	\$1,660.62	\$1,657.61	-\$3.01
HOUSEHOLD TOTAL	\$2,682.30	\$2,692.19	\$9.89

Nationally, the annual cost of household transport increased over the quarter by over \$316 for the average household. The largest increases occurred in Darwin and Hobart. In both cases, the greatest increases in any single category were in fuel. Without exception, this quarter of data showed that every city experienced a price increase.

While the Index does not seek to analyse all motoring taxes and charges, it does include fuel excise, registration, CTP and licensing. These alone cost the average two car family around \$2,692 a year, an increase on the previous quarter due to an increase in the fuel excise rate that came into effect from 1 February 2017. The increase means that the fuel excise rate is now over 40 cents a litre at \$0.401 per litre.

A typical two-car Sydney household faces weekly transport costs of \$428 — or \$22,238 per year — ahead of Brisbane and then Melbourne at \$19,629 and \$18,889 per year respectively. Tolls contribute heavily to the weekly transport costs of families in these three cities. Without tolls,

Household Average weekly expenses

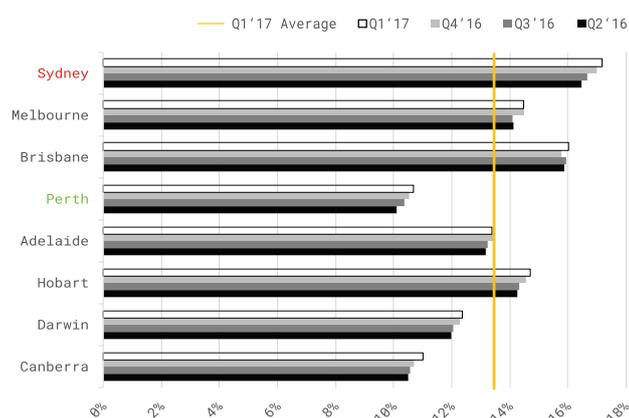


Expenses	Q2	Q3	Q4	Q1	Q1 Ranking
Car loan payments	\$120.02	\$120.53	\$121.76	\$123.91	1
Registration & licensing	\$30.82	\$31.68	\$31.93	\$31.88	5
Insurance	\$22.24	\$22.37	\$23.58	\$22.26	7
Servicing and tyres	\$26.96	\$27.08	\$27.12	\$27.46	6
Fuel	\$59.01	\$58.32	\$61.83	\$66.17	2
Public Transport	\$40.09	\$41.20	\$39.72	\$40.17	4
Tolls	\$57.51	\$57.97	\$58.23	\$58.73	3
Roadside Assist	\$1.96	\$1.96	\$1.96	\$1.96	8

Increases in average fuel prices across Australia contributed the most to the overall rise with the average family paying an additional \$226 annually for fuel. Increases to public transport fares in Melbourne, Hobart and Canberra also contributed to the rise in costs for the average family.

Car loans continue to make up the largest share of transport costs for the hypothetical household. Although interest rates reduced from 6.25 per cent to 5.75 per cent in all capital cities, car loan repayments increased due to higher new car purchase prices.

Household total transport costs as a share of income



State	Q2	Q3	Q4	Q1	Q1 Ranking
Sydney	16.5%	16.7%	17.0%	17.2%	1
Melbourne	14.1%	14.1%	14.5%	14.5%	4
Brisbane	15.9%	15.9%	15.8%	16.0%	2
Perth	10.1%	10.4%	10.5%	10.7%	8
Adelaide	13.2%	13.2%	13.5%	13.4%	5
Hobart	14.2%	14.3%	14.6%	14.7%	3
Darwin	12.0%	12.0%	12.3%	12.4%	6
Canberra	10.5%	10.6%	10.7%	11.0%	7
National Average	13.3%	13.4%	13.6%	13.6%	

The average cost of transport as a percentage of income for Australian households has remained static over the two consecutive quarters at 13.6 per cent. This was despite an increase in average weekly earnings for most states except Sydney, Brisbane and Canberra, resulting in the average Australian family earning an additional \$21 per week.

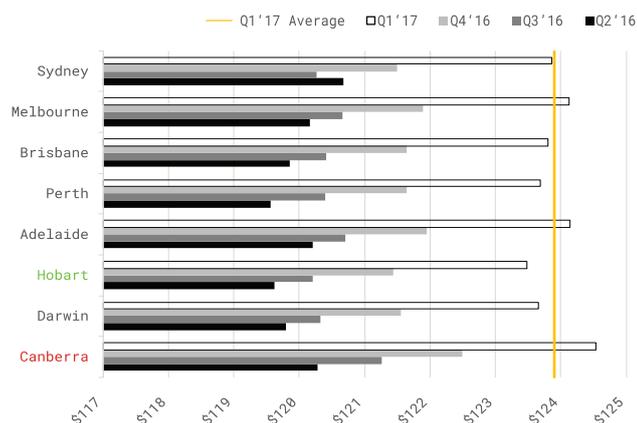
In high income cities of Perth and Canberra, transport costs take the lowest share of total income compared to other capitals, at around 11 per cent. This figure is significant when compared to costs in Sydney, where over 17 per cent of income is spent on transport. In Brisbane 16 per cent of income is spent on transport.

Higher incomes in certain capital cities means that, on average, transport is more affordable, while lower incomes imply the opposite relationship. For example, although Hobart has the least expensive total transport costs of \$286 per week, when this cost is scaled by average household income, Hobart becomes the third most expensive city.

