



TRANSPORT AFFORDABILITY INDEX



Australian
Automobile
Association



SGS
Economics
& Planning

September 2018



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Foreword

Transport Affordability Index: September 2018

Transport costs are continuing to rise at a rate much higher than general inflation.

From September 2017 to September 2018, the consumer price index (CPI) increased by 1.9 per cent, but transport costs for a typical metropolitan Australian family rose from \$17,485 to \$18,221 – a jump of 4.2 per cent.

For the third quarter in a row, transport costs rose sharply across the country. Costs rose in every region, except Sydney where a toll relief scheme that came into force on 1 July eased vehicle registration expenses for many motorists.

The typical Australian metropolitan household now spends \$18,221 per year on transport, an increase of \$172 from the previous quarter. The typical regional household spends \$14,633 per year on transport, up \$165 over the previous quarter.

Even an increase in average weekly earnings for the typical city and regional families has not eased the burden of transport costs. The proportion of total household income spent on transport remained at 14.4 per cent for typical city households, but increased for regional households, rising from 12.6 per cent to 12.7 per cent.

The last quarter's rise in transport costs was largely driven by repeated increases in fuel prices across all capital cities and regions, with the average city family spending an additional \$1.55 per week (equivalent to \$81 per year) since Q2 2018.

Hobart households recorded the largest increase in fuel costs — paying an additional \$2.71 per week (or \$141 per year, assuming costs remain constant). As a result, Hobart has replaced Brisbane as the city with the highest ratio of transport costs to average income.

Since the beginning of the year, annual transport costs have risen by \$615 (or 0.2 per cent of income) for metropolitan households and \$625 (or 0.4 per cent of income) for regional households.

Only Sydney recorded a fall in transport costs over the quarter. This decrease was due to the NSW Government's Toll Relief Scheme, which started operating on 1 July. A typical eligible Sydney family saves \$365 a year in vehicle registration because it spends over \$1300 per year on tolls. A household paying few or no tolls, and therefore not eligible for the offset, pays \$1,833 per year in vehicle registration, CTP and licensing costs.

Despite this slight decrease in costs, Sydney remains the most expensive city in terms of total cost, with the household spending \$22,445 per year on transport. But it ranks fourth for affordability when income is considered.

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



Michael Bradley

Chief Executive
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Section One

Summary of Results

Household total weekly transport costs

Overall, national average transport costs increased for both the regional and city households.

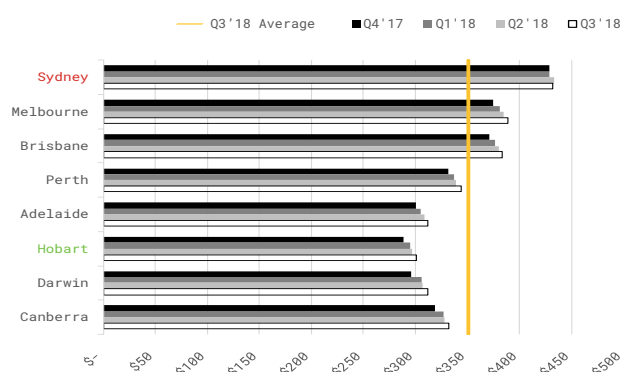
Sydney households continue to face, by a significant margin, the highest total transport costs of any capital city in Australia at \$432 per week. Hobart households still have the lowest total transport costs, equivalent to \$301 per week.

The largest cost disparity between metropolitan and regional centres in the same state was in NSW, which has the most expensive city and the least expensive regional centre. The difference in costs between Sydney and Wagga Wagga was \$176.

Costs in Darwin rose more than in Adelaide. The two cities swapped places on the index. Adelaide moving from sixth most expensive to seventh place, while Darwin moved from seventh place to sixth.

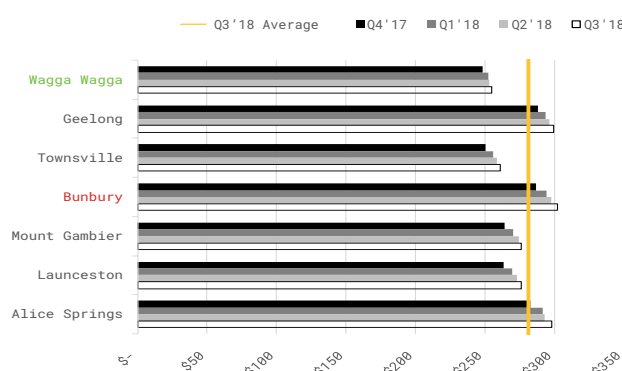
Regional rankings remained unchanged over the quarter.

Capital cities



City	Q4	Q1	Q2	Q3	Q3 Ranking
Sydney	\$428.69	\$429.12	\$433.11	\$431.64	1
Melbourne	\$374.24	\$380.95	\$384.30	\$388.64	2
Brisbane	\$371.36	\$376.27	\$379.85	\$383.31	3
Perth	\$331.13	\$337.10	\$339.27	\$343.50	4
Adelaide	\$300.44	\$305.35	\$308.74	\$311.71	↓7
Hobart	\$288.05	\$294.66	\$297.01	\$300.50	8
Darwin	\$295.63	\$305.53	\$306.86	\$312.28	↑6
Canberra	\$319.01	\$327.18	\$327.63	\$331.63	5
Capital Average	\$338.57	\$344.52	\$347.10	\$350.40	

Regional



City	Q4	Q1	Q2	Q3	Q3 Ranking
Wagga Wagga	\$248.75	\$252.59	\$253.22	\$255.33	7
Geelong	\$288.55	\$293.98	\$296.50	\$299.94	2
Townsville	\$250.70	\$255.85	\$259.06	\$261.12	6
Bunbury	\$286.95	\$294.28	\$297.98	\$302.21	1
Mount Gambier	\$264.27	\$270.36	\$274.71	\$276.62	4
Launceston	\$263.81	\$269.84	\$273.02	\$276.48	5
Alice Springs	\$282.56	\$291.89	\$293.21	\$298.17	3
Regional Average	\$269.37	\$275.54	\$278.24	\$281.41	

Household total annual transport costs

The average annual cost of transport for the typical city household increased by \$172 over the quarter. The benchmark city household now spends \$18,221 per annum in transport costs.

