



TRANSPORT AFFORDABILITY INDEX



Australian
Automobile
Association



Report - June 2018



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Transport Affordability Index: June 2018

Transport costs are continuing to rise sharply. At a time when the rising cost of living is hurting many Australians, transport costs are rising faster than the general level of inflation.

For the second quarter in a row, transport costs rose in every city and region.

Typical Australian households are now spending between \$600 and \$750 a year more on transport than they were a year ago. From June 2017 to June 2018, the consumer price index (CPI) increased by 2.1 per cent.¹ Over the same period, the average cost for a city family in the affordability index increased from \$17,294 to \$18,046 or 4.1 percent – almost double the rate of the CPI increase.

The hypothetical Australian metropolitan household is now spending \$18,046 on transport costs, an increase of \$134 from the previous quarter and a rise of \$754 from June 2017. The regional household spends \$14,466 per year on transport, an increase of \$140 over the previous quarter and a rise of \$603 from a year earlier.

The proportion of total household income being spent on transport increased for both the average metropolitan and average regional families, reaching 14.4 per cent (up from 14.3 per cent) and 12.6 per cent (up from 12.5 per cent) respectively.

The increase in transport costs over the June 2018 quarter was largely due to rising fuel prices. If fuel costs hadn't risen so significantly, average costs would have trended down this quarter. The metropolitan family is now paying an additional \$940 in fuel costs compared to the first quarter of 2016 when the Index first started collecting data.

Sydney remains the city with the highest transport costs – its average household spends \$22,520 per year on transport. But higher incomes mean Sydney ranks fourth in the proportion of income spent on transport costs. The average Brisbane household spent 16.5 per cent of its income on transport, ranking Brisbane once again as the city with Australia's least affordable transport costs.

Transport is a significant and unavoidable cost for households. Governments at all levels must consider these growing transport cost pressures when formulating policy.



Michael Bradley

Chief Executive
Australian Automobile Association



Section One

Summary of Results

Household total weekly transport costs

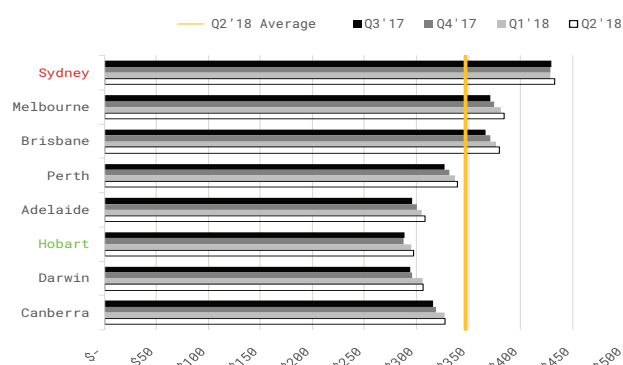
Overall, national transport costs increased, both in total dollar terms and as a percentage of average income.

Sydney households continue to face, by a significant margin, the highest total transport costs of any capital city in Australia at \$433 per week. On the other hand, Hobart households have the lowest total transport costs, equivalent to \$297 per week.

Regionally, the centre with the largest difference between its city counterpart was Wagga Wagga. The difference in costs between Sydney and Wagga Wagga was \$180 per week or \$9,354 per year. The regional centre with the smallest difference between its city counterpart was Darwin and Alice Springs at only \$710 a year.

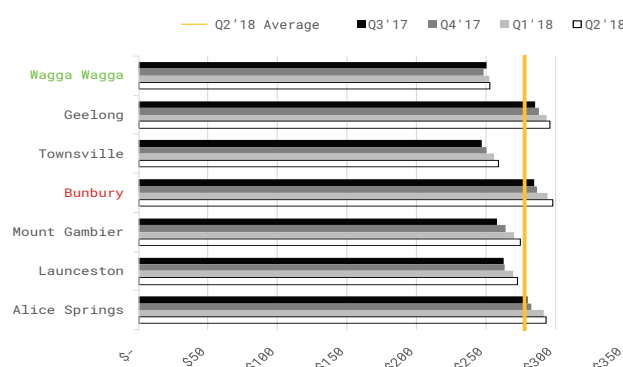
Adelaide became more expensive over the quarter, ranking at sixth place, while Darwin dropped to seventh place. The rankings for the regional centres remained the same over the quarter.

Capital cities



City	Q3	Q4	Q1	Q2	Q2 Ranking
Sydney	\$429.80	\$428.69	\$429.10	\$433.08	1
Melbourne	\$371.29	\$374.26	\$380.95	\$384.28	2
Brisbane	\$366.67	\$371.39	\$376.17	\$379.72	3
Perth	\$327.36	\$331.13	\$337.05	\$339.27	4
Adelaide	\$296.25	\$300.48	\$305.28	\$308.66	↑6
Hobart	\$288.49	\$288.03	\$294.62	\$296.96	8
Darwin	\$294.01	\$295.63	\$305.47	\$306.81	↓7
Canberra	\$316.15	\$319.03	\$327.12	\$327.57	5
Capital Average	\$336.25	\$338.58	\$344.47	\$347.04	

Regional



City	Q3	Q4	Q1	Q2	Q2 Ranking
Wagga Wagga	\$250.29	\$248.75	\$252.57	\$253.20	7
Geelong	\$285.37	\$288.57	\$293.99	\$296.47	2
Townsville	\$247.40	\$250.73	\$255.73	\$258.91	6
Bunbury	\$284.56	\$286.94	\$294.23	\$297.99	1
Mount Gambier	\$258.07	\$264.30	\$270.29	\$274.62	4
Launceston	\$263.00	\$263.79	\$269.80	\$272.96	5
Alice Springs	\$280.17	\$282.56	\$291.82	\$293.17	3
Regional Average	\$266.98	\$269.38	\$275.49	\$278.19	

Household total annual transport costs

In the June 2018 quarter, the average annual cost of transport increased for the metropolitan household, by around \$134 per year. In total dollar terms, the average metropolitan family spends around \$18,046 per annum in transport.

The greatest increase in transport costs occurred in Sydney and Brisbane, with the households incurring an additional \$207 and \$184 per year, respectively.

The average annual cost of transport also increased for the regional household, by around \$140 per year. The regional household now pays \$14,466 per year on transport.

Mount Gambier recorded the greatest increase among the regions, equivalent to \$225 per year, followed by Bunbury at \$195 per year.

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 \$2,711 for city households and \$2,611 for regional households.

The regional household pays more in fuel excise due to the additional kilometres driven, however pays less for registration and CTP in some states and territories. This results in the regional household paying less taxes and charges, on average, than the city household. Due to the household driving more and paying the same state taxes as the city household, this trend does not apply in Bunbury, Launceston and Alice Springs. In these regional centres the household pays more motoring taxes than their city counterparts.

Capital cities

City	Q1	Q2	Change	Q2 Ranking
Sydney	\$22,313.43	\$22,520.40	\$206.97	1
Melbourne	\$19,809.66	\$19,982.32	\$172.66	2
Brisbane	\$19,560.75	\$19,745.22	\$184.48	3
Perth	\$17,526.64	\$17,642.14	\$115.50	4
Adelaide	\$15,874.40	\$16,050.06	\$175.66	↑6
Hobart	\$15,320.06	\$15,441.71	\$121.65	8
Darwin	\$15,884.38	\$15,954.19	\$69.81	↓7
Canberra	\$17,010.47	\$17,033.89	\$23.42	5
Capital Average	\$17,912.47	\$18,046.24	\$133.77	

Capital cities average taxes	Q1	Q2	Change
Fuel excise	\$1,075.67	\$1,075.67	\$0.00
Registration, CTP and licensing	\$1,635.27	\$1,635.12	-\$0.14
HOUSEHOLD TOTAL	\$2,710.94	\$2,710.79	-\$0.14

Regional

City	Q1	Q2	Change	Q2 Ranking
Wagga Wagga	\$13,133.72	\$13,166.32	\$32.60	7
Geelong	\$15,287.30	\$15,416.46	\$129.16	2
Townsville	\$13,298.13	\$13,463.52	\$165.39	6
Bunbury	\$15,300.08	\$15,495.53	\$195.45	1
Mount Gambier	\$14,055.04	\$14,280.25	\$225.20	4
Launceston	\$14,029.67	\$14,194.10	\$164.43	5
Alice Springs	\$15,174.85	\$15,244.65	\$69.80	3
Regional Average	\$14,325.54	\$14,465.83	\$140.29	

Regional average taxes	Q1	Q2	Change
Fuel excise	\$1,128.16	\$1,128.16	\$0.00
Registration, CTP and licensing	\$1,483.22	\$1,483.09	-\$0.12
HOUSEHOLD TOTAL	\$2,592.39	\$2,611.37	-\$0.12

Household Average weekly expenses

Overall, there was an increase in household average weekly expenses.

The increase in transport costs over the quarter are attributable to:

- Fuel – increased significantly in all capital cities and regions;
- Comprehensive insurance – increased slightly on average for both the city and regional households;
- Tolls – increased marginally in Sydney and Melbourne due to scheduled quarterly increases; and
- Servicing and tyres – increased marginally due to a revision of fixed price servicing for several manufacturers and an increase in CPI.

The cost categories that decreased over the quarter were:

- Car loan payments – decreased due to end of financial year sales on several new models of the top ten selling vehicles in Australia, and constant interest rates; and
- Registration, CTP and licencing – decreased marginally in New South Wales due to the greenslip's reform.

All other cost categories remained unchanged over the quarter.

The ranking of average expenses for the city and regional family remained the same over the quarter. Car loan payments represented the highest expense for the family's budget. Roadside assistance and insurance represented the cheapest expense for the family.

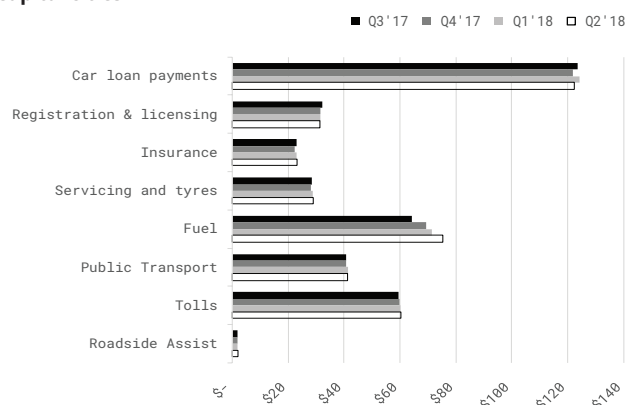
There are a few notable differences between transport costs in the city and regional household:

- Regional families, on average face higher costs for fuel due to the household travelling further and paying higher fuel prices than their city counterparts;
- Comprehensive insurance is significantly cheaper in some states and territories due to lower premiums in regional areas;
- Registration and CTP is \$326 cheaper in South Australia due to the government's regional and metro pricing structures, while CTP is \$241 cheaper in New South Wales and \$106 cheaper in Victoria due to lower CTP insurance premiums in regional locations. In all other jurisdictions, registration and CTP remain the same for regional families;
- Regional households don't incur tolls; and
- Due to a lack of suitable services in many areas analysed, it is also assumed they don't use public transport.

The Index assumes that the cost of purchasing and financing a new car; and the costs of roadside assistance remain the same across both city and regional households.

It is also assumed that similar cars are driven in the regional household, therefore fuel efficiency and fuel mix assumptions remain the same.