Section Three

Detailed Results

Household weekly car loan payment costs



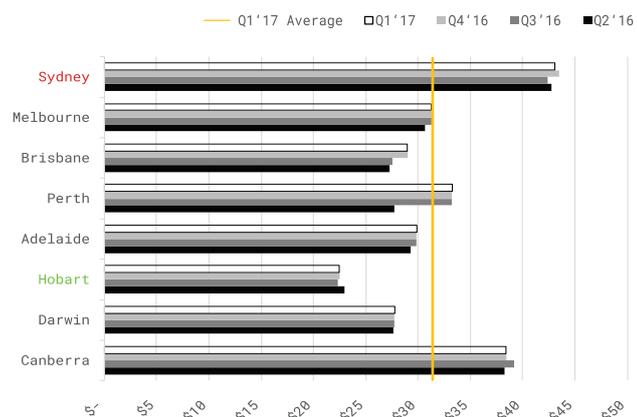
The top 10 selling cars for 2016 were updated in this edition of the index resulting in the cost of the new car rising by over \$800. Although interest rates dropped significantly from around 6.25% to 5.75% this was not enough to offset the higher cost of the new car. Consequently, there was an increase in the cost of loan repayments for the new car of almost \$164 per year.

City	Q2	Q3	Q4	Q1	Q1 Ranking
Sydney	\$120.67	\$120.27	\$121.49	\$123.86	4
Melbourne	\$120.15	\$120.66	\$121.89	\$124.13	3
Brisbane	\$119.85	\$120.41	\$121.64	\$123.80	5
Perth	\$119.56	\$120.40	\$121.64	\$123.69	6
Adelaide	\$120.21	\$120.71	\$121.94	\$124.14	2
Hobart	\$119.61	\$120.21	\$121.44	\$123.48	8
Darwin	\$119.79	\$120.33	\$121.56	\$123.66	7
Canberra	\$120.28	\$121.27	\$122.50	\$124.54	1
National Average	\$120.02	\$120.53	\$121.76	\$123.91	

Hobart was the cheapest city to take out a loan for a new car due to relatively low upfront purchase costs, but only marginally.

Canberra and Adelaide have slightly higher costs of servicing a car loan due to higher upfront purchasing costs. Sydney recorded the highest increase over the quarter in this category, with costs increasing by over \$123 a year. Sydney also moved from seventh highest to fourth highest in this category.

Household weekly registration, CTP & driver's licence costs

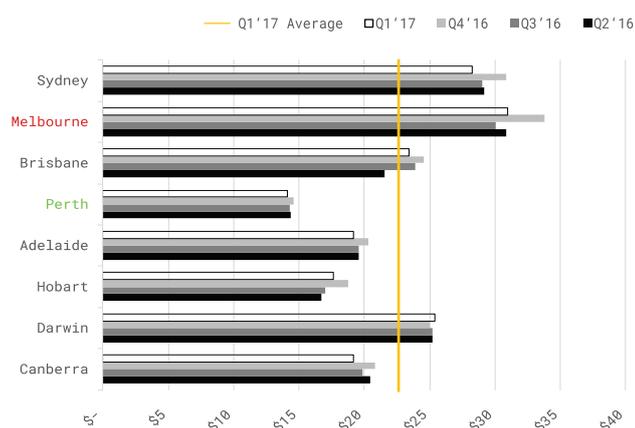


Sydney remains the city with the highest vehicle registration, Compulsory Third Party (CTP) insurance and driver's licensing costs, even though costs fell slightly this quarter. Sydney registration (motor vehicle tax component only) costs increased slightly from \$289 to \$293 for both cars, however this was offset by a decrease in the cost of CTP for the older car in the family. All other cities remained constant over the quarter.

City	Q2	Q3	Q4	Q1	Q1 Ranking
Sydney	\$42.77	\$42.39	\$43.49	\$43.03	1
Melbourne	\$30.69	\$31.28	\$31.28	\$31.28	4
Brisbane	\$27.26	\$27.50	\$29.00	\$29.00	6
Perth	\$27.73	\$33.23	\$33.23	\$33.23	3
Adelaide	\$29.27	\$29.85	\$29.85	\$29.85	5
Hobart	\$22.93	\$22.32	\$22.49	\$22.49	8
Darwin	\$27.67	\$27.69	\$27.73	\$27.73	7
Canberra	\$38.24	\$39.14	\$38.41	\$38.41	2
National Average	\$30.82	\$31.68	\$31.93	\$31.88	

Hobart is over \$20 per week less expensive than Sydney in this category. Annually, the difference between Sydney and Hobart is well over \$1,000 for the household (which has two cars and two licensed drivers).

Household weekly comprehensive insurance costs

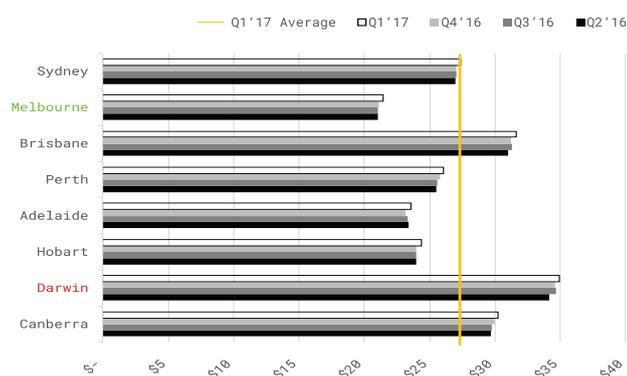


The average weekly cost of comprehensive car insurance for both the new and older car, in the reference household, recorded decreases over the quarter in all capital cities except Darwin. Interestingly, the reverse was true for the previous quarter.