The greatest increases occurred in Darwin and Melbourne, where typical households now incur an additional \$282 and \$225 per year, respectively.

The typical Australian regional household's average annual cost of transport also increased – by about \$165 per year. The regional household now spends \$14,633 per year on transport.

Alice Springs recorded the greatest increase among the benchmark regional centres, equivalent to \$257 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 typical two-car family about \$2,707 for city households and \$2,650 for regional households. This is a small decrease of about \$4 for the benchmark Australian city family and an increase of \$39 for the benchmark Australian regional family.

Capital cities

City	Q2	Q3	Change	Q3 Ranking
Sydney	\$22,521.60	\$22,445.17	-\$76.43	1
Melbourne	\$19,983.79	\$20,209.24	\$225.45	2
Brisbane	\$19,751.96	\$19,932.05	\$180.10	3
Perth	\$17,641.80	\$17,862.24	\$220.44	4
Adelaide	\$16,054.68	\$16,209.06	\$154.38	7
Hobart	\$15,444.56	\$15,625.75	\$181.18	8
Darwin	\$15,956.48	\$16,238.55	\$282.08	6
Canberra	\$17,036.67	\$17,244.67	\$208.00	5
Capital Average	\$18,048.94	\$18,220.84	\$171.90	

Regional

City	Q2	Q3	Change	Q3 Ranking
Wagga Wagga	\$13,167.66	\$13,277.25	\$109.59	7
Geelong	\$15,418.02	\$15,596.99	\$178.97	2
Townsville	\$13,471.28	\$13,578.16	\$106.88	6
Bunbury	\$15,495.15	\$15,714.83	\$219.68	1
Mount Gambier	\$14,284.95	\$14,384.45	\$99.50	4
Launceston	\$14,196.90	\$14,376.71	\$179.81	5
Alice Springs	\$15,247.14	\$15,504.59	\$257.45	3
Regional Average	\$14,468.73	\$14,633.28	\$164.55	

The small decrease in fees and charges for the typical Australian city family is a result of the Toll Relief Scheme in NSW which provides free registration to owners of privately registered light vehicles who have spent \$25 or more per week (\$1300 or more per year) on NSW tolls. The scheme, which came into effect on 1 July 2018, has offset increases in all other jurisdictions.

Other state governments raised fees and charges from 1 July 2018 and the federal fuel excise rate increased. Without the NSW Toll Relief Scheme, the notional city family would have recorded an increase of about \$41 in fees and charges. The regional family remains unaffected by the Toll Relief Scheme because there were no toll roads about Wagga Wagga.

The notional Australian regional household pays more in fuel excise because it drives further, but some states' regional motorists pay less for registration and CTP. This means the notional regional household pays less in taxes and charges, on average, than the notional city household. But in Bunbury, Launceston and Alice Springs, regional households pay more motoring taxes than their city counterparts as they pay the same state taxes but drive more.

Capital cities average taxes	Q2	Q3	Change
Fuel excise	\$1,075.67	\$1,083.56	\$7.89
Registration, CTP and licensing	\$1,635.12	\$1,623.15 (\$1,668.77)*	-\$11.98 (\$33.65)*
HOUSEHOLD TOTAL	\$2,710.79	\$2,706.71 (\$2,752.33)*	-\$4.09 (\$41.54)*

* The figures bracketed in the table above show the fees and charges that would apply in the absence of the Toll Relief Scheme in NSW.

Regional average taxes	Q2	Q3	Change
Fuel excise	\$1,128.16	\$1,136.43	\$8.27
Registration, CTP and licensing	\$1,483.09	\$1,513.53	\$30.44
HOUSEHOLD TOTAL	\$2,611.25	\$2,649.96	\$38.71

Household Average weekly expenses

Transport costs increased over the quarter for several reasons.

- Fuel prices continued to rise across all capital cities and regions
- Car loan payments increased when new car prices rose following the conclusion of end-of-financial-year sales
- Comprehensive insurance – premiums rose on average.
- Registration, CTP and licensing fees increased in most jurisdictions from 1 July;
- Public transport costs increased in Sydney, Perth and Adelaide due to indexation.
- Tolls increased marginally in Sydney, Melbourne and Brisbane due to scheduled increases.
- Roadside assistance increased slightly on average.
- Servicing and tyres costs increased marginally due to CPI increases.

The only significant cost decrease was in Sydney where registration, CTP and licencing costs fell because of the Toll Relief Scheme.

The ranking of average expenses for the notional city and regional families remained the same over the quarter. Car loan payments were the highest expense for the transport budget. Roadside assistance and insurance were the smallest transport expense.

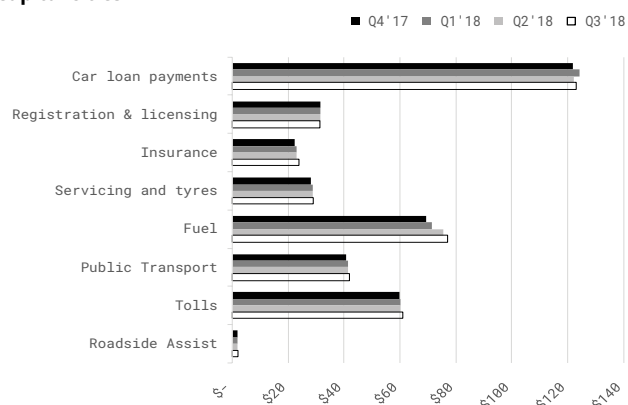
There were some notable differences between transport costs in city and regional households

- Regional families, on average, face higher costs for fuel as they travel further and pay higher fuel prices than their city counterparts.
- Comprehensive insurance premiums for regional areas are significantly cheaper in some states and territories.
- Registration and CTP is \$334 cheaper in South Australia due to the government's regional and metro pricing structures and \$108 cheaper in Victoria because of lower CTP insurance premiums in regional locations. But in NSW, CTP is relatively more expensive for regional households – by \$123 – as the typical Sydney household is eligible for free vehicle registration costs under the Toll Relief Scheme, as of 1 July 2018.
- In all other jurisdictions, registration and CTP remain the same for regional families.
- Regional households don't incur tolls.
- Because many regional areas analysed lack suitable services it is 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 are the same in city and regional households.