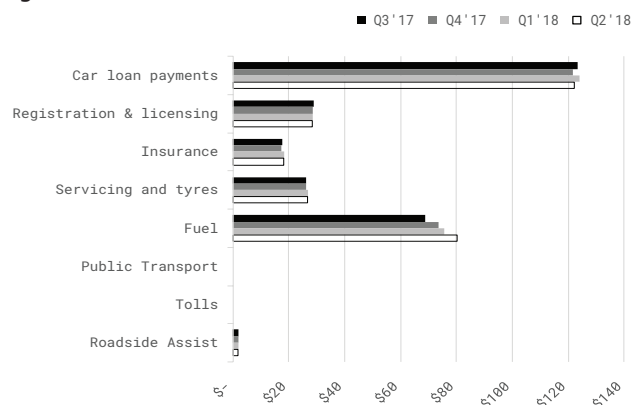
Capital cities



Expenses	Q3	Q4	Q1	Q2	Q2 Ranking
Car loan payments	\$123.39	\$121.81	\$124.10	\$122.28	1
Registration & licensing	\$32.14	\$31.41	\$31.45	\$31.44	5
Insurance	\$23.16	\$22.36	\$23.02	\$23.04	7
Servicing and tyres	\$28.29	\$28.24	\$28.73	\$28.82	6
Fuel	\$64.09	\$69.52	\$71.27	\$75.45	2
Public Transport	\$40.84	\$40.84	\$41.39	\$41.39	4
Tolls	\$59.56	\$59.75	\$59.99	\$60.31	3
Roadside Assist	\$2.00	\$2.00	\$2.00	\$2.00	8

Note: The toll figure is averaged only across the three cities where tolls are charged, all other expenses are averaged across all capital cities.

Regional



Expenses	Q3	Q4	Q1	Q2	Q2 Ranking
Car loan payments	\$123.36	\$121.79	\$124.07	\$122.23	1
Registration & licensing	\$28.79	\$28.48	\$28.52	\$28.52	3
Insurance	\$17.58	\$17.33	\$18.41	\$18.28	5
Servicing and tyres	\$26.37	\$26.33	\$26.80	\$26.89	4
Fuel	\$68.89	\$73.46	\$75.70	\$80.29	2
Public Transport	\$-	\$-	\$-	\$-	-
Tolls	\$-	\$-	\$-	\$-	-
Roadside Assist	\$1.99	\$1.99	\$1.99	\$1.99	6

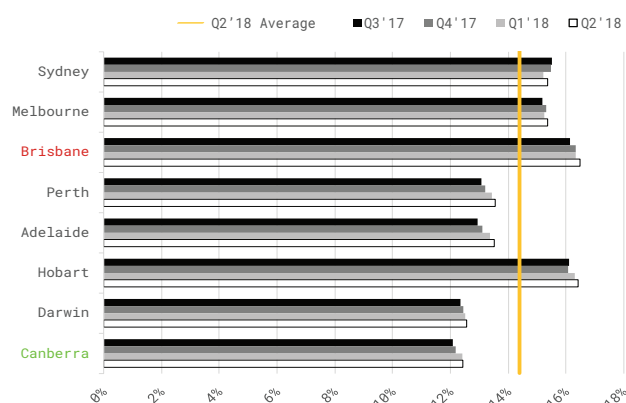
Household total transport costs as share of income

Nationally, the average cost of transport as a percentage of income increased, from 13.5 per cent to 13.6 per cent over the quarter. In the city household, the average cost of transport as a percentage of income increased from 14.3 per cent to 14.4 per cent. The average cost of transport as a share of income also increased for the regional household, from 12.5 per cent to 12.6 per cent.

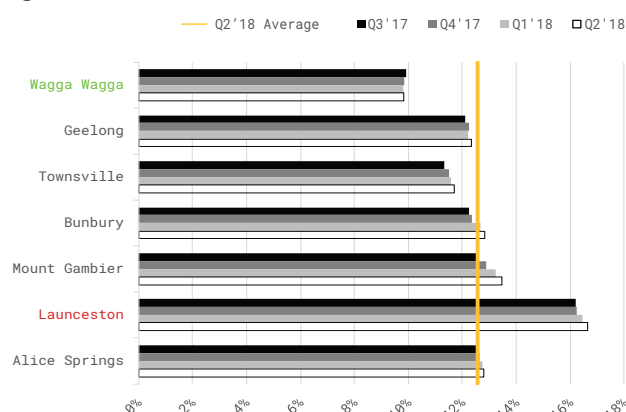
Of the capital cities, Sydney, Melbourne and Brisbane recorded the greatest increase over the quarter, by around 0.2 per cent. All other cities recorded a modest increase of around 0.1 per cent except for Canberra and Perth that remained roughly the same at 12.4 per cent and 13.5 per cent respectively.

Brisbane continues to rank as the most expensive city for transport, when costs are considered with as a percentage of average income at 16.5 per cent, closely followed by Hobart at 16.4 per cent. Canberra remains the most affordable city under the same metric at 12.4 per cent.

Capital cities



Regional



In total dollar terms, Hobart has the least expensive total transport costs. However, when this cost is scaled by the average household income, Hobart becomes the second most expensive capital city. This also applies for regional households in Launceston, Mount Gambier and Alice Springs. The differences are due to median incomes earned by households. Higher incomes in certain regional and city locations results in transport being more affordable, while the inverse is true in other locations.

As noted in previous Indexes, all regional households earn around \$199 per week less than their city counterparts, consistent with the income data in the 2016 Census. Households in Wagga Wagga and Mount Gambier earn significantly less per week than their city counterparts by around \$247 and \$241 per week on average.

Rankings remained unchanged for city households. Regionally, the Bunbury household spent a higher proportion of income on transport, and subsequently moved to third place this quarter while Alice Springs dropped to fourth place.

City	Q3	Q4	Q1	Q2	Q2 Ranking
Sydney	15.53%	15.49%	15.22%	15.37%	4
Melbourne	15.18%	15.31%	15.25%	15.38%	3
Brisbane	16.14%	16.35%	16.34%	16.49%	1
Perth	13.06%	13.22%	13.45%	13.54%	5
Adelaide	12.93%	13.11%	13.38%	13.52%	6
Hobart	16.12%	16.09%	16.30%	16.42%	2
Darwin	12.37%	12.43%	12.52%	12.58%	7
Canberra	12.08%	12.19%	12.42%	12.44%	8
Capital Average	14.11%	14.21%	14.29%	14.39%	

City	Q3	Q4	Q1	Q2	Q2 Ranking
Wagga Wagga	9.91%	9.85%	9.82%	9.84%	7
Geelong	12.12%	12.26%	12.22%	12.32%	5
Townsville	11.35%	11.50%	11.57%	11.72%	6
Bunbury	12.25%	12.35%	12.67%	12.83%	↑3
Mount Gambier	12.60%	12.90%	13.24%	13.46%	2
Launceston	16.19%	16.24%	16.45%	16.64%	1
Alice Springs	12.54%	12.65%	12.73%	12.79%	↓4
Regional Average	12.22%	12.33%	12.45%	12.58%	



Section Two

Detailed Results

Household weekly car loan payment costs

The cost of purchasing a new car decreased over the quarter, by around \$412. Car loan interest rates remained unchanged across the jurisdictions.

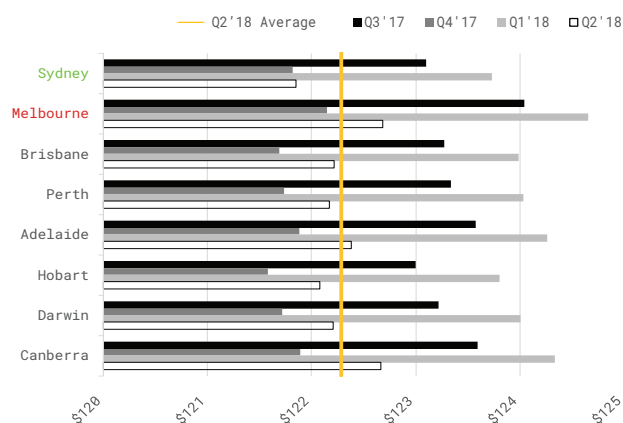
As a result, the cost of car loan payments for a new car fell by around \$95 per year for both the city and regional household.

Ranking of expenses changed minimally: Perth became relatively cheaper moving to sixth place (from fourth) and Brisbane moved to fourth place (from sixth).

Melbourne remained the most expensive city for car loan payments this quarter, while Sydney remained the most affordable. This was partially due to the lower interest rates offered in Sydney for taking out a car loan.

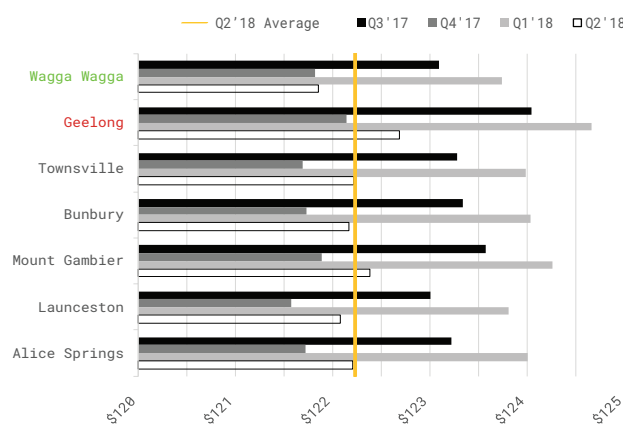
The regional household incurred the same costs in this category due to assumptions around interest rates and new car purchases costs remaining the same in both regional and city locations.

Capital cities



City	Q3	Q4	Q1	Q2	Q2 Ranking
Sydney	\$123.10	\$121.82	\$123.74	\$121.85	8
Melbourne	\$124.04	\$122.14	\$124.66	\$122.68	1
Brisbane	\$123.28	\$121.69	\$123.99	\$122.21	↑4
Perth	\$123.33	\$121.73	\$124.03	\$122.17	↓6
Adelaide	\$123.58	\$121.88	\$124.26	\$122.38	3
Hobart	\$123.00	\$121.57	\$123.81	\$122.07	7
Darwin	\$123.22	\$121.71	\$124.01	\$122.20	5
Canberra	\$123.59	\$121.89	\$124.34	\$122.66	2
Capital Average	\$123.39	\$121.81	\$124.10	\$122.28	

Regional



City	Q3	Q4	Q1	Q2	Q2 Ranking
Wagga Wagga	\$123.10	\$121.82	\$123.74	\$121.85	7
Geelong	\$124.04	\$122.14	\$124.66	\$122.68	1
Townsville	\$123.28	\$121.69	\$123.99	\$122.21	↑3
Bunbury	\$123.33	\$121.73	\$124.03	\$122.17	↓5
Mount Gambier	\$123.58	\$121.88	\$124.26	\$122.38	2
Launceston	\$123.00	\$121.57	\$123.81	\$122.07	6
Alice Springs	\$123.22	\$121.71	\$124.01	\$122.20	4
Regional Average	\$123.36	\$121.79	\$124.07	\$122.23	

Household weekly registration, CTP & licence costs

The cost of vehicle registration, CTP and driver's licensing fees decreased slightly on average for both the city and regional household.

The decrease was attributable to the cost of CTP insurance in New South Wales, which continued to decline because of the Green Slips reform.

Registration, CTP insurance and driver's licensing costs remained constant in all other cities.