City	Q2	Q3	Q4	Q1	Q1 Ranking
Sydney	\$29.14	\$29.06	\$30.83	\$28.29	2
Melbourne	\$30.88	\$30.02	\$33.80	\$30.99	1
Brisbane	\$21.57	\$23.90	\$24.56	\$23.42	4
Perth	\$14.37	\$14.32	\$14.62	\$14.09	8
Adelaide	\$19.56	\$19.56	\$20.27	\$19.13	6
Hobart	\$16.69	\$17.02	\$18.73	\$17.61	7
Darwin	\$25.22	\$25.24	\$25.01	\$25.37	3
Canberra	\$20.45	\$19.89	\$20.82	\$19.18	5
National Average	\$22.24	\$22.37	\$23.58	\$22.26	

Perth remains the cheapest city to insure a car, at less than half the Melbourne cost, the most expensive city for insurance. The Perth hypothetical family saves almost \$880 a year when compared to the same family in Melbourne.

Household total weekly servicing and tyre costs

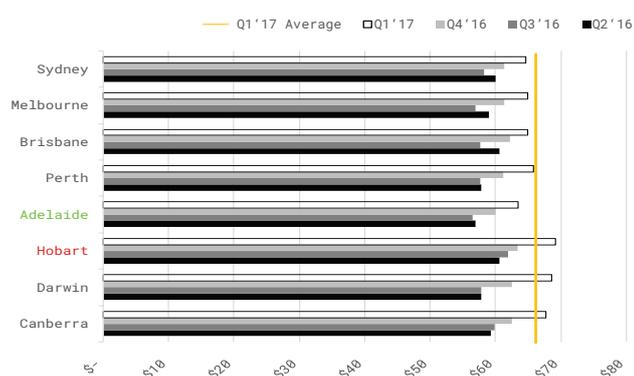


The maintenance cost of running both the new and older vehicle, which includes regular car servicing and the purchase of new tyres, increased marginally over the quarter. The cost of servicing the new car is the same across cities, as these costs are based on the manufacturers' servicing schedule. Several manufacturers increased their fixed priced servicing for the 2017 calendar year which contributed significantly to the increase in costs for this category. Costs associated with the older car, and tyres for both cars, are based on data from the ABS³. As such, most of the variation in the cost between cities can be explained by the cost of tyres and the maintenance cost of the older car.

City	Q2	Q3	Q4	Q1	Q1 Ranking
Sydney	\$26.95	\$27.07	\$27.07	\$27.41	4
Melbourne	\$21.05	\$21.00	\$21.10	\$21.42	8
Brisbane	\$31.01	\$31.29	\$31.22	\$31.65	2
Perth	\$25.53	\$25.55	\$25.77	\$26.09	5
Adelaide	\$23.35	\$23.28	\$23.18	\$23.59	7
Hobart	\$23.95	\$23.96	\$24.01	\$24.36	6
Darwin	\$34.18	\$34.69	\$34.62	\$34.91	1
Canberra	\$29.66	\$29.76	\$29.98	\$30.25	3
National Average	\$26.96	\$27.08	\$27.12	\$27.46	

The cost of servicing both cars in Darwin is over 50 per cent higher than Melbourne. This is due to the older car's servicing costs and the cost of tyres. Brisbane recorded a relatively high cost considering the used car servicing and new tyre markets should be large enough to keep prices down. Melbourne recorded the lowest cost, which reflects the competitive nature of the market in a large city.

Household weekly fuel costs



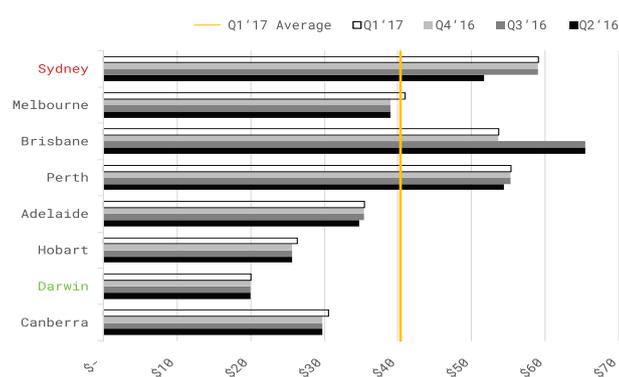
City	Q2	Q3	Q4	Q1	Q1 Ranking
Sydney	\$59.98	\$58.26	\$61.40	\$64.62	7
Melbourne	\$59.07	\$56.94	\$61.40	\$64.90	6
Brisbane	\$60.58	\$57.68	\$62.19	\$64.97	5
Perth	\$57.75	\$57.63	\$61.26	\$65.82	4
Adelaide	\$56.88	\$56.46	\$60.07	\$63.43	8
Hobart	\$60.65	\$61.86	\$63.35	\$69.23	1
Darwin	\$57.80	\$57.88	\$62.45	\$68.65	2
Canberra	\$59.34	\$59.88	\$62.50	\$67.76	3
National Average	\$59.01	\$58.32	\$61.83	\$66.17	

Over the quarter, fuel prices increased in every capital city without exception. Nationally, the average annual cost increase was around \$226. Fuel in Darwin increased the most over the quarter, by almost \$322 per year, followed closely by Hobart (\$306) and Canberra (\$274). Brisbane recorded the smallest annual increase of around \$145.

Darwin has moved from being the third most expensive city for fuel to the second most expensive, surpassing Canberra. However, Hobart is still the most expensive city to purchase fuel. If Hobart households could access the prices available in the cheapest city, Adelaide, then the household would save around \$170 per year.