It is also assumed that regional households and capital city households drive similar cars, therefore fuel efficiency and fuel mix assumptions remain the same.

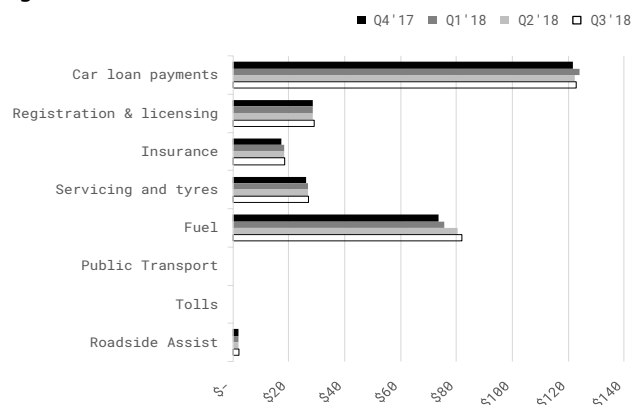
Capital cities



Expenses	Q4	Q1	Q2	Q3	Q3 Ranking
Car loan payments	\$121.81	\$124.10	\$122.28	\$122.92	1
Registration & licensing	\$31.41	\$31.45	\$31.44	\$31.21	5
Insurance	\$22.36	\$23.02	\$23.04	\$23.68	7
Servicing and tyres	\$28.23	\$28.78	\$28.87	\$28.95	6
Fuel	\$69.52	\$71.27	\$75.45	\$77.00	2
Public Transport	\$40.84	\$41.39	\$41.39	\$41.77	4
Tolls	\$59.75	\$59.99	\$60.31	\$60.83	3
Roadside Assist	\$2.00	\$2.00	\$2.00	\$2.04	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	Q4	Q1	Q2	Q3	Q3 Ranking
Car loan payments	\$121.79	\$124.07	\$122.23	\$122.86	1
Registration & licensing	\$28.48	\$28.52	\$28.52	\$29.11	3
Insurance	\$17.33	\$18.41	\$18.28	\$18.52	5
Servicing and tyres	\$26.32	\$26.86	\$26.94	\$27.03	4
Fuel	\$73.46	\$75.70	\$80.29	\$81.87	2
Public Transport	-	-	-	-	-
Tolls	-	-	-	-	-
Roadside Assist	\$1.99	\$1.99	\$1.99	\$2.02	6

Household total transport costs as share of income (affordability)

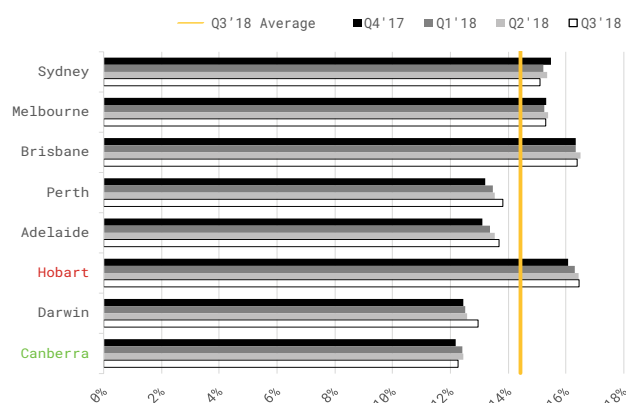
The cost of transport as a percentage of income for the typical Australian household remained at 13.6 per cent. In the notional city household, the average cost of transport as a percentage of income was 14.4 per cent. The average cost of transport as a share of income for the notional regional household increased from 12.6 per cent to 12.7 per cent.

Of the capital cities, Darwin recorded the greatest increase, equivalent to 0.4 per cent. Sydney and Canberra recorded the largest decreases – about 0.2 per cent.

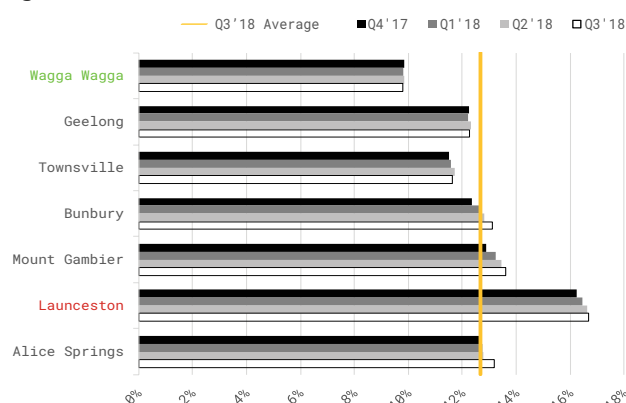
While Hobart has the lowest total transport costs, it also has the lowest income among capital cities. The percentage of average local household income used for transport costs means Hobart now has the least affordable transport – 16.5 per cent of income is spent on transport.

Brisbane is now the second least affordable city for transport with 16.4 per cent of income being spent on transport, while Canberra continues to rank as the most affordable city, with transport costs consuming 12.3 per cent of income.

Capital cities



Regional



Average weekly earnings increased over the quarter in all jurisdictions except Western Australia, South Australia and the Northern Territory. The notional Australian metropolitan family now earns an additional \$18. Darwin households now earn below the capital city average. Canberra households continue to earn one of the nation's highest incomes.

The notional Australian regional household earns about \$207 per week less than its city counterpart, consistent with income data in the 2016 Census. Households in Wagga Wagga and Mount Gambier earn significantly less per week than their city counterparts — about \$250 and \$241 per week less on average.

Rankings changed minimally among the city and regional households. Hobart overtook Brisbane to become the least affordable city for transport. Among the regional centres, the Alice Springs household spent a higher proportion of income on transport and moved to third place, while Bunbury dropped to fourth place.