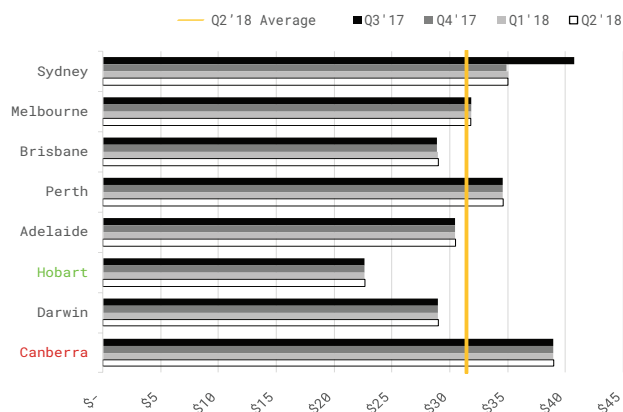
Canberra remained the most expensive city for vehicle registration, CTP and licensing fees, while Hobart remained the cheapest. The Hobart household saves around \$16 per week, or \$849 per year, compared to the same household in Canberra.

When comparing the regional household, Bunbury remained the most expensive for registration, CTP and licensing. Launceston remained the most affordable. Annually, the difference between Bunbury and Launceston is \$622 per year.

Registration, CTP and driver's licensing costs were significantly cheaper for regional households in New South Wales, South Australia and Victoria because government policies have different regional and metro pricing structures. The Wagga Wagga household saves \$241 per year in registration costs compared to the same household in Sydney. Similarly, the Mount Gambier household saves \$326 compared to Adelaide, while the Geelong household pays \$106 less than Melbourne.

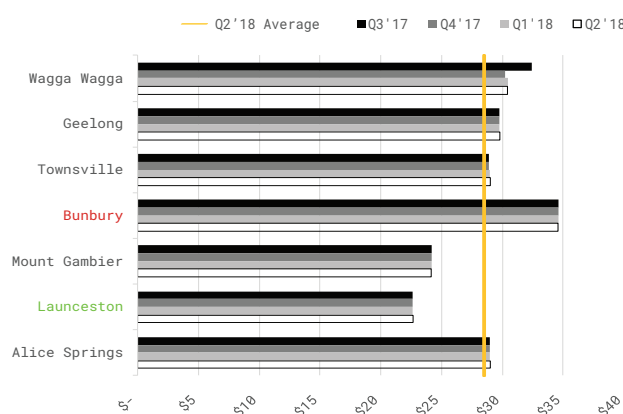
In the remaining jurisdictions, fees were the same across both capital cities and regional locations. Ranking of city and regional households remained the same for the June 2018 quarter.

Capital cities



City	Q3	Q4	Q1	Q2	Q2 Ranking
Sydney	\$40.75	\$34.88	\$35.08	\$35.05	2
Melbourne	\$31.82	\$31.82	\$31.82	\$31.82	4
Brisbane	\$28.88	\$28.88	\$28.99	\$28.99	7
Perth	\$34.61	\$34.61	\$34.61	\$34.61	3
Adelaide	\$30.45	\$30.45	\$30.45	\$30.45	5
Hobart	\$22.65	\$22.65	\$22.65	\$22.65	8
Darwin	\$29.00	\$29.00	\$29.00	\$29.00	6
Canberra	\$38.97	\$38.97	\$38.97	\$38.97	1
Capital Average	\$32.14	\$31.41	\$31.45	\$31.44	

Regional



City	Q3	Q4	Q1	Q2	Q2 Ranking
Wagga Wagga	\$32.43	\$30.23	\$30.44	\$30.42	2
Geelong	\$29.79	\$29.79	\$29.79	\$29.79	3
Townsville	\$28.88	\$28.88	\$28.99	\$28.99	5
Bunbury	\$34.61	\$34.61	\$34.61	\$34.61	1
Mount Gambier	\$24.18	\$24.18	\$24.18	\$24.18	6
Launceston	\$22.65	\$22.65	\$22.65	\$22.65	7
Alice Springs	\$29.00	\$29.00	\$29.00	\$29.00	4
Regional Average	\$28.79	\$28.48	\$28.52	\$28.52	

Household weekly comprehensive insurance costs

The weekly cost of comprehensive insurance increased slightly on average for both the new and used vehicle. The increase was due to higher premiums in Hobart, Darwin, Launceston and Alice Springs.

Comprehensive insurance decreased in all other jurisdictions, except for Adelaide and Mount Gambier, where costs remained constant.

Melbourne had the most expensive comprehensive insurance this quarter, while Perth had the most affordable.

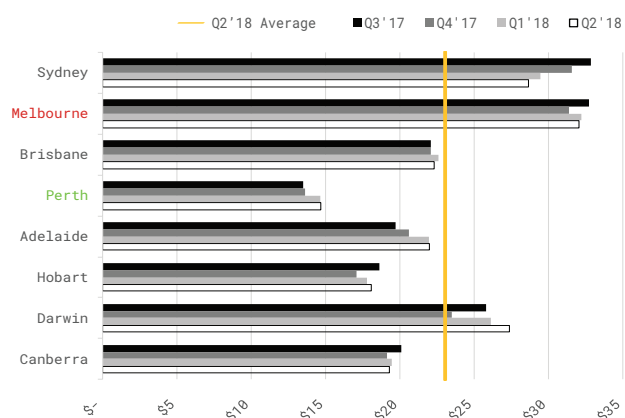
Annually, the Perth household saves around \$904 in comprehensive insurance costs compared to the Melbourne household.

When comparing regional households, premiums were significantly cheaper for comprehensive insurance. The largest difference between the city and regional household was in Melbourne and Geelong.

The Geelong family saves around \$530 per annum in comprehensive insurance costs compared to the Melbourne family.

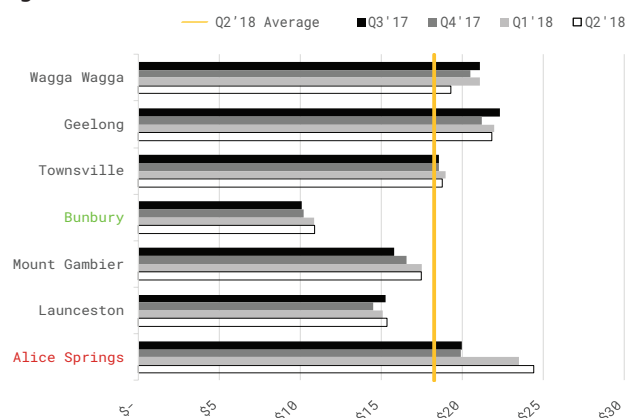
Of the regional households, Alice Springs remained the most expensive for comprehensive insurance, while Bunbury was the most affordable.

Capital cities



City	Q3	Q4	Q1	Q2	Q2 Ranking
Sydney	\$32.82	\$31.53	\$29.44	\$28.63	2
Melbourne	\$32.73	\$31.36	\$32.20	\$32.03	1
Brisbane	\$22.09	\$22.09	\$22.59	\$22.32	4
Perth	\$13.47	\$13.64	\$14.66	\$14.65	8
Adelaide	\$19.71	\$20.58	\$21.94	\$21.94	5
Hobart	\$18.63	\$17.09	\$17.76	\$18.09	7
Darwin	\$25.78	\$23.45	\$26.14	\$27.36	3
Canberra	\$20.06	\$19.12	\$19.46	\$19.31	6
Capital Average	\$23.16	\$22.36	\$23.02	\$23.04	

Regional



City	Q3	Q4	Q1	Q2	Q2 Ranking
Wagga Wagga	\$21.09	\$20.51	\$21.08	\$19.31	3
Geelong	\$22.32	\$21.18	\$21.95	\$21.84	2
Townsville	\$18.55	\$18.55	\$18.98	\$18.76	4
Bunbury	\$10.10	\$10.16	\$10.86	\$10.85	7
Mount Gambier	\$15.79	\$16.54	\$17.46	\$17.46	5
Launceston	\$15.24	\$14.49	\$15.06	\$15.34	6
Alice Springs	\$19.96	\$19.89	\$23.47	\$24.40	1
Regional Average	\$17.58	\$17.33	\$18.41	\$18.28	

Household total weekly servicing and tyre costs

The cost of servicing and tyres increased marginally over the quarter for both the city and regional household. The increase was due to an increase in the Consumer Price Index (CPI) for maintenance and repair of motor vehicles for all jurisdictions except Perth, Darwin and Canberra. In addition, there was an increase in several manufacturers' cost of fixed price servicing.

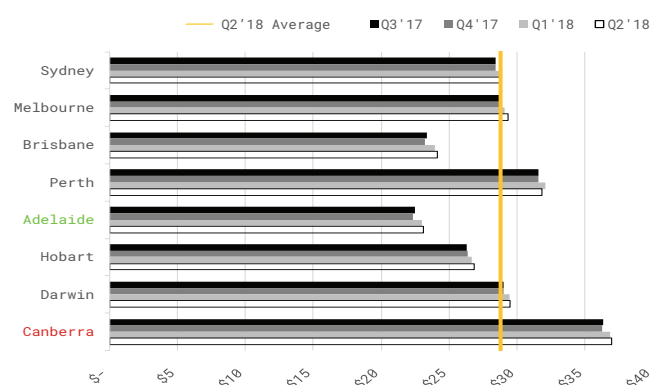
Canberra still had the highest cost for maintaining both cars, while Adelaide remained the cheapest. The Adelaide household could expect savings of \$718 per year in car maintenance costs compared to the Canberra household.

Alice Springs remained the most expensive regional centre, for maintaining both new and used cars. The cost of maintaining both cars in Alice Springs is around \$567 more expensive than the cheapest region, Launceston.

The cost of servicing the new car is the same across both regional and city locations, as these costs are based on the manufacturers' servicing schedule. Therefore, the cost variation between regional and city households is attributable only to the differences in the cost of servicing the old car and the cost of tyres.

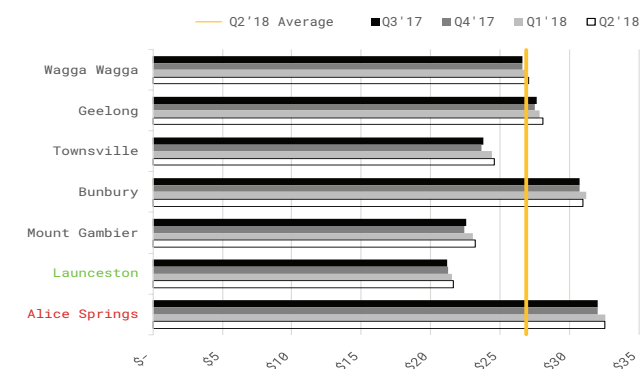
Costs associated with the older car and for tyres for both cars are based on ABS Household Expenditure Survey (HES) data, which is indexed in line with the CPI for maintenance and repair of motor vehicles.²

Capital cities



City	Q3	Q4	Q1	Q2	Q2 Ranking
Sydney	\$28.39	\$28.39	\$28.74	\$28.85	5
Melbourne	\$28.88	\$28.77	\$29.08	\$29.36	4
Brisbane	\$23.32	\$23.23	\$23.96	\$24.14	7
Perth	\$31.56	\$31.58	\$32.09	\$31.84	2
Adelaide	\$22.48	\$22.35	\$22.98	\$23.12	8
Hobart	\$26.28	\$26.35	\$26.68	\$26.81	6
Darwin	\$29.00	\$29.00	\$29.46	\$29.47	3
Canberra	\$36.37	\$36.28	\$36.86	\$36.93	1
Capital Average	\$28.29	\$28.24	\$28.73	\$28.82	

Regional



City	Q3	Q4	Q1	Q2	Q2 Ranking
Wagga Wagga	\$26.61	\$26.61	\$26.95	\$27.05	4
Geelong	\$27.65	\$27.54	\$27.85	\$28.12	3
Townsville	\$23.78	\$23.68	\$24.42	\$24.60	5
Bunbury	\$30.71	\$30.73	\$31.23	\$30.99	2
Mount Gambier	\$22.57	\$22.44	\$23.07	\$23.21	6
Launceston	\$21.20	\$21.25	\$21.55	\$21.66	7
Alice Springs	\$32.07	\$32.07	\$32.57	\$32.57	1
Regional Average	\$26.37	\$26.33	\$26.80	\$26.89	

Household weekly fuel costs

The cost of fuel surged across all capital and regional cities this quarter. Regular unleaded petrol increased from 140.7 per litre to 148.7 per litre, a rise of 8 cents per litre. As a result, the average metropolitan family spends an additional \$4.18 per week, or \$217 per year on fuel.