Adelaide continued to record the lowest petrol prices while Hobart remained the most expensive city for both petrol and diesel.

Household weekly public transport costs

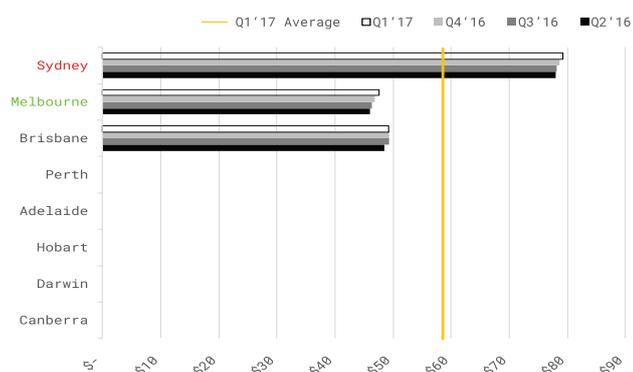


City	Q2	Q3	Q4	Q1	Q1 Ranking
Sydney	\$51.68	\$59.04	\$59.04	\$59.04	1
Melbourne	\$39.00	\$39.00	\$39.00	\$41.00	4
Brisbane	\$65.43	\$65.43	\$53.64	\$53.64	3
Perth	\$54.40	\$55.30	\$55.30	\$55.30	2
Adelaide	\$34.80	\$35.40	\$35.40	\$35.40	5
Hobart	\$25.60	\$25.60	\$25.60	\$26.40	7
Darwin	\$20.00	\$20.00	\$20.00	\$20.00	8
Canberra	\$29.80	\$29.80	\$29.80	\$30.60	6
National Average	\$40.09	\$41.20	\$39.72	\$40.17	

Melbourne recorded the largest increase in public transport costs, corresponding to an increase of \$104 per year. The increase was a result of changes that came into effect from 1 January 2017 that resulted in a 3.9 per cent rise in fares which includes a CPI component and a 2.5 per cent increase announced in the December 2013 budget update⁴. The increase did not change the rankings from the previous quarter, Melbourne remains the fourth highest city for public transport.

Canberra and Adelaide also experienced increased public transport fares of around \$42 per year due to scheduled fare increases. No other cities recorded changes to public transport costs.

Household weekly costs of toll roads



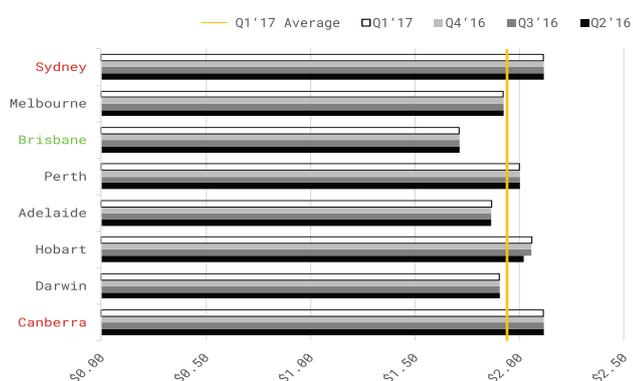
City	Q2	Q3	Q4	Q1	Q1 Ranking
Sydney	\$78.04	\$78.20	\$78.60	\$79.28	1
Melbourne	\$46.00	\$46.40	\$46.80	\$47.60	3
Brisbane	\$48.50	\$49.30	\$49.30	\$49.30	2
Perth	\$0.00	\$0.00	\$0.00	\$0.00	
Adelaide	\$0.00	\$0.00	\$0.00	\$0.00	
Hobart	\$0.00	\$0.00	\$0.00	\$0.00	
Darwin	\$0.00	\$0.00	\$0.00	\$0.00	
Canberra	\$0.00	\$0.00	\$0.00	\$0.00	
National Average	\$57.51	\$57.97	\$58.23	\$58.73	

Both Sydney and Melbourne recorded a slight increase in tolls, as prices are updated on a quarterly basis for those cities. In Brisbane, on the other hand, tolls have remained at \$49.30 per week for the reference household.

In Sydney, the Index assumes that one member of the family uses toll roads only two days per week to travel to central Sydney due to the high cost of the tolls and the availability of alternate routes. Although only a relatively low use of toll roads has been assumed for Sydney, these nevertheless outweigh the cost of fuel over the week.

The Index assumes toll roads are used by one member of the household every weekday in Melbourne and Brisbane. Tolls are the third highest cost in Melbourne, behind car loan repayments and fuel, while tolls are the fourth highest cost in Brisbane, behind car loan payments, fuel and public transport. These rankings have remained unchanged since the previous quarter.

Household weekly costs of roadside assistance



City	Q2	Q3	Q4	Q1	Q1 Ranking
Sydney	\$2.12	\$2.12	\$2.12	\$2.12	1
Melbourne	\$1.92	\$1.92	\$1.92	\$1.92	4
Brisbane	\$1.71	\$1.71	\$1.71	\$1.71	7
Perth	\$2.00	\$2.00	\$2.00	\$2.00	3
Adelaide	\$1.87	\$1.87	\$1.87	\$1.87	6
Hobart	\$2.02	\$2.06	\$2.06	\$2.06	2
Darwin	\$1.90	\$1.90	\$1.90	\$1.90	5
Canberra	\$2.12	\$2.12	\$2.12	\$2.12	1
National Average	\$1.96	\$1.96	\$1.96	\$1.96	

Road side assistance costs⁵ remained constant over the quarter. The cost of road side assistance is a very small component of total transport costs.