City	Q4	Q1	Q2	Q3	Q3 Ranking
Sydney	15.49%	15.22%	15.37%	15.12%	4
Melbourne	15.30%	15.25%	15.38%	15.30%	3
Brisbane	16.35%	16.34%	16.50%	16.40%	2
Perth	13.22%	13.46%	13.54%	13.83%	5
Adelaide	13.11%	13.38%	13.53%	13.70%	6
Hobart	16.09%	16.30%	16.43%	16.45%	1
Darwin	12.43%	12.52%	12.58%	12.96%	7
Canberra	12.19%	12.42%	12.44%	12.28%	8
Capital Average	14.21%	14.29%	14.40%	14.43%	

City	Q4	Q1	Q2	Q3	Q3 Ranking
Wagga Wagga	9.85%	9.82%	9.85%	9.80%	7
Geelong	12.26%	12.22%	12.33%	12.26%	5
Townsville	11.50%	11.58%	11.73%	11.64%	6
Bunbury	12.35%	12.67%	12.83%	13.12%	4
Mount Gambier	12.90%	13.25%	13.46%	13.59%	2
Launceston	16.24%	16.45%	16.64%	16.68%	1
Alice Springs	12.65%	12.73%	12.79%	13.17%	3
Regional Average	12.33%	12.46%	12.58%	12.66%	



Section Two

Detailed Results

Household weekly car loan payment costs

The cost of purchasing a new car increased over the quarter, by about \$145, following the conclusion of end of financial year sales. Car loan interest rates remained constant across all jurisdictions.

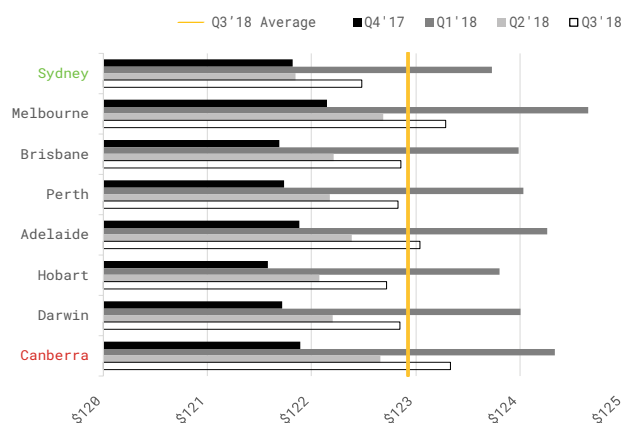
This meant car loan payments increased by about \$33 per year for city and regional households.

Sydney remained the most affordable city to take out a loan for a new car due to relatively low upfront purchase costs as well as the lower interest rates being offered.

Of the city households, higher upfront costs meant Canberra recorded the highest increase in car loan payments in the September quarter. Canberra now exceeds Melbourne as the most expensive city for car loan payments.

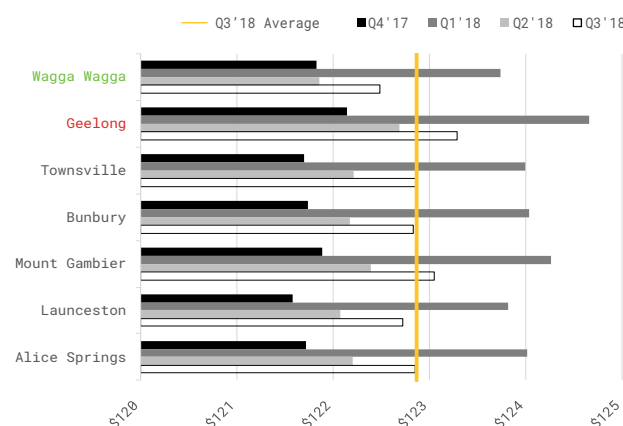
Regional households incurred the same costs in this category because assumptions about interest rates and new car purchases costs are the same in regional and city locations.

Capital cities



City	Q4	Q1	Q2	Q3	Q3 Ranking
Sydney	\$121.82	\$123.74	\$121.85	\$122.48	8
Melbourne	\$122.14	\$124.66	\$122.68	\$123.29	↓2
Brisbane	\$121.69	\$123.99	\$122.21	\$122.85	4
Perth	\$121.73	\$124.03	\$122.17	\$122.83	6
Adelaide	\$121.88	\$124.26	\$122.38	\$123.04	3
Hobart	\$121.57	\$123.81	\$122.07	\$122.72	7
Darwin	\$121.71	\$124.01	\$122.20	\$122.84	5
Canberra	\$121.89	\$124.34	\$122.66	\$123.33	↑1
Capital Average	\$121.81	\$124.10	\$122.28	\$122.92	

Regional



City	Q4	Q1	Q2	Q3	Q3 Ranking
Wagga Wagga	\$121.82	\$123.74	\$121.85	\$122.48	7
Geelong	\$122.14	\$124.66	\$122.68	\$123.29	1
Townsville	\$121.69	\$123.99	\$122.21	\$122.85	3
Bunbury	\$121.73	\$124.03	\$122.17	\$122.83	5
Mount Gambier	\$121.88	\$124.26	\$122.38	\$123.04	2
Launceston	\$121.57	\$123.81	\$122.07	\$122.72	6
Alice Springs	\$121.71	\$124.01	\$122.20	\$122.84	4
Regional Average	\$121.79	\$124.07	\$122.23	\$122.86	

Household weekly registration, CTP & licence costs

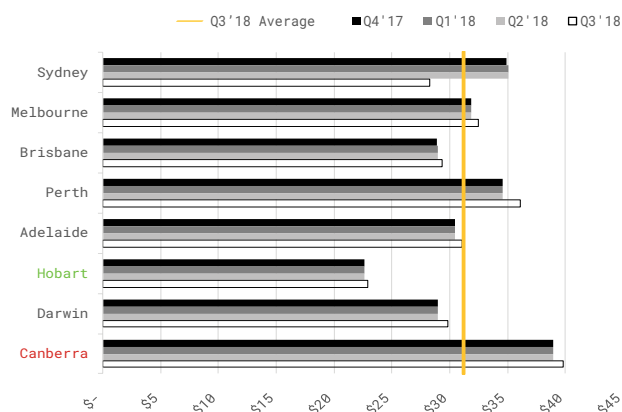
Vehicle registration, CTP and driver's licensing fees decreased in Sydney due to the NSW Toll Relief Scheme, which came into effect on 1 July 2018.¹ Because of this scheme, Sydney moves from being the second most expensive city for these costs to the second least expensive. CTP also continued to decline for the typical Sydney household because of the Green Slips reform.