Hobart overtook Darwin this quarter for being the most expensive city for fuel. The cost of fuel for the Hobart family increased by a difference of \$3.62 per week. The household could pay an additional \$188 per year, assuming fuel prices remain high. If the Hobart household could access the lower fuel prices available in the cheapest city, Adelaide, it would save around \$5.39 per week, or \$280 per year.

Ranking of fuel costs changed this quarter, as Sydney and Brisbane became more expensive. Sydney moved up from seventh place to fifth, while Brisbane moved one ranking to become the fourth most expensive city for fuel.

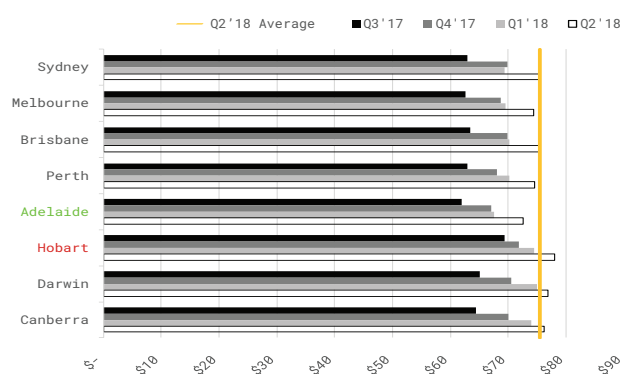
In contrast, Melbourne, Perth and Darwin became more affordable compared to other cities, moving to seventh, sixth and second place respectively.

When comparing the regional household, regular unleaded petrol increased from 142.5 per litre to 151.3 per litre, an increase of 9 cents a litre. The average regional household pays an additional \$4.84 per week on fuel compared to the average city household.

In the June 2018 quarter, Alice Springs faced the highest prices for petrol at 158.07 cents per litre while Geelong had the cheapest petrol prices at 144.17, almost 14 cents lower.

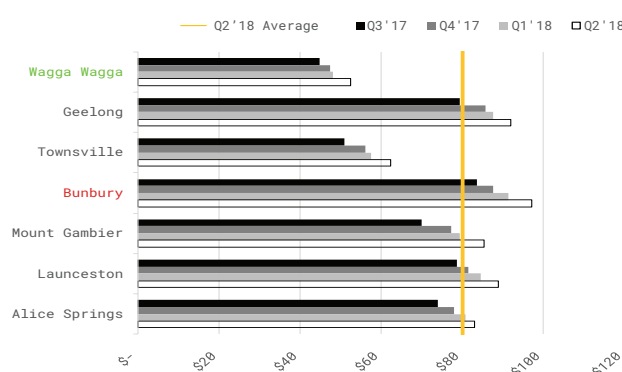
Ranking of fuel costs changed slightly over the quarter – Mount Gambier moved to fourth place and Alice Springs moved to fifth place.

Capital cities



City	Q3	Q4	Q1	Q2	Q2 Ranking
Sydney	\$62.87	\$69.82	\$69.35	\$75.38	↑5
Melbourne	\$62.59	\$68.74	\$69.58	\$74.36	↓7
Brisbane	\$63.44	\$69.84	\$70.16	\$75.57	↑4
Perth	\$62.95	\$68.13	\$70.21	\$74.57	↓6
Adelaide	\$61.92	\$67.11	\$67.54	\$72.65	8
Hobart	\$69.44	\$71.86	\$74.42	\$78.04	↑1
Darwin	\$65.11	\$70.56	\$74.95	\$76.87	↓2
Canberra	\$64.44	\$70.06	\$73.98	\$76.18	3
Capital Average	\$64.09	\$69.52	\$71.27	\$75.45	

Regional



City	Q3	Q4	Q1	Q2	Q2 Ranking
Wagga Wagga	\$44.95	\$47.47	\$48.25	\$52.46	7
Geelong	\$79.56	\$85.90	\$87.72	\$92.02	2
Townsville	\$51.09	\$56.10	\$57.53	\$62.53	6
Bunbury	\$83.77	\$87.67	\$91.46	\$97.33	1
Mount Gambier	\$70.06	\$77.36	\$79.42	\$85.48	↑4
Launceston	\$78.81	\$81.73	\$84.63	\$89.13	3
Alice Springs	\$74.00	\$77.98	\$80.87	\$83.09	↓5
Regional Average	\$68.89	\$73.46	\$75.70	\$80.29	

Household weekly public transport costs

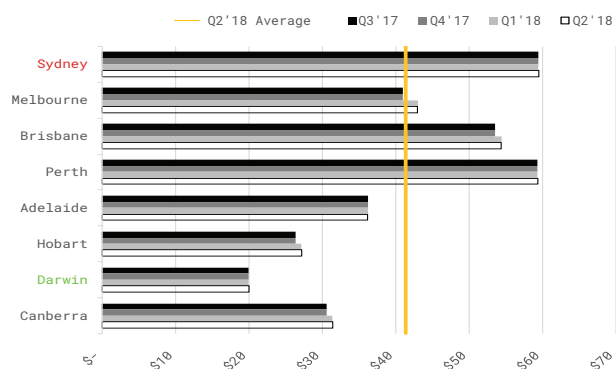
Public transport costs remained constant for the June 2018 quarter. Several jurisdictions, however, have flagged increases effective from July 1, 2018 due to indexation. These will be considered in the next edition of the Index.

As such, the rankings remain unchanged from the previous quarter.

Sydney remained the most expensive city for public transport; Darwin remained the most affordable. The Darwin hypothetical family saves around \$2,053 per year in public transport costs compared to the same family in Sydney.

It is assumed that the regional household does not incur public transport costs. This is due to a lack of reliable services and low usage rates in the regional locations analysed.

Capital cities



City	Q3	Q4	Q1	Q2	Q2 Ranking
Sydney	\$59.49	\$59.49	\$59.49	\$59.49	1
Melbourne	\$41.00	\$41.00	\$43.00	\$43.00	4
Brisbane	\$53.64	\$53.64	\$54.45	\$54.45	3
Perth	\$59.40	\$59.40	\$59.40	\$59.40	2
Adelaide	\$36.20	\$36.20	\$36.20	\$36.20	5
Hobart	\$26.40	\$26.40	\$27.20	\$27.20	7
Darwin	\$20.00	\$20.00	\$20.00	\$20.00	8
Canberra	\$30.60	\$30.60	\$31.40	\$31.40	6
Capital Average	\$40.84	\$40.84	\$41.39	\$41.39	

Household weekly costs of toll roads

Sydney and Melbourne both recorded a slight increase in tolls in the March 2018 quarter, in line with quarterly scheduled increases.

In Sydney, tolls increased annually by a difference of \$29. In Melbourne, weekly toll costs increased by a difference of \$20.80 per year.

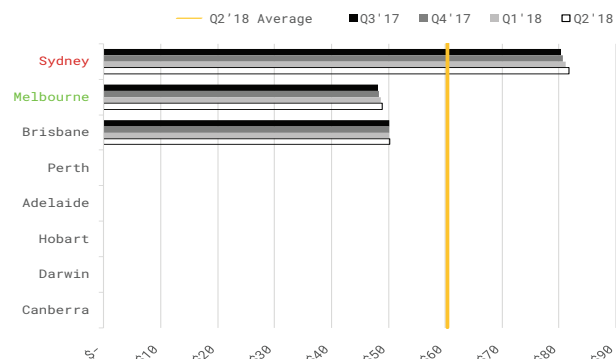
Households in Sydney incur the greatest costs for toll road usage, while households in Melbourne incur the least cost for toll road usage. The Melbourne household pays around \$33 less per week on tolls compared to the same family in Sydney. Annually, this is a difference of about \$1,701.

The Sydney family in the Index is expected to be eligible for free registration costs from 1 July 2018 due to their high toll usage. This will provide the family some relief and will be considered in the next report.³

While toll costs have increased, rankings remain unchanged.

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. The Index assumes toll roads are used by one member of the household every weekday in Melbourne and Brisbane. It is not assumed that the regional household incurs regular toll costs due to an absence of toll roads in the regional locations analysed.

Capital cities



City	Q3	Q4	Q1	Q2	Q2 Ranking
Sydney	\$80.28	\$80.64	\$81.16	\$81.72	1
Melbourne	\$48.20	\$48.40	\$48.60	\$49.00	3
Brisbane	\$50.20	\$50.20	\$50.20	\$50.20	2
Perth	-	-	-	-	-
Adelaide	-	-	-	-	-
Hobart	-	-	-	-	-
Darwin	-	-	-	-	-
Canberra	-	-	-	-	-
Capital Average	\$59.56	\$59.75	\$59.99	\$60.31	

Household weekly costs of roadside assistance

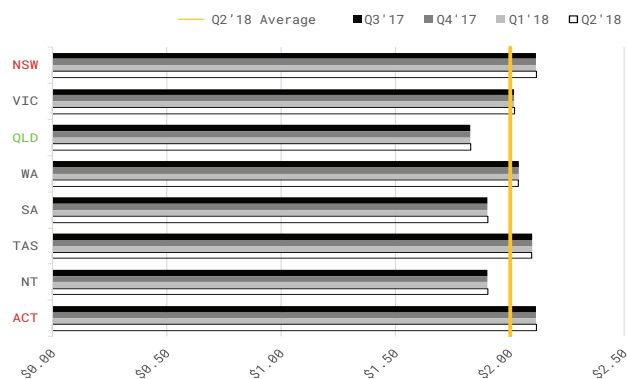
Roadside assistance costs remained constant in all capital cities and regions. The highest ongoing cost remains to be in Sydney and Canberra at \$110 per year, while the lowest is in Brisbane at \$95 per year.

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.

The Index assumes that the regional household faces the same costs as the city household, as roadside assistance providers offer standard state-wide pricing.