The highest ongoing cost is in Sydney and Canberra at \$110 per year, while the lowest is Brisbane at \$89 per year.

Section Four

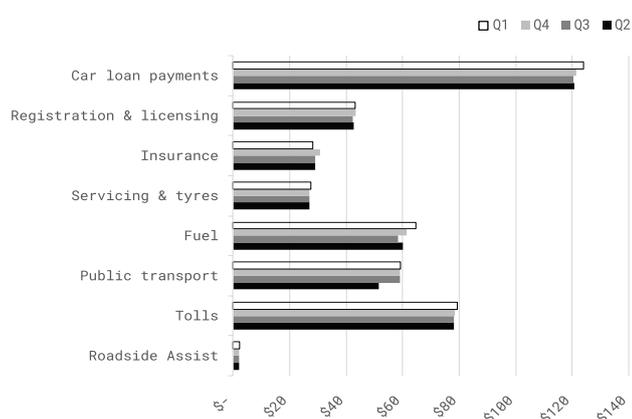
City by City Comparison

Across all capital cities, the highest cost for households was the car loan repayment for the new car.

In the most highly-populated cities of Sydney, Melbourne and Brisbane, tolls rank second, third and fourth place respectively. Ignoring tolls, fuel and then public transport are the second and third highest weekly costs. This is also the case for Perth, Adelaide and Hobart, where there are no toll road expenses.

However, due to relatively affordable public transport, this pattern does not apply to Darwin or Canberra and servicing and tyres and registration and licencing ranks higher in these cities.

Sydney weekly costs of transport



Sydney	Q2	Q3	Q4	Q1	Q1 Ranking
Car loan payments	\$120.67	\$120.27	\$121.49	\$123.86	1
Registration & licensing	\$42.77	\$42.39	\$43.49	\$43.03	5
Insurance	\$29.14	\$29.06	\$30.83	\$28.29	6
Servicing & tyres	\$26.95	\$27.07	\$27.07	\$27.41	7
Fuel	\$59.98	\$58.26	\$61.40	\$64.62	3
Public transport	\$51.68	\$59.04	\$59.04	\$59.04	4
Tolls	\$78.04	\$78.20	\$78.60	\$79.28	2
Roadside Assist	\$2.12	\$2.12	\$2.12	\$2.12	8
TOTAL	\$411.34	\$416.41	\$424.04	\$427.64	

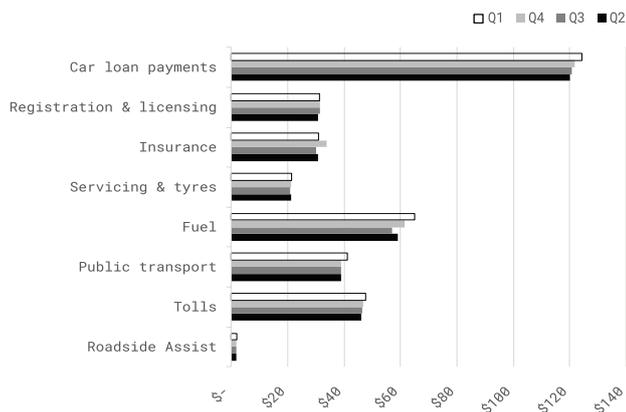
Sydney is the most expensive capital city in Australia, both in terms of total dollars (\$22,238 per year) and as a percentage of average income in that city (17.2 per cent).

Over the quarter, costs increased by \$187 per year. The rise was driven primarily by an increase in fuel costs of \$167 per year. There were also increases in the categories of car loan repayments, servicing and tyres and tolls. Slight decreases were recorded in insurance costs as well as registration and licencing due to slightly lower costs for CTP for the older car, this made up for higher registration charges (registration fees increased from \$289 to \$293 per annum).

The ranking of expenses for the Sydney hypothetical household remained unchanged over the quarter.

Sydney costs are the highest in Australia in the categories of public transport, registration and licensing, tolls and road side assistance. Sydney also has the second highest cost for insurance. In contrast, car loan payments and the cost of fuel are relatively low in Sydney, which reflects its competitive loan and fuel market.

Melbourne weekly costs of transport



Melbourne	Q2	Q3	Q4	Q1	Q1 Ranking
Car loan payments	\$120.15	\$120.66	\$121.89	\$124.13	1
Registration & licensing	\$30.69	\$31.28	\$31.28	\$31.28	5
Insurance	\$30.88	\$30.02	\$33.80	\$30.99	6
Servicing & tyres	\$21.05	\$21.00	\$21.10	\$21.42	7
Fuel	\$59.07	\$56.94	\$61.40	\$64.90	2
Public transport	\$39.00	\$39.00	\$39.00	\$41.00	4
Tolls	\$46.00	\$46.40	\$46.80	\$47.60	3
Roadside Assist	\$1.92	\$1.92	\$1.92	\$1.92	8
TOTAL	\$348.77	\$347.23	\$357.21	\$363.25	

For the first quarter of 2017, Melbourne had the third highest total transport costs at \$18,889 per year, which equates to 14.5 per cent of average income in that city. In terms of total dollars, Melbourne ranks third most expensive. Yet when average income is considered, Melbourne becomes slightly more affordable and ranks fourth.