Registration, CTP and licensing increased in all remaining jurisdictions due to state governments increasing fees and charges from 1 July 2018.

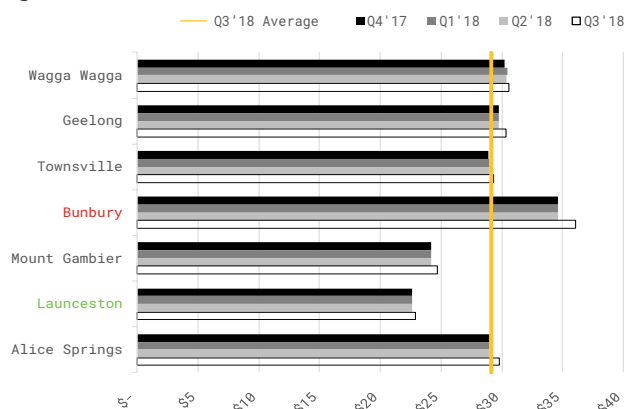
Canberra remained the most expensive city for these costs, while Hobart was the cheapest. The typical Hobart household saves \$881 per year compared to the typical household in Canberra.

In the regions, Bunbury was the most expensive centre, while Launceston remained the least expensive. The annual difference between Bunbury and Launceston for vehicle registration, CTP and driver's licence costs is \$684 per year.

Capital cities



Regional



Registration, CTP and licensing costs were significantly cheaper for regional households in South Australia and Victoria because government policies set different regional and metro pricing structures. Due to the Toll Relief Scheme, the typical Sydney household pays less in vehicle registration compared to the typical Wagga Wagga household.

The ranking of cities changed. Perth, rather than Sydney, is now the second-most expensive city for registration.

City	Q4	Q1	Q2	Q3	Q3 Ranking
Sydney	\$34.88	\$35.08	\$35.05	\$28.24 (\$35.25)*	↓7 ↓(3)*
Melbourne	\$31.82	\$31.82	\$31.82	\$32.44	↑3
Brisbane	\$28.88	\$28.99	\$28.99	\$29.34	↑6
Perth	\$34.61	\$34.61	\$34.61	\$36.06	↑2
Adelaide	\$30.45	\$30.45	\$30.45	\$31.09	↑4
Hobart	\$22.65	\$22.65	\$22.65	\$22.90	8
Darwin	\$29.00	\$29.00	\$29.00	\$29.80	↑5
Canberra	\$38.97	\$38.97	\$38.97	\$39.84	1
Capital Average	\$31.41	\$31.45	\$31.44	\$31.21	

* The figures bracketed in the table above show registration, CTP and licensing costs and rankings in the absence of the Toll Relief Scheme in NSW.

City	Q4	Q1	Q2	Q3	Q3 Ranking
Wagga Wagga	\$30.23	\$30.44	\$30.42	\$30.59	2
Geelong	\$29.79	\$29.79	\$29.79	\$30.37	3
Townsville	\$28.88	\$28.99	\$28.99	\$29.34	5
Bunbury	\$34.61	\$34.61	\$34.61	\$36.06	1
Mount Gambier	\$24.18	\$24.18	\$24.18	\$24.67	6
Launceston	\$22.65	\$22.65	\$22.65	\$22.90	7
Alice Springs	\$29.00	\$29.00	\$29.00	\$29.80	4
Regional Average	\$28.48	\$28.52	\$28.52	\$29.11	

Household weekly comprehensive insurance costs

Higher premiums meant the weekly cost of comprehensive insurance for new and used vehicles increased in most cities and regions (excluding Perth, Hobart, Geelong, Bunbury and Launceston).

Melbourne remained the most expensive city in this cost category, while Perth was the least expensive. The typical Perth household saves about \$996 per year in comprehensive insurance costs compared to the typical Melbourne household.

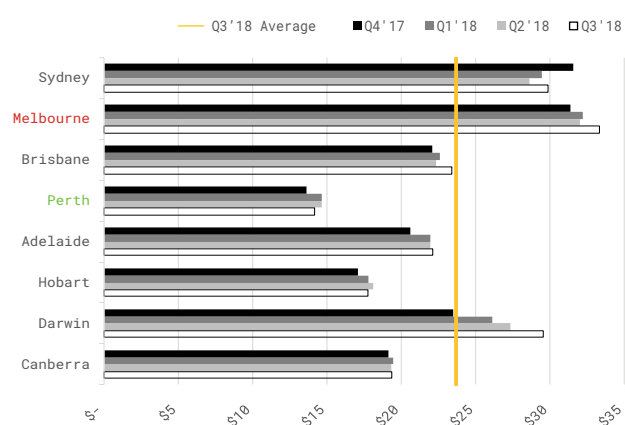
Regional households' comprehensive insurance premiums were significantly cheaper. Victoria has the biggest difference between city and regional households.

The typical Geelong family saves about \$641 per annum in comprehensive insurance costs compared to the typical Melbourne family.

Of the regional households, Alice Springs remained the most expensive for comprehensive insurance, while Bunbury was the least expensive. The Bunbury household saves \$733 per year in comprehensive insurance compared to the Alice Springs household.

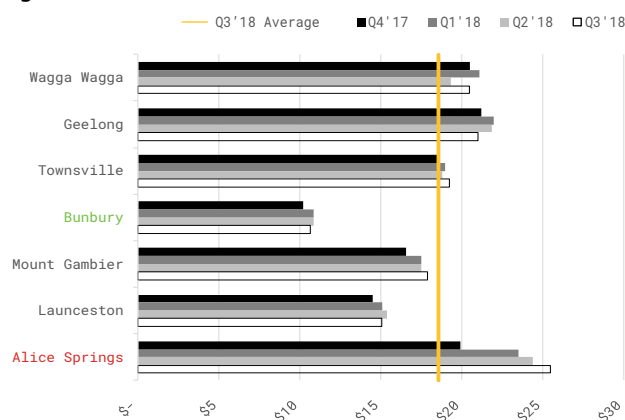
Rankings remained unchanged.