Note: rankings are the same state wide for this cost category when Canberra is removed

States



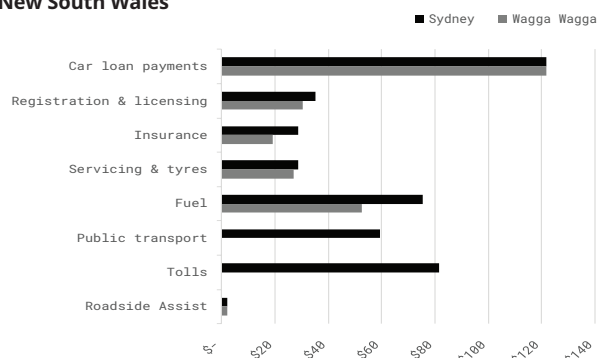
State	Q3	Q4	Q1	Q2	Q2 Ranking
NSW	\$2.12	\$2.12	\$2.12	\$2.12	1
VIC	\$2.02	\$2.02	\$2.02	\$2.02	5
QLD	\$1.83	\$1.83	\$1.83	\$1.83	8
WA	\$2.04	\$2.04	\$2.04	\$2.04	4
SA	\$1.90	\$1.90	\$1.90	\$1.90	6
TAS	\$2.10	\$2.10	\$2.10	\$2.10	3
NT	\$1.90	\$1.90	\$1.90	\$1.90	6
ACT	\$2.12	\$2.12	\$2.12	\$2.12	1
National Average	\$2.00	\$2.00	\$2.00	\$2.00	

Section Three

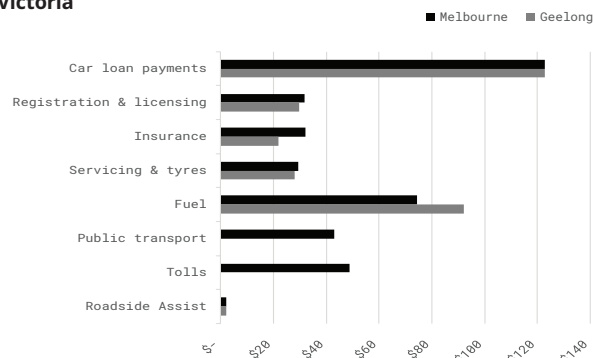
State by State Comparison

City vs Regional comparison by state

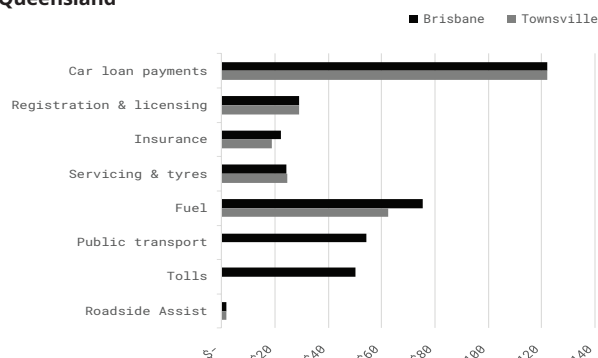
New South Wales



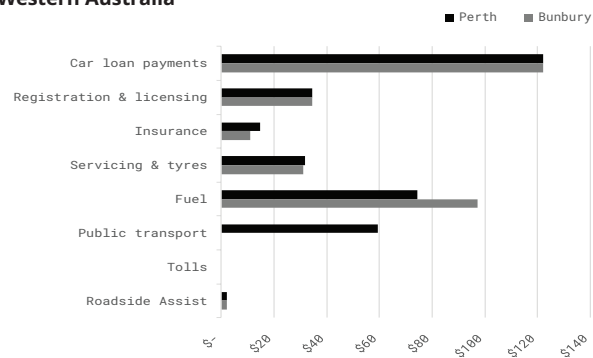
Victoria



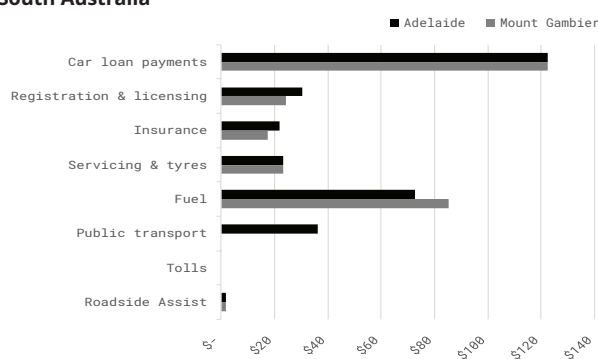
Queensland



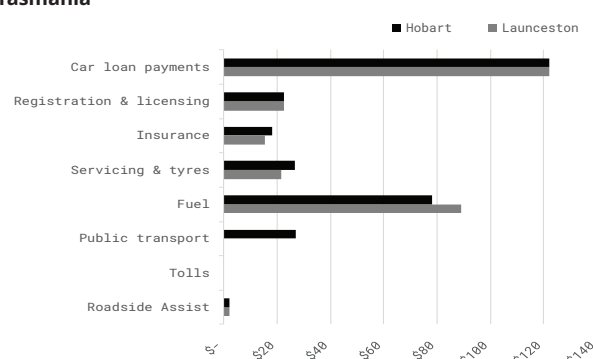
Western Australia



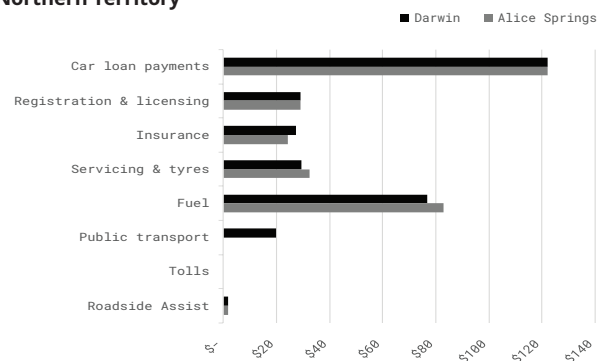
South Australia



Tasmania



Northern Territory



New South Wales weekly costs of transport

Sydney remains the most expensive city in Australia for transport. The annual cost of transport in the June 2018 quarter was \$22,520, an increase of \$207 per year.

Transport costs as a percentage of income also increased over the quarter from 15.2 per cent to 15.4 per cent. Under this metric, Sydney is the fourth most expensive city for transport.

The largest transport cost rises in the June quarter were fuel; tolls; and servicing and tyres. Sydney recorded the largest increase in fuel costs this quarter, equivalent to \$6.04 per week or \$314 per year. Tolls increased over the quarter by around \$29 per year.

The Sydney household is expected to benefit from the Toll Relief program when it comes into effect on 1 July 2018. Savings of around \$358 per year will be considered in the next edition of the Index.⁴

Decreasing costs included car loan payments; registration, compulsory third-party insurance and licensing; and comprehensive insurance.

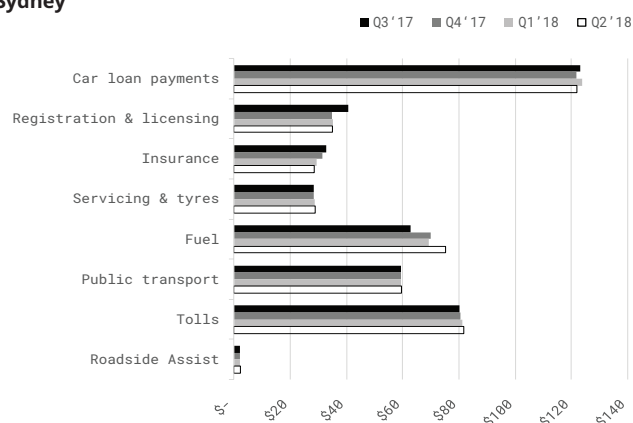
Car loan payments decreased by \$98 per year, due to end of financial year sales. CTP also decreased due to the Green Slips reform. Comprehensive insurance decreased by around \$42 per year.

Sydney is the most expensive city for public transport, tolls and roadside assistance.

With transport costs equivalent to \$13,166 per year, Wagga Wagga is the most affordable region, both in dollar terms and with respect to average income (9.8 per cent). However, the family drives less than other regional locations so the results are not directly comparable. Transport costs increased marginally, by about \$33 per year due to fuel and servicing and tyres.

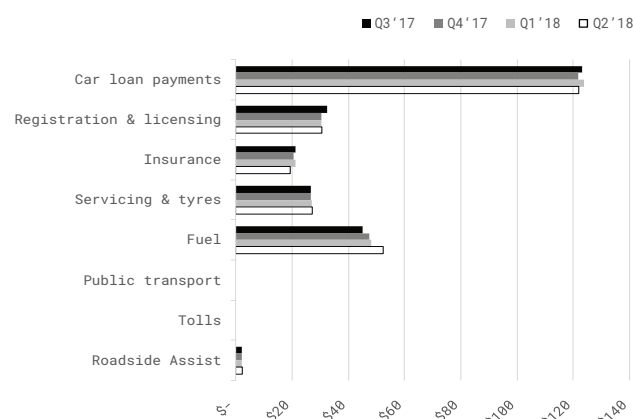
The family continued to pay higher petrol prices, by a difference of 1 cent per litre, compared to its city counterpart. Car loan payments fell in line with Sydney, while comprehensive insurance decreased by \$92 per year due to lower premiums. The cost of registration, CTP and licensing decreased marginally.

Sydney



Sydney	Q3	Q4	Q1	Q2	Q2 Ranking
Car loan payments	\$123.10	\$121.82	\$123.74	\$121.85	1
Registration & licensing	\$40.75	\$34.88	\$35.08	\$35.05	5
Insurance	\$32.82	\$31.53	\$29.44	\$28.63	↓7
Servicing & tyres	\$28.39	\$28.39	\$28.74	\$28.85	↑6
Fuel	\$62.87	\$69.82	\$69.35	\$75.38	3
Public transport	\$59.49	\$59.49	\$59.49	\$59.49	4
Tolls	\$80.28	\$80.64	\$81.16	\$81.72	2
Roadside Assist	\$2.12	\$2.12	\$2.12	\$2.12	8
TOTAL	\$429.80	\$428.69	\$429.10	\$433.08	

Wagga Wagga



Wagga Wagga	Q3	Q4	Q1	Q2	Q2 Ranking
Car loan payments	\$123.10	\$121.82	\$123.74	\$121.85	1
Registration & licensing	\$32.43	\$30.23	\$30.44	\$30.42	3
Insurance	\$21.09	\$20.51	\$21.08	\$19.31	5
Servicing & tyres	\$26.61	\$26.61	\$26.95	\$27.05	4
Fuel	\$44.95	\$47.47	\$48.25	\$52.46	2
Public transport	-	-	-	-	-
Tolls	-	-	-	-	-
Roadside Assist	\$2.12	\$2.12	\$2.12	\$2.12	6
TOTAL	\$250.29	\$248.75	\$252.57	\$253.20	

Victoria weekly costs of transport

Melbourne remained Australia's second most expensive city for transport, with costs equivalent to \$19,982 per year an increase of \$173 per year. Melbourne is the third most expensive city when transport costs are considered as a percentage of average income, this metric also increased by two percentage points– from 15.2 per cent to 15.4 per cent.

The largest transport cost rises in the June quarter were due to fuel; tolls; and servicing and tyres. Fuel increased by around \$4.78 per week or \$248 per year. Tolls increased by \$20.80 per annum, in line with scheduled quarterly increases.

Car loan payments decreased by around \$103 per year because of end of financial year sales. Interest rates, however, remained constant. Comprehensive insurance also fell marginally due to lower premiums.

Melbourne remains the most expensive city in Australia for car loan payments and comprehensive insurance.

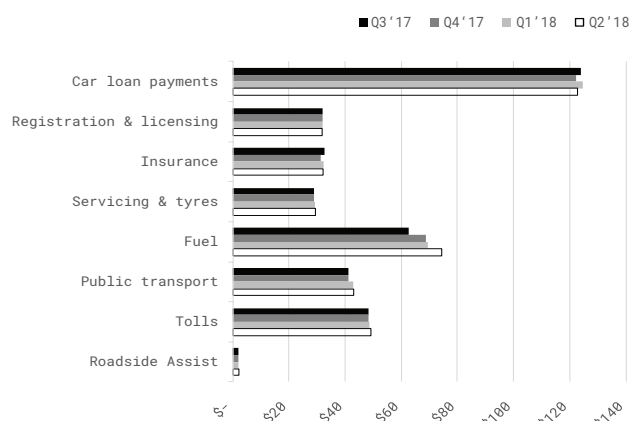
The household in Geelong incurred lower transport costs than its capital city counterpart, at \$15,416 per year. Transport costs increased by \$129 over the quarter. In addition, transport costs increased as a percentage of average income from 12.2 per cent to 12.3 per cent. Under the income metric, Geelong is Australia's fifth most expensive region.