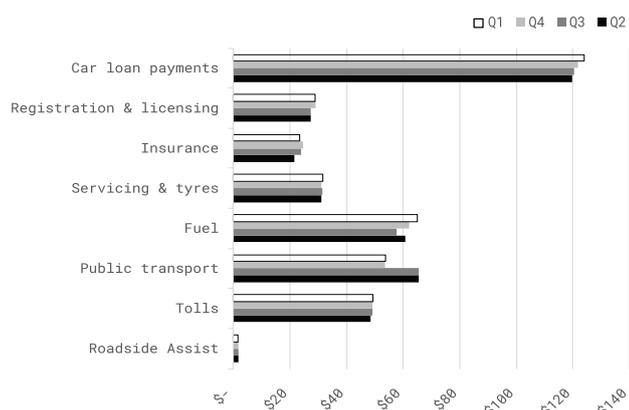
Melbourne recorded a yearly increase of \$314 in transport costs over the quarter. The increase can be attributed to rising costs in the categories of car loan payments, servicing and tyres, public transport, fuel and tolls. Fuel increased annual costs by \$182, while the public transport fare increase cost the family \$104. The other cost categories remained constant; or decreased over the quarter.

Melbourne is still the most expensive city for insuring both the new and old vehicle. Insurance costs in Perth, for example, are less than half those in Melbourne. Melbourne was also the third highest city for car loan costs and had the fourth highest costs for registration and licensing, roadside assistance and public transport.

On the other hand, Melbourne recorded relatively low costs for fuel, and for servicing and tyres. Out of the three cities that charge tolls, the average family also has the least expensive toll costs.

Over the quarter, registration and licensing switched places with insurance. These are now ranked fifth and sixth respectively.

Brisbane weekly costs of transport



Brisbane	Q2	Q3	Q4	Q1	Q1 Ranking
Car loan payments	\$119.85	\$120.41	\$121.64	\$123.80	1
Registration & licensing	\$27.26	\$27.50	\$29.00	\$29.00	6
Insurance	\$21.57	\$23.90	\$24.56	\$23.42	7
Servicing & tyres	\$31.01	\$31.29	\$31.22	\$31.65	5
Fuel	\$60.58	\$57.68	\$62.19	\$64.97	2
Public transport	\$65.43	\$65.43	\$53.64	\$53.64	3
Tolls	\$48.50	\$49.30	\$49.30	\$49.30	4
Roadside Assist	\$1.71	\$1.71	\$1.71	\$1.71	8
TOTAL	\$375.92	\$377.21	\$373.26	\$377.48	

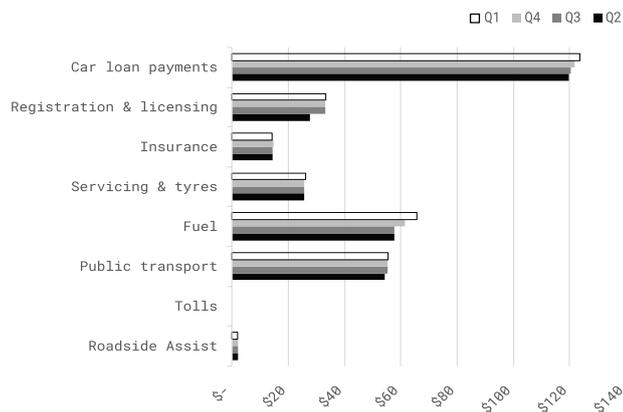
For the first quarter of 2017, Brisbane had the second highest overall cost of transport, both in total dollar terms (\$19,629 per year) and as a percentage of income (16 per cent).

Over the quarter, the total yearly cost to the household increased by \$220 due to increases in fuel, servicing and tyres and car loan payments. Fuel contributed the most to the increase at around \$145 per year.

Brisbane remains the second highest cost capital city for servicing and tyres, and for tolls. In contrast, the Brisbane household incurs relatively low costs of registration and licensing, where it ranks third most affordable nationally. Car loan payments are also relatively affordable, and Brisbane ranks fourth most affordable in this category.

The ranking of expenses for a Brisbane household, listed in the table above, remained unchanged over the quarter.

Perth weekly costs of transport



Perth	Q2	Q3	Q4	Q1	Q1 Ranking
Car loan payments	\$119.56	\$120.40	\$121.64	\$123.69	1
Registration & licensing	\$27.73	\$33.23	\$33.23	\$33.23	4
Insurance	\$14.37	\$14.32	\$14.62	\$14.09	6
Servicing & tyres	\$25.53	\$25.55	\$25.77	\$26.09	5
Fuel	\$57.75	\$57.63	\$61.26	\$65.82	2
Public transport	\$54.40	\$55.30	\$55.30	\$55.30	3
Tolls	\$0.00	\$0.00	\$0.00	\$0.00	8
Roadside Assist	\$2.00	\$2.00	\$2.00	\$2.00	7
TOTAL	\$301.35	\$308.43	\$313.84	\$320.23	

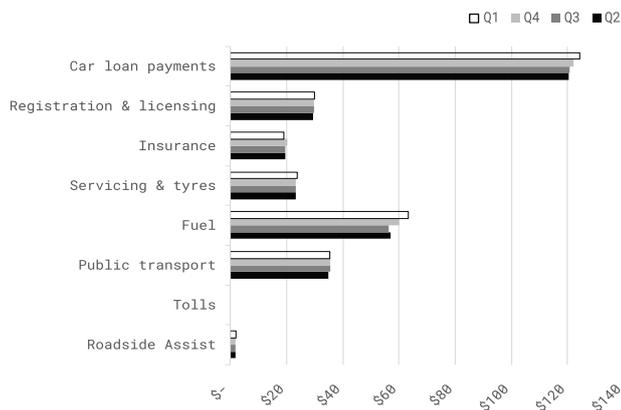
At \$16,652 per year, household transport costs for the Perth household rank fourth most expensive out of the eight capital cities. This figure represents 10.7 per cent of household income for the hypothetical household in Perth, compared with 17.2 per cent for Sydney (the most expensive city). Accounting for income, Perth is the most affordable capital city for household transport across Australia.