Capital cities



City	Q4	Q1	Q2	Q3	Q3 Ranking
Sydney	\$31.53	\$29.44	\$28.63	\$29.87	2
Melbourne	\$31.36	\$32.20	\$32.03	\$33.30	1
Brisbane	\$22.09	\$22.59	\$22.32	\$23.38	4
Perth	\$13.64	\$14.66	\$14.65	\$14.14	8
Adelaide	\$20.58	\$21.94	\$21.94	\$22.10	5
Hobart	\$17.09	\$17.76	\$18.09	\$17.75	7
Darwin	\$23.45	\$26.14	\$27.36	\$29.57	3
Canberra	\$19.12	\$19.46	\$19.31	\$19.37	6
Capital Average	\$22.36	\$23.02	\$23.04	\$23.68	

Regional



City	Q4	Q1	Q2	Q3	Q3 Ranking
Wagga Wagga	\$20.51	\$21.08	\$19.31	\$20.45	3
Geelong	\$21.18	\$21.95	\$21.84	\$20.97	2
Townsville	\$18.55	\$18.98	\$18.76	\$19.23	4
Bunbury	\$10.16	\$10.86	\$10.85	\$10.61	7
Mount Gambier	\$16.54	\$17.46	\$17.46	\$17.85	5
Launceston	\$14.49	\$15.06	\$15.34	\$15.05	6
Alice Springs	\$19.89	\$23.47	\$24.40	\$25.48	1
Regional Average	\$17.33	\$18.41	\$18.28	\$18.52	

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. This was due to a Consumer Price Index (CPI) increase for maintenance and repair of motor vehicles for all jurisdictions except Brisbane, Adelaide, Townsville and Mount Gambier. The cost of fixed-price servicing, however, remained unchanged.

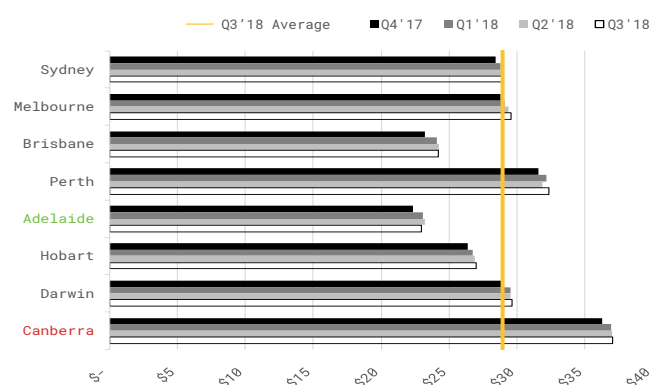
Overall, Canberra still has the highest costs for maintaining new and used cars, while Adelaide still has the lowest costs. The typical household in Adelaide saves \$733 per year in car maintenance costs compared to the typical household in Canberra.

Among the regional centres, Alice Springs is the most expensive for maintaining both a new and used car, while Launceston is the least expensive. The typical Launceston family saves \$565 compared to the typical Alice Springs family.

The cost of servicing a new car is the same across regional and city locations, as these costs are based on the manufacturers' servicing schedule. The variation in the cost between regional and city households is solely because of the differences in the cost of servicing an old car and the cost of tyres.²

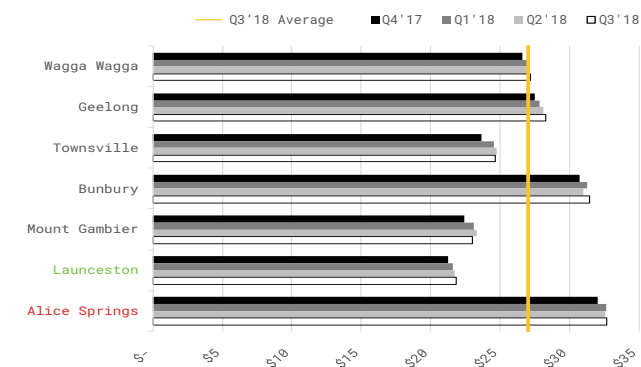
Costs associated with tyres and older cars are based on data from the ABS Household Expenditure Survey (HES) and indexed in line with the CPI maintenance and repair of motor vehicles.³

Capital cities



City	Q4	Q1	Q2	Q3	Q3 Ranking
Sydney	\$28.39	\$28.76	\$28.87	\$28.99	5
Melbourne	\$28.75	\$29.07	\$29.39	\$29.59	4
Brisbane	\$23.20	\$24.07	\$24.27	\$24.20	7
Perth	\$31.59	\$32.14	\$31.83	\$32.30	2
Adelaide	\$22.31	\$23.04	\$23.21	\$22.92	8
Hobart	\$26.37	\$26.72	\$26.86	\$27.02	6
Darwin	\$29.00	\$29.52	\$29.51	\$29.59	3
Canberra	\$36.26	\$36.92	\$36.99	\$37.01	1
Capital Average	\$28.23	\$28.78	\$28.87	\$28.95	

Regional



City	Q4	Q1	Q2	Q3	Q3 Ranking
Wagga Wagga	\$26.61	\$26.97	\$27.07	\$27.19	4
Geelong	\$27.52	\$27.84	\$28.15	\$28.33	3
Townsville	\$23.65	\$24.53	\$24.75	\$24.67	5
Bunbury	\$30.74	\$31.28	\$30.98	\$31.44	2
Mount Gambier	\$22.40	\$23.14	\$23.30	\$23.01	6
Launceston	\$21.27	\$21.59	\$21.72	\$21.83	7
Alice Springs	\$32.07	\$32.64	\$32.61	\$32.71	1
Regional Average	\$26.32	\$26.86	\$26.94	\$27.03	

Household weekly fuel costs

In the September 2018 quarter, fuel continued to rise across all capital cities and regional centres. For the city household, regular unleaded petrol increased from 148.7 cents per litre to 151.6 cents per litre, an increase of almost 3 cents per litre. As a result, the typical metropolitan family spends an additional \$1.55 per week, or \$81 per year on fuel, assuming costs remain constant.