Fuel increased considerably, rising by around \$4.30 per week. Fuel remains relatively expensive in Geelong compared to Melbourne, due to the regional household travelling greater distances.

Servicing and tyres increased marginally, while car loan payments and comprehensive insurance decreased.

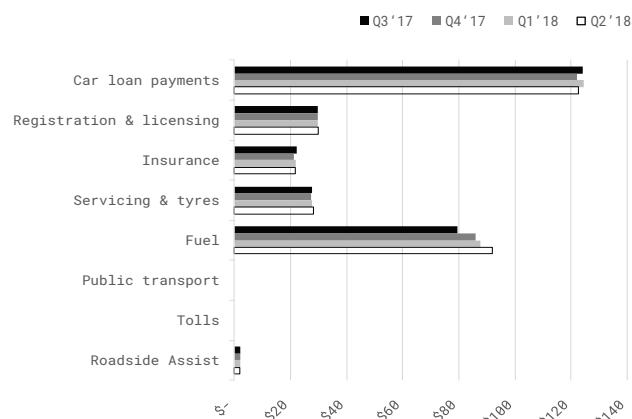
Geelong is the most expensive regional location in Australia for car loan payments. Geelong also remains relatively expensive for fuel and comprehensive insurance.

Melbourne



Melbourne	Q3	Q4	Q1	Q2	Q2 Ranking
Car loan payments	\$124.04	\$122.14	\$124.66	\$122.68	1
Registration & licensing	\$31.82	\$31.82	\$31.82	\$31.82	6
Insurance	\$32.73	\$31.36	\$32.20	\$32.03	5
Servicing & tyres	\$28.88	\$28.77	\$29.08	\$29.36	7
Fuel	\$62.59	\$68.74	\$69.58	\$74.36	2
Public transport	\$41.00	\$41.00	\$43.00	\$43.00	4
Tolls	\$48.20	\$48.40	\$48.60	\$49.00	3
Roadside Assist	\$2.02	\$2.02	\$2.02	\$2.02	8
TOTAL	\$371.29	\$374.26	\$380.95	\$384.28	

Geelong



Geelong	Q3	Q4	Q1	Q2	Q2 Ranking
Car loan payments	\$124.04	\$122.14	\$124.66	\$122.68	1
Registration & licensing	\$29.79	\$29.79	\$29.79	\$29.79	3
Insurance	\$22.32	\$21.18	\$21.95	\$21.84	5
Servicing & tyres	\$27.65	\$27.54	\$27.85	\$28.12	4
Fuel	\$79.56	\$85.90	\$87.72	\$92.02	2
Public transport	-	-	-	-	-
Tolls	-	-	-	-	-
Roadside Assist	\$2.02	\$2.02	\$2.02	\$2.02	6
TOTAL	\$285.37	\$288.57	\$293.99	\$296.47	

Queensland weekly costs of transport

In total dollar terms, Brisbane is the third most expensive city but it remains the most expensive city when transport costs are considered as a percentage of average income (16.5 per cent).

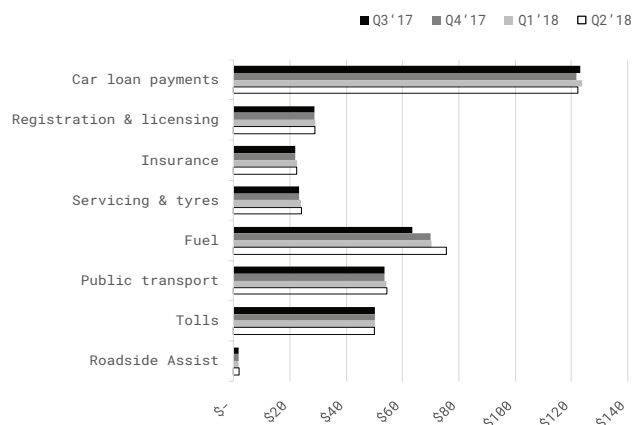
Yearly transport costs were equivalent to \$19,745 per year – an increase of \$184 on the previous quarter. Transport costs as a percentage of income also increased from 16.3 per cent to 16.5 per cent.

The largest increase over the quarter was the cost of fuel. Fuel increased by \$5.41 per week for the household. The cost of servicing and tyres also increased slightly.

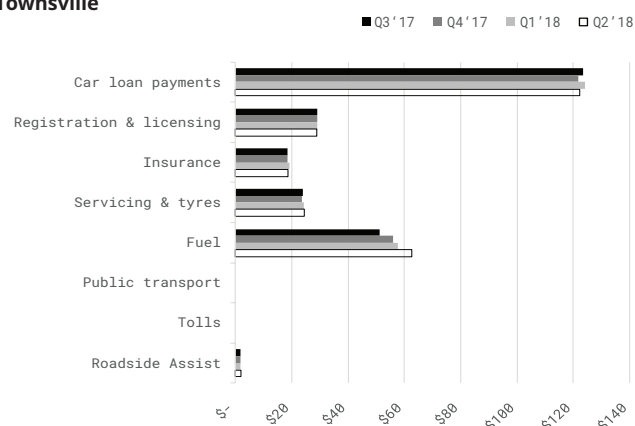
Car loan payments and comprehensive insurance costs decreased over the quarter. Car loan payments decreased by \$92 per year due to end of financial year sales. All other costs remained unchanged for the quarter.

Brisbane has Australia's third-highest public transport costs. For other transport costs (except tolls), it ranks between fourth and eighth place.

Brisbane



Townsville



The Townsville household now pays \$13,464 per year in transport costs an increase of \$165 on the previous quarter. Townsville continues to be an affordable regional centre at sixth place, however, the family drives less than most other regional locations so the results are not directly comparable. Townsville also spends less than its Brisbane counterpart when transport costs are expressed as a percentage of income at 11.7 per cent.

Like the Brisbane household, the increase in transport costs was largely due to fuel and servicing and tyres. Fuel increased by \$5.00 a week over the quarter or \$260 annually.

Car loan payments decreased in line with Brisbane, while comprehensive insurance also decreased.

Compared to other regions, Townsville remains relatively inexpensive for registration, licensing and CTP, servicing and tyres, fuel and roadside assistance.

Brisbane	Q3	Q4	Q1	Q2	Q2 Ranking
Car loan payments	\$123.28	\$121.69	\$123.99	\$122.21	1
Registration & licensing	\$28.88	\$28.88	\$28.99	\$28.99	5
Insurance	\$22.09	\$22.09	\$22.59	\$22.32	7
Servicing & tyres	\$23.32	\$23.23	\$23.96	\$24.14	6
Fuel	\$63.44	\$69.84	\$70.16	\$75.57	2
Public transport	\$53.64	\$53.64	\$54.45	\$54.45	3
Tolls	\$50.20	\$50.20	\$50.20	\$50.20	4
Roadside Assist	\$1.83	\$1.83	\$1.83	\$1.83	8
TOTAL	\$366.67	\$371.39	\$376.17	\$379.72	

Townsville	Q3	Q4	Q1	Q2	Q2 Ranking
Car loan payments	\$123.28	\$121.69	\$123.99	\$122.21	1
Registration & licensing	\$28.88	\$28.88	\$28.99	\$28.99	3
Insurance	\$18.55	\$18.55	\$18.98	\$18.76	5
Servicing & tyres	\$23.78	\$23.68	\$24.42	\$24.60	4
Fuel	\$51.09	\$56.10	\$57.53	\$62.53	2
Public transport	-	-	-	-	-
Tolls	-	-	-	-	-
Roadside Assist	\$1.83	\$1.83	\$1.83	\$1.83	6
TOTAL	\$247.40	\$250.73	\$255.73	\$258.91	

Western Australia weekly costs of transport

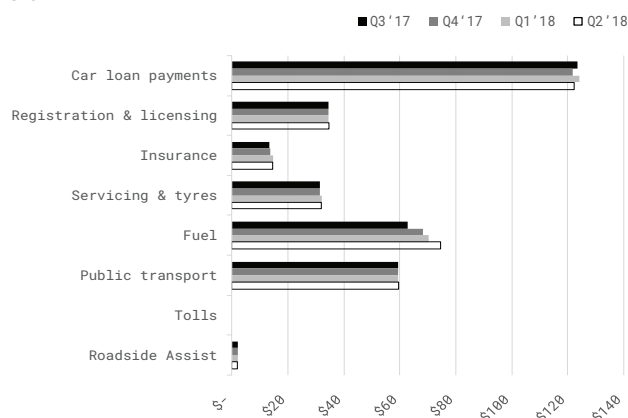
In total dollar terms, Perth remained Australia's fourth most expensive capital city. Transport costs were equivalent to \$17,642 per annum – an increase of \$116. Transport costs as a share of income remained at 13.5 per cent. Under this metric, Perth remains the fifth most expensive capital city.

Fuel increased considerably over the quarter, by around \$4.36 per week or \$226 per year if prices remained high. All other costs remained unchanged, except car loan payments, servicing and tyres and comprehensive insurance, which decreased slightly over the quarter. Car loan payments fell by the most out of all these categories, decreasing by \$97 per year due to end of financial year sales.

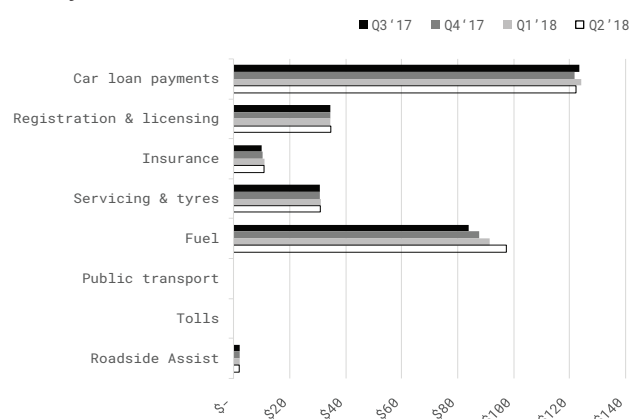
Ranking of expenses changed slightly as Perth became relatively cheaper for car loan payments and fuel compared to other cities.

Perth remains relatively expensive for registration, CTP and licensing; servicing and tyres; and public transport. But Perth is the most affordable city for comprehensive insurance.

Perth



Bunbury



With yearly costs equivalent to \$15,496, Bunbury is less expensive than Perth. The annual cost of transport increased by around \$195. Bunbury is the most expensive regional city, however the household drives further than other regional centres, so overall results are not directly comparable.

Transport costs as a percentage of average income increased from 12.7 per cent to 12.8 per cent. Bunbury has moved from being the fourth most expensive to the third most expensive region, under this metric.

Household fuel costs increased significantly, by around \$5.87 per week or \$305 per year if costs remained high. Only car loan payments, servicing and tyres and comprehensive insurance decreased over the quarter.

Bunbury remains the most expensive region for fuel; and registration, CTP and licensing. But it is the most affordable region for comprehensive insurance.