Across the quarter, yearly household transport costs in Perth increased by \$332. The increase was driven by increases in the categories of car loan payments, servicing and tyres and fuel. The other categories remained static or decreased.

Perth is the second most expensive city for public transport, which costs the hypothetical household \$2,876 per year. In the category of registration and licensing, Perth ranks third. In contrast, Perth is the cheapest capital, by a long way, for insuring both family cars.

The ranking of expenses for the Perth household, listed in the table above, remained unchanged over the quarter.

Adelaide weekly costs of transport



In total dollar terms, Adelaide has the second lowest household transport costs out of the Australian capital cities. The \$15,465 paid yearly by the hypothetical Adelaide family is equivalent to 13.4 per cent of their income. This reflects the relatively low average earnings in Adelaide. It is ranked as the third least expensive capital city for transport costs as a percentage of income.

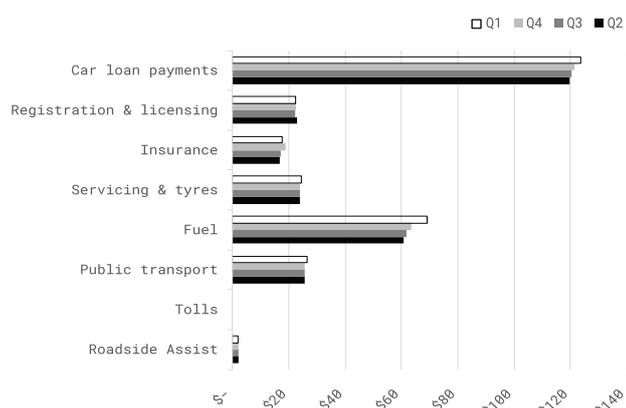
Across the quarter, yearly household transport costs in Adelaide increased by \$251. The increase was driven by higher costs in the categories of car loan payments, servicing and tyres and fuel. Fuel increased by the largest amount, costing the family around \$175 per year. The other categories remained static or decreased.

Adelaide	Q2	Q3	Q4	Q1	Q1 Ranking
Car loan payments	\$120.21	\$120.71	\$121.94	\$124.14	1
Registration & licensing	\$29.27	\$29.85	\$29.85	\$29.85	4
Insurance	\$19.56	\$19.56	\$20.27	\$19.13	6
Servicing & tyres	\$23.35	\$23.28	\$23.18	\$23.59	5
Fuel	\$56.88	\$56.46	\$60.07	\$63.43	2
Public transport	\$34.80	\$35.40	\$35.40	\$35.40	3
Tolls	\$0.00	\$0.00	\$0.00	\$0.00	8
Roadside Assist	\$1.87	\$1.87	\$1.87	\$1.87	7
TOTAL	\$285.94	\$287.12	\$292.58	\$297.40	

Adelaide was the second most expensive capital city for car loan repayments, but remained the cheapest place to fill two cars with fuel. It also recorded relatively low costs for registration and licensing, servicing and tyres, and insurance.

The ranking of expenses for the Adelaide household, listed in the table above, remained unchanged over the quarter.

Hobart weekly costs of transport



In total dollar terms, Hobart recorded the lowest household transport costs nationally. However, it also has the lowest average earnings of any capital city. The approximately \$14,852 paid yearly by the hypothetical household equates to 14.7 per cent as a share of income. Under this metric, Hobart ranks as the third most expensive capital city for household transport.

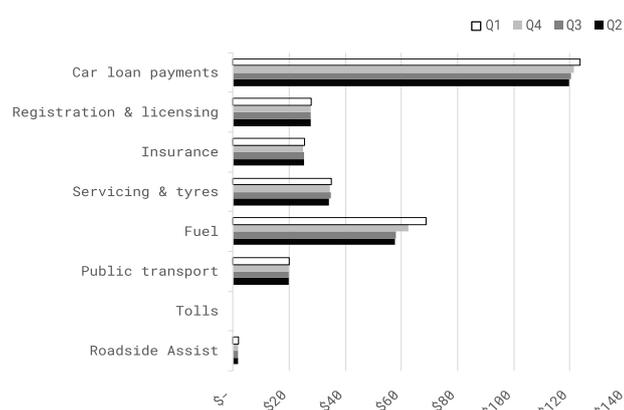
Across the quarter, yearly household transport costs in Hobart increased significantly by \$414. The increase was driven by increased costs in the categories of car loan repayments, servicing and tyres, public transport and fuel. Public transport fares increased for the average family due to fare rises announced by the Government that came into effect from 1 January 2017, which increased costs to the family by around \$52 a year. Fuel was by far the largest contributor to rising costs, at almost \$306 per year. The other categories remained static or decreased slightly.

Hobart	Q2	Q3	Q4	Q1	Q1 Ranking
Car loan payments	\$119.61	\$120.21	\$121.44	\$123.48	1
Registration & licensing	\$22.93	\$22.32	\$22.49	\$22.49	5
Insurance	\$16.69	\$17.02	\$18.73	\$17.61	6
Servicing & tyres	\$23.95	\$23.96	\$24.01	\$24.36	4
Fuel	\$60.65	\$61.86	\$63.35	\$69.23	2
Public transport	\$25.60	\$25.60	\$25.60	\$26.40	3
Tolls	\$0.00	\$0.00	\$0.00	\$0.00	8
Roadside Assist	\$2.02	\$2.06	\$2.06	\$2.06	7
TOTAL	\$271.46	\$273.02	\$277.67	\$285.62	

Hobart was the most expensive city again this quarter for fuel, however this was partially offset by relatively inexpensive costs for car loan repayments, registration and licencing, insurance and public transport.