Hobart remained the most expensive city for fuel and it had the highest quarterly increase in fuel prices among the city households, equivalent to \$2.71 per week or \$141 per year. If the typical Hobart households paid the fuel prices available in the cheapest city, Adelaide, it would save about \$7.12 per week, or \$370 per year.

Rankings changed minimally as Sydney became relatively more expensive for fuel, moving from fifth place to fourth. Brisbane dropped one ranking and is now the fifth-most expensive city for fuel.

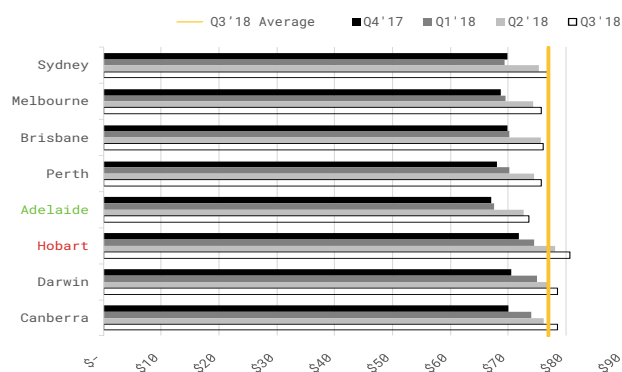
Regional households generally incur greater fuel costs as they usually drive further than city households and face higher retail prices. The exception is Wagga Wagga and Townsville where the typical households drive fewer total kilometres than their capital city counterparts.

For the notional Australian regional household, regular unleaded petrol increased from 151.3 per litre to 153.7, an increase of 2.4 cents a litre. The Australian regional household pays an additional \$4.86 per week on fuel compared to the Australian city household.

The typical Alice Springs household continued to pay the highest prices for petrol at 162.3 cents per litre, while Geelong had the cheapest regional petrol prices at 148.7 cents per litre, about 13.6 cents higher.

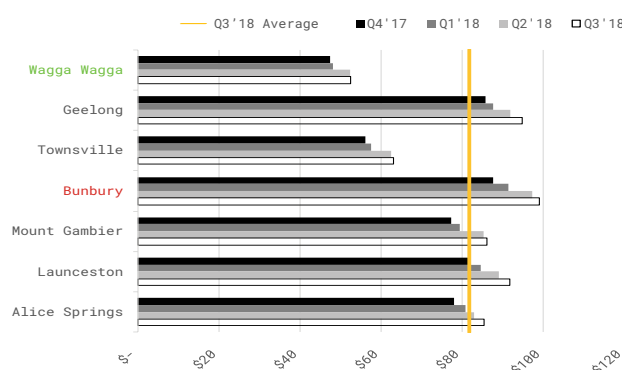
Regional rankings remained unchanged.

Capital cities



City	Q4	Q1	Q2	Q3	Q3 Ranking
Sydney	\$69.82	\$69.35	\$75.38	\$76.91	↑4
Melbourne	\$68.74	\$69.58	\$74.36	\$75.71	7
Brisbane	\$69.84	\$70.16	\$75.57	\$76.12	↓5
Perth	\$68.13	\$70.21	\$74.57	\$75.79	6
Adelaide	\$67.11	\$67.54	\$72.65	\$73.63	8
Hobart	\$71.86	\$74.42	\$78.04	\$80.75	1
Darwin	\$70.56	\$74.95	\$76.87	\$78.57	2
Canberra	\$70.06	\$73.98	\$76.18	\$78.56	3
Capital Average	\$69.52	\$71.27	\$75.45	\$77.00	

Regional



City	Q4	Q1	Q2	Q3	Q3 Ranking
Wagga Wagga	\$47.47	\$48.25	\$52.46	\$52.51	7
Geelong	\$85.90	\$87.72	\$92.02	\$94.87	2
Townsville	\$56.10	\$57.53	\$62.53	\$63.16	6
Bunbury	\$87.67	\$91.46	\$97.33	\$99.19	1
Mount Gambier	\$77.36	\$79.42	\$85.48	\$86.11	4
Launceston	\$81.73	\$84.63	\$89.13	\$91.81	3
Alice Springs	\$77.98	\$80.87	\$83.09	\$85.43	5
Regional Average	\$73.46	\$75.70	\$80.29	\$81.87	

Household weekly public transport costs

Public transport costs increased in Sydney (by \$70 per year), Perth (\$47 per year) and Adelaide (\$42 per year) for the September 2018 quarter due to changes in fares effective from 1 July 2018.

In all other cities, the cost of public transport remained unchanged over the quarter.

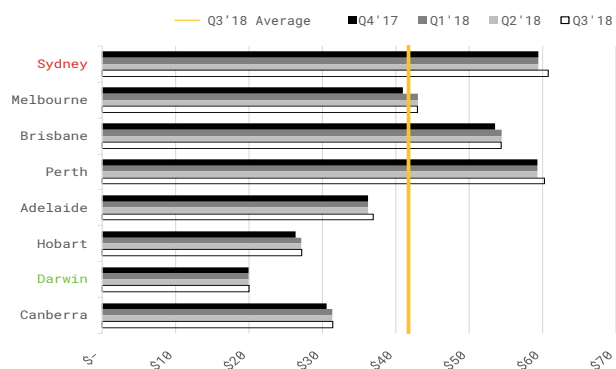
Sydney remained the most expensive city for public transport, while Darwin remained the most affordable.

The typical Darwin family saves about \$2,124 per year in public transport costs compared to the typical Sydney family.

Ranking of expenses remained unchanged.