Perth	Q3	Q4	Q1	Q2	Q2 Ranking
Car loan payments	\$123.33	\$121.73	\$124.03	\$122.17	1
Registration & licensing	\$34.61	\$34.61	\$34.61	\$34.61	4
Insurance	\$13.47	\$13.64	\$14.66	\$14.65	6
Servicing & tyres	\$31.56	\$31.58	\$32.09	\$31.84	5
Fuel	\$62.95	\$68.13	\$70.21	\$74.57	2
Public transport	\$59.40	\$59.40	\$59.40	\$59.40	3
Tolls	-	-	-	-	-
Roadside Assist	\$2.04	\$2.04	\$2.04	\$2.04	7
TOTAL	\$327.36	\$331.13	\$337.05	\$339.27	

Bunbury	Q3	Q4	Q1	Q2	Q2 Ranking
Car loan payments	\$123.33	\$121.73	\$124.03	\$122.17	1
Registration & licensing	\$34.61	\$34.61	\$34.61	\$34.61	3
Insurance	\$10.10	\$10.16	\$10.86	\$10.85	5
Servicing & tyres	\$30.71	\$30.73	\$31.23	\$30.99	4
Fuel	\$83.77	\$87.67	\$91.46	\$97.33	2
Public transport	-	-	-	-	-
Tolls	-	-	-	-	-
Roadside Assist	\$2.04	\$2.04	\$2.04	\$2.04	6
TOTAL	\$284.56	\$286.94	\$294.23	\$297.99	

South Australia weekly costs of transport

In the June 2018 quarter, Adelaide was the third most affordable city for transport, both in total dollar terms (\$16,050) and as a percentage of average income (13.5 per cent). Transport costs as a percentage of income also rose over the quarter from 13.4 per cent to 13.5 per cent.

The annual cost of transport increased by \$176 over the quarter, largely due to fuel, which increased by \$5.11 per week or \$266 annually if prices remained high. Servicing and tyres also increased, largely due to an increase in fixed price servicing for the 10 top-selling vehicles.

All other costs remained unchanged, except car loan payments, which decreased by \$98 a year due to lower upfront costs of purchasing a new car.

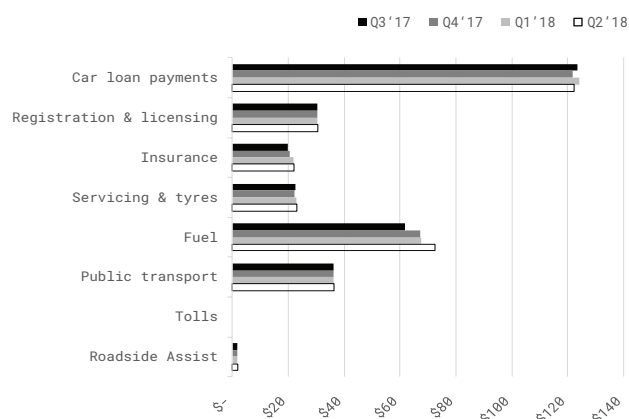
Adelaide is the most affordable city for fuel and servicing and tyres. But it is slightly more expensive for car loan payments.

Yearly transport costs for Mount Gambier were \$14,280 – an increase of \$225 on the previous quarter. Mount Gambier becomes more expensive when transport costs are considered as a percentage of average income (13.5 per cent). Under the income metric, Mount Gambier is the second most expensive regional location. Transport costs as a percentage of income also increased over the quarter from 13.2 per cent to 13.5 per cent, for the first time being as high as its Adelaide counterpart.

The cost of fuel increased significantly this quarter for the household, rising by around \$315 per year. Servicing and tyres also increased, but only marginally. All other costs remained the same except car loan payments, which decreased in line with Adelaide.

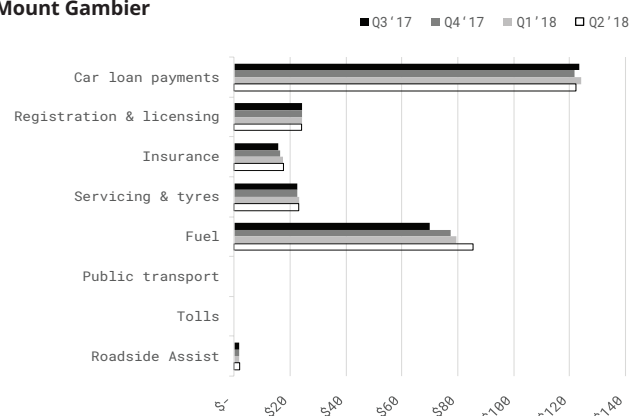
Mount Gambier has relatively affordable costs for most categories compared to other regional cities but is the second most expensive city for car loan payments.

Adelaide



Adelaide	Q3	Q4	Q1	Q2	Q2 Ranking
Car loan payments	\$123.58	\$121.88	\$124.26	\$122.38	1
Registration & licensing	\$30.45	\$30.45	\$30.45	\$30.45	4
Insurance	\$19.71	\$20.58	\$21.94	\$21.94	6
Servicing & tyres	\$22.48	\$22.35	\$22.98	\$23.12	5
Fuel	\$61.92	\$67.11	\$67.54	\$72.65	2
Public transport	\$36.20	\$36.20	\$36.20	\$36.20	3
Tolls	-	-	-	-	-
Roadside Assist	\$1.90	\$1.90	\$1.90	\$1.90	7
TOTAL	\$296.25	\$300.48	\$305.28	\$308.66	

Mount Gambier



Mount Gambier	Q3	Q4	Q1	Q2	Q2 Ranking
Car loan payments	\$123.58	\$121.88	\$124.26	\$122.38	1
Registration & licensing	\$24.18	\$24.18	\$24.18	\$24.18	3
Insurance	\$15.79	\$16.54	\$17.46	\$17.46	5
Servicing & tyres	\$22.57	\$22.44	\$23.07	\$23.21	4
Fuel	\$70.86	\$77.36	\$79.42	\$85.48	2
Public transport	-	-	-	-	-
Tolls	-	-	-	-	-
Roadside Assist	\$1.90	\$1.90	\$1.90	\$1.90	6
TOTAL	\$258.07	\$264.30	\$270.29	\$274.62	

Tasmania weekly costs of transport

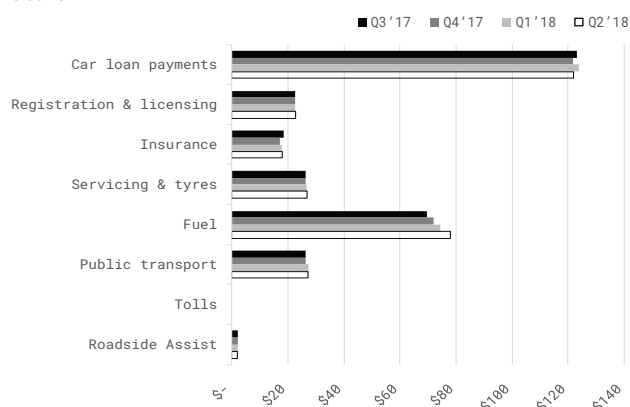
With yearly transport costs equivalent to \$15,442, Hobart is the least expensive city in Australia, but it is the second least affordability city for transport costs as a proportion of average income (16.4 per cent, rising from 16.3 per cent in previous quarter). Hobart also has the lowest average earnings of any capital city.

The increase in transport costs is largely attributable to fuel, which increased by \$3.62 per week – equivalent to \$188 per year, assuming prices remain constant. Hobart surpassed Darwin in the June quarter as the most expensive city for fuel. Comprehensive insurance increased by around \$17 a year due to higher premiums. Servicing and tyres increased minimally.

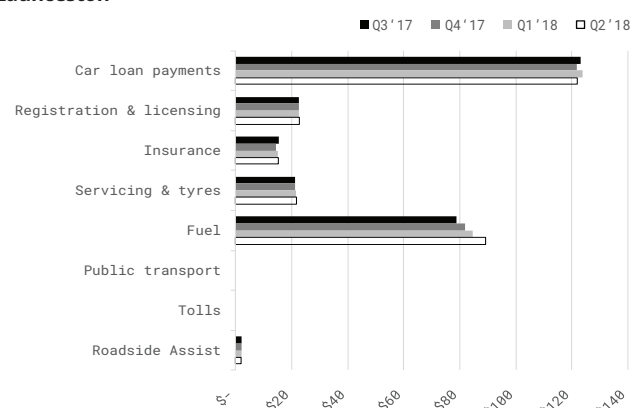
The only decrease recorded over the quarter was for car loan payments, which fell by \$90 a year due to end of financial year sales and constant interest rates. All other costs remained unchanged for the quarter.

Hobart remains the most affordable city for registration, CTP and licensing fees.

Hobart



Launceston



In the Launceston household, the annual cost of transport was \$14,194 – an increase of \$164 per year.

Launceston is the most expensive regional location when transport costs are considered as a percentage of average income (16.6 per cent) and is one of only two regional cities where this metric is higher than its city counterpart (16.4 per cent). This is because Launceston still has the lowest average earning for any capital city or region. Transport costs as a percentage of income also increased by two percentage point over the quarter from 16.4 per cent to 16.6 per cent.

Fuel, comprehensive insurance, and servicing and tyres all became more expensive over the quarter. Fuel increased the most at \$4.50 per week or \$234 if prices remained constant. Car loan payments reduced over the quarter in line with Hobart.

Launceston is an affordable region for registration, CTP and licensing, as well as servicing and tyres, compared to other regional centres. But it has the third highest fuel costs among this report's regional centres.

Hobart	Q3	Q4	Q1	Q2	Q2 Ranking
Car loan payments	\$123.00	\$121.57	\$123.81	\$122.07	1
Registration & licensing	\$22.65	\$22.65	\$22.65	\$22.65	5
Insurance	\$18.63	\$17.09	\$17.76	\$18.09	6
Servicing & tyres	\$26.28	\$26.35	\$26.68	\$26.81	4
Fuel	\$69.44	\$71.86	\$74.42	\$78.04	2
Public transport	\$26.40	\$26.40	\$27.20	\$27.20	3
Tolls	-	-	-	-	-
Roadside Assist	\$2.10	\$2.10	\$2.10	\$2.10	7
TOTAL	\$288.49	\$288.03	\$294.62	\$296.96	

Launceston	Q3	Q4	Q1	Q2	Q2 Ranking
Car loan payments	\$123.00	\$121.57	\$123.81	\$122.07	1
Registration & licensing	\$22.65	\$22.65	\$22.65	\$22.65	3
Insurance	\$15.24	\$14.49	\$15.06	\$15.34	5
Servicing & tyres	\$21.20	\$21.25	\$21.55	\$21.66	4
Fuel	\$78.81	\$81.73	\$84.63	\$89.13	2
Public transport	-	-	-	-	-
Tolls	-	-	-	-	-
Roadside Assist	\$2.10	\$2.10	\$2.10	\$2.10	6
TOTAL	\$263.00	\$263.79	\$269.80	\$272.96	

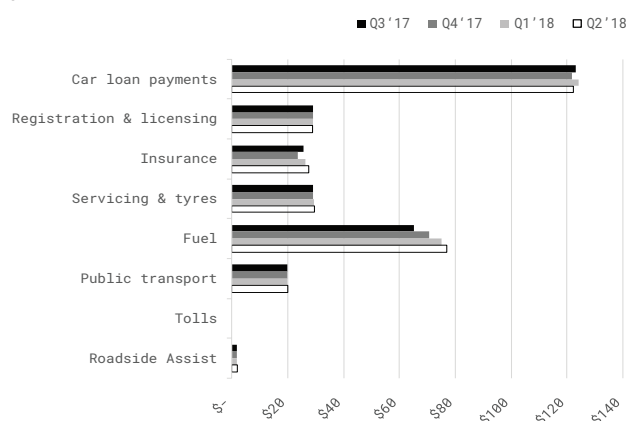
Northern Territory weekly costs of transport

In the June 2018 quarter, Darwin became the second most affordable city for transport, both in total dollar terms (\$15,954), and as a percentage of average income (12.6 per cent). Transport costs increased for the household by around \$70 per year.