The ranking of expenses for the Hobart household, listed in the table above, remained unchanged over the quarter.

Darwin weekly costs of transport



Darwin	Q2	Q3	Q4	Q1	Q1 Ranking
Car loan payments	\$119.79	\$120.33	\$121.56	\$123.66	1
Registration & licensing	\$27.67	\$27.69	\$27.73	\$27.73	4
Insurance	\$25.22	\$25.24	\$25.01	\$25.37	5
Servicing & tyres	\$34.18	\$34.69	\$34.62	\$34.91	3
Fuel	\$57.80	\$57.88	\$62.45	\$68.65	2
Public transport	\$20.00	\$20.00	\$20.00	\$20.00	6
Tolls	\$0.00	\$0.00	\$0.00	\$0.00	8
Roadside Assist	\$1.90	\$1.90	\$1.90	\$1.90	7
TOTAL	\$286.56	\$287.74	\$293.28	\$302.22	

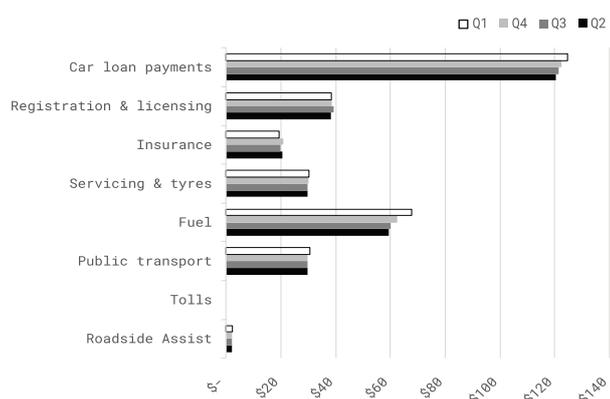
The Darwin household spends \$15,716 per year on household transport, which is equivalent to 12.4 per cent of household income. Under each metric, Darwin ranks as the third most affordable capital city for household transport in Australia.

Over the quarter, costs increased significantly by \$465 per year, by far the largest increase of any other capital city. The rise was driven primarily by an increase in fuel costs of almost \$322 per year. There were also increases in the categories of car loan payments, servicing and tyres and insurance. All other expenses remained static.

Darwin recorded the highest cost when compared to all capital cities in the category of servicing and tyres, reflecting high expenditure for tyres and servicing the old car. This may reflect the harsh driving environment experienced in Darwin. Darwin ranked the second most expensive city for fuel, moving up from third place last quarter. Relatively low costs were recorded in registration and licensing and insurance. Darwin recorded the lowest public transport costs across capital cities.

The ranking of expenses for the Darwin household, listed in the table above, remained unchanged over the quarter.

Canberra weekly costs of transport



Canberra	Q2	Q3	Q4	Q1	Q1 Ranking
Car loan payments	\$120.28	\$121.27	\$122.50	\$124.54	1
Registration & licensing	\$38.24	\$39.14	\$38.41	\$38.41	3
Insurance	\$20.45	\$19.89	\$20.82	\$19.18	6
Servicing & tyres	\$29.66	\$29.76	\$29.98	\$30.25	5
Fuel	\$59.34	\$59.88	\$62.50	\$67.76	2
Public transport	\$29.80	\$29.80	\$29.80	\$30.60	4
Tolls	\$0.00	\$0.00	\$0.00	\$0.00	8
Roadside Assist	\$2.12	\$2.12	\$2.12	\$2.12	7
TOTAL	\$299.89	\$301.85	\$306.12	\$312.85	

Household transport costs for the hypothetical Canberra family each year total \$16,268, which places the city as the fifth most expensive capital city in Australia. As a percentage of household income, this equates to 11 per cent a slight increase from 10.7 per cent from last quarter due to slightly lower average earnings and higher total expenses. Only Perth is more affordable than Canberra when income is taken into account.

Costs increased by \$350 per year over the quarter as a result of increases in car loan repayments, servicing and tyres, fuel and public transport. The largest cost increase related to fuel at around \$274 per year, while public transport costs also increased by around \$42 per year due to increases in fares. Insurance decreased slightly, while all other categories remained static.

Canberra was the most expensive capital city for car loan repayments due to the slightly higher cost of buying a car. It also recorded the second highest costs for registration and licensing, and third highest costs for fuel. Canberra has relatively affordable public transport which is the third most affordable in the country, which cost \$498 per year less than the national average.

The ranking of expenses for the Canberra household, listed in the table above, remained unchanged over the quarter.

Endnotes

¹ ABS Household Expenditure Survey, 2009-10 – the proportion of goods and services expenditure spent on 'domestic fuel and power' is 2.6 per cent. Domestic fuel and power includes expenditure on electricity, mains gas, bottled gas, heating oil and wood.

² Budget to pressure big banks, Australian Financial Review 8 May 2017

³ ABS Household Expenditure Survey, 2009-10.

⁴ A summary of changes is found at <https://www.ptv.vic.gov.au/news-and-events/news/2017-fare-change/>

⁵ Road side assistance costs are based on the basic or standard package on offer by state and territory motoring clubs, however services included in Roadside Assistance packages vary from club to club.

Mailing Address:
GPO Box 1555
Canberra ACT 2601

P 02 6247 7311
T @aaacomms
W www.aaa.asn.au

Address:
103 Northbourne Ave
Canberra ACT 2601