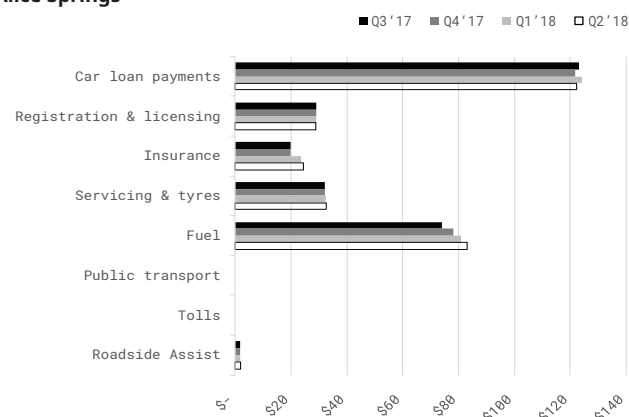
Transport costs as a percentage of income also increased over the quarter from 12.5 per cent to 12.6 per cent. The largest cost increase over the quarter was for fuel, which increased by around \$1.92 per week for the household. But Darwin no longer ranks as the most expensive city for fuel, having been overtaken by Hobart.

Comprehensive insurance increased by \$63 over the quarter due to higher premiums. Servicing and tyres costs also rose. All other costs remained unchanged, except car loan payments, which fell by \$94 due to end of financial year sales on several new vehicles. Darwin remains the most affordable city for public transport.

Darwin



Alice Springs



In Alice Springs, the annual cost of transport was \$15,245. This represents an increase of \$70 on the previous quarter. Alice Springs is the third most expensive region in total dollar cost and the fourth most expensive for percentage of average income (12.8 per cent).

Transport costs as a percentage of income also increased over the quarter from 12.7 per cent to 12.8 per cent. Alice Springs is one of only two regional cities where this metric is higher than its city counterpart (12.6 per cent). Transport costs that increased included fuel and comprehensive insurance.

The Alice Springs household continued to have higher fuel costs than its Darwin counterpart. These higher costs are due to differences in distances travelled, as well as higher cost of petrol and diesel per litre. The largest increase in transport prices came from fuel, which rose by about \$2.22 per week or \$115 per year. Comprehensive insurance increased by around \$48 per year due to higher premiums. Alice Springs is the most expensive region for insurance, as well as servicing and tyres.

Darwin	Q3	Q4	Q1	Q2	Q2 Ranking
Car loan payments	\$123.22	\$121.71	\$124.01	\$122.20	1
Registration & licensing	\$29.00	\$29.00	\$29.00	\$29.00	4
Insurance	\$25.78	\$23.45	\$26.14	\$27.36	5
Servicing & tyres	\$29.00	\$29.00	\$29.46	\$29.47	3
Fuel	\$65.11	\$70.56	\$74.95	\$76.87	2
Public transport	\$20.00	\$20.00	\$20.00	\$20.00	6
Tolls	-	-	-	-	-
Roadside Assist	\$1.90	\$1.90	\$1.90	\$1.90	7
TOTAL	\$294.01	\$295.63	\$305.47	\$306.81	

Alice Springs	Q3	Q4	Q1	Q2	Q2 Ranking
Car loan payments	\$123.22	\$121.71	\$124.01	\$122.20	1
Registration & licensing	\$29.00	\$29.00	\$29.00	\$29.00	4
Insurance	\$19.96	\$19.89	\$23.47	\$24.40	5
Servicing & tyres	\$32.07	\$32.07	\$32.57	\$32.57	3
Fuel	\$74.00	\$77.98	\$80.87	\$83.09	2
Public transport	-	-	-	-	-
Tolls	-	-	-	-	-
Roadside Assist	\$1.90	\$1.90	\$1.90	\$1.90	6
TOTAL	\$280.17	\$282.56	\$291.82	\$293.17	

ACT weekly costs of transport

In total dollar terms, Canberra has the fifth highest (or fourth lowest) household transport cost. The household in Canberra paid around \$17,034 per year on transport in the June 2018 quarter – a rise of about \$23 from the previous quarter. This was the smallest increase out of all the capital cities.

When transport costs are considered as a percentage of average income (12.4 per cent), Canberra is the most affordable city. This is because Canberra households have higher median incomes than other capital cities and regions.

The increase was largely driven by the rising cost of fuel, as well as servicing and tyres. Fuel prices rose by \$2.20 per week or \$114 per year if prices remain high.

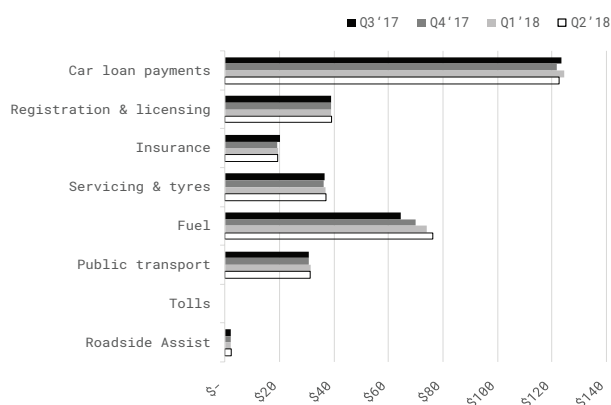
The increase in transport costs was offset partially by a decrease in car loan payments and comprehensive insurance, which fell by \$87 and \$8 per year, respectively.

All other costs remained constant over the quarter.

Canberra remains the most expensive capital city for registration, CTP and licensing costs; servicing and tyres; and roadside assistance. However, the costs of comprehensive insurance and public transport are relatively affordable compared to other capital cities.

Due to its small size and lack of discernible differences in costs between suburbs, a second regional location for the ACT has not been included.

Canberra



Canberra	Q3	Q4	Q1	Q2	Q2 Ranking
Car loan payments	\$123.59	\$121.89	\$124.34	\$122.66	1
Registration & licensing	\$38.97	\$38.97	\$38.97	\$38.97	3
Insurance	\$20.06	\$19.12	\$19.46	\$19.31	6
Servicing & tyres	\$36.37	\$36.28	\$36.86	\$36.93	4
Fuel	\$64.44	\$70.06	\$73.98	\$76.18	2
Public transport	\$30.60	\$30.60	\$31.40	\$31.40	5
Tolls	-	-	-	-	-
Roadside Assist	\$2.12	\$2.12	\$2.12	\$2.12	7
TOTAL	\$316.15	\$319.03	\$327.12	\$327.57	

Background and methodology

Since its launch in August 2016, the Australian Automobile Association's Transport Affordability Index has become an important tool for policy makers, media and members of the public wishing to understand the financial pressures faced by Australian households in relation to land transport costs.

The AAA commissioned SGS Economics and Planning (SGS) to design and develop the Transport Affordability Index. Initially the Index analysed only Australia's capital cities, but since June 2017 the Index has also included a regional household in every state and the Northern Territory. It provides a snapshot of the costs of transport for typical households in Australia. This Index is regularly updated to show how transport costs change over time relative to incomes. The baseline is quarter one (January to March) 2016 for the city households and quarter two (April to June 2017) for the regional households.

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 largely identical to allow for ready comparison.

The Index considers 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, comprehensive car insurance and road side assistance. 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 for the city household are also captured as these costs 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 the 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 regional centres.

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 in both the city and regional household. Total household transport costs in each city are compared with the average income of a typical family in that city, 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 and regions. The Index will allow the AAA to assess the impact of proposed government policies on the average weekly budget. Families will also be better informed about how their decisions around transport affect their overall household budgets.

The hypothetical household

The hypothetical household is a couple with children, the most common type of household in Australia according to the 2016 census. 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.

City household

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.

A typical Australian passenger vehicle is driven 13,800 kilometres per year and is 9.8 years old. Correspondingly, for the city household, 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 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.

Regional household

Key differences between transport costs faced by metropolitan and regional households are driven by the fact that the Index assumes that the regional household:

- on average, travels further than the city household;
- pays more for petrol than the city household in some locations;
- on average, earns less than their city counterparts;
- pays less for registration and insurance due to lower premiums; and
- doesn't pay for public transport and tolls due to low or no availability in regional areas.

The regional locations chosen for analyses were selected as they have populations of over 10,000 people, have relatively dense population (at the SA2 ABS level), have ages similar to the average ages in the hypothetical city household, have a reasonable proportion of detached housing and have a substantial proportion of couple family households with children. Due to its small size and a lack of discernible differences in costs between suburbs, a second location for the ACT has not been included.

The regional locations included for comparison include:

- Wagga Wagga
- Geelong
- Townsville
- Bunbury
- Mount Gambier
- Launceston
- Alice Springs

The underlying assumptions for the regional household are largely the same as for the city household, however vehicle use and household income have been adjusted. In addition, the Index assumes that regional households do not use public transport due to low usage rates and service provision. Due to the absence of toll roads in all regional locations, this cost has also been excluded.

The method of calculating the car usage for each regional location has been based on BITRE 2015 data that analysed the average commuting distance for each centre based on size and location.⁵ These estimated commuting distances were divided by the average commuting distance of the capital city in that jurisdiction. This ratio was then multiplied by the car use distance of the master household to estimate the car use for the hypothetical household in regional cities.

Using the BITRE assumptions, all regional households travelled further than their city counterparts except in Townsville and Wagga Wagga. In these locations, the cities are smaller than the capital city and too far for people to commute to the capital for work or leisure. Households in Townsville and Wagga Wagga may also drive less during the week to get to work, run errands and get to social activities. By comparison, people in Geelong travel more because they are close enough to Melbourne to commute regularly for work or leisure, so total distances travelled are greater. The regional city is designed to be compared to its city counterpart rather than compared to other regional centres given distances travelled vary.

The incomes used for the regional locations have been calculated as a proportion of the average income for the figures used for the capital cities, using data from the 2016 Census. For example, the household income of a couple family with children in Wagga Wagga was 91.25% of that of the average Sydney income for a couple family with children. The Index has therefore calculated the income for Wagga Wagga as 91.25% of the city household's income. Using this method, all regional households reported less weekly earnings than their city counterparts.

Further information on the methodology and assumptions used to generate the AAA's Transport Affordability Index can be found in SGS Economics' final report on the AAA's website.

Endnotes

- 1 Australian Bureau of Statistics website, <http://www.abs.gov.au/ausstats/abs@.nsf/mf/6401.0>
- 2 Australian Bureau of Statistics (ABS) Household Expenditure Survey 2015-16
- 3 NSW Government Media Statement: <https://www.nsw.gov.au/your-government/the-premier/media-releases-from-the-premier/toll-relief-free-rego-for-drivers/>
- 4 <https://www.nsw.gov.au/news-and-events/news/free-rego-for-frequent-sydney-toll-road-users/>
- 5 BITRE, 2015, 'Australia's Commuting Distance: Cities and Regions,' https://bitre.gov.au/publications/2015/files/is_073.pdf

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