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	Q4	Q1	Q2	Q3	Q3 Ranking
Sydney	\$59.49	\$59.49	\$59.49	\$60.84	1
Melbourne	\$41.00	\$43.00	\$43.00	\$43.00	4
Brisbane	\$53.64	\$54.45	\$54.45	\$54.45	3
Perth	\$59.40	\$59.40	\$59.40	\$60.30	2
Adelaide	\$36.20	\$36.20	\$36.20	\$37.00	5
Hobart	\$26.40	\$27.20	\$27.20	\$27.20	7
Darwin	\$20.00	\$20.00	\$20.00	\$20.00	8
Canberra	\$30.60	\$31.40	\$31.40	\$31.40	6
Capital Average	\$40.84	\$41.39	\$41.39	\$41.77	

Household weekly costs of toll roads

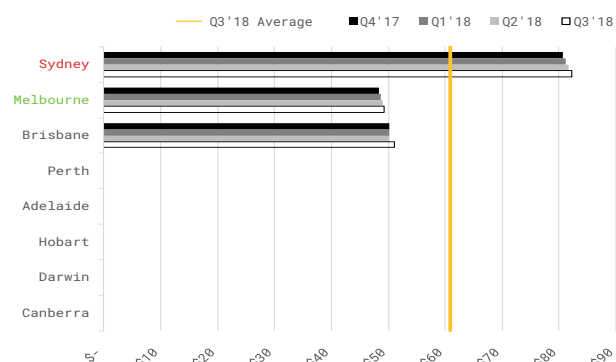
All cities with toll roads – Sydney, Melbourne and Brisbane – recorded increased costs in the September quarter.

Toll road prices for Sydney and Melbourne tend to be updated quarterly, while prices in Brisbane are revised at the start of each financial year. The changes in toll road costs in Brisbane this quarter are consistent with the start of the 2018-19 financial year.

Brisbane had the largest increase in tolls – \$47 per year. Tolls in Sydney and Melbourne increased by about \$25 and \$10 per year, respectively.

Among these three cities, Sydney households incur the greatest costs for toll road usage, while Melbourne households incur the lowest cost for toll road usage. The Melbourne household pays \$33 per week or \$1,716 per year less on tolls compared to its Sydney counterpart.

Capital cities



Ranking of tolls remained unchanged over the quarter.

In Sydney, the Index assumes that one member of the typical family uses toll roads only two days per week to travel to central Sydney because of the high cost of the tolls and the availability of alternate routes. Given this high toll cost, the Sydney family is also eligible for the Toll Relief Scheme in New South Wales from 1 July 2018.

The Index assumes toll roads are used by one member of the household every weekday in Melbourne and Brisbane.

The regional households do not incur regular toll costs as there are no toll roads in the regional locations analysed.

City	Q4	Q1	Q2	Q3	Q3 Ranking
Sydney	\$80.64	\$81.16	\$81.72	\$82.20	1
Melbourne	\$48.40	\$48.60	\$49.00	\$49.20	3
Brisbane	\$50.20	\$50.20	\$50.20	\$51.10	2
Perth	-	-	-	-	-
Adelaide	-	-	-	-	-
Hobart	-	-	-	-	-
Darwin	-	-	-	-	-
Canberra	-	-	-	-	-
Capital Average	\$59.75	\$59.99	\$60.31	\$60.83	

Household weekly costs of roadside assistance

Roadside assistance costs remained constant in Sydney, Canberra and Darwin over the quarter.

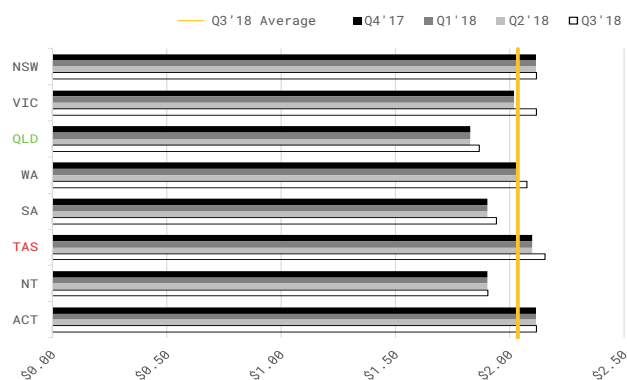
There was a slight increase in the other capital cities.

Brisbane remains the cheapest city in this cost category at \$97 per year.

Roadside assistance costs are based on the basic or standard package offered by state and territory motoring clubs, but services included in these packages vary.

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

States



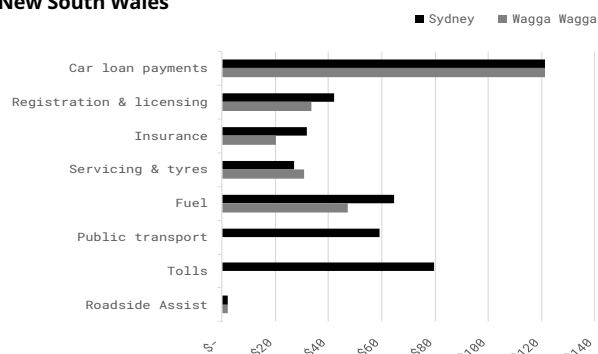
State	Q4	Q1	Q2	Q3	Q3 Ranking
NSW	\$2.12	\$2.12	\$2.12	\$2.12	↓2
VIC	\$2.02	\$2.02	\$2.02	\$2.12	↑2
QLD	\$1.83	\$1.83	\$1.83	\$1.87	8
WA	\$2.04	\$2.04	\$2.04	\$2.08	↓5
SA	\$1.90	\$1.90	\$1.90	\$1.94	6
TAS	\$2.10	\$2.10	\$2.10	\$2.15	↑1
NT	\$1.90	\$1.90	\$1.90	\$1.90	↓7
ACT	\$2.12	\$2.12	\$2.12	\$2.12	↓2
National Average	\$2.00	\$2.00	\$2.00	\$2.04	

Section Three

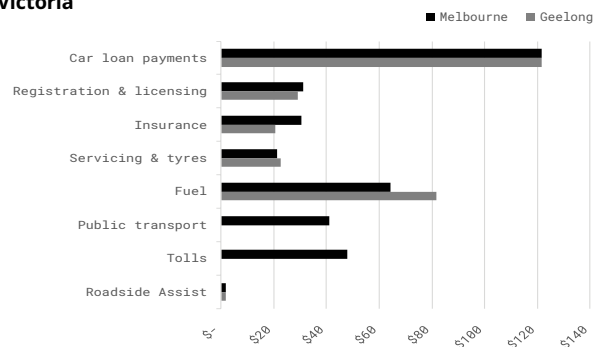
State by State Comparison

City vs Regional comparison by state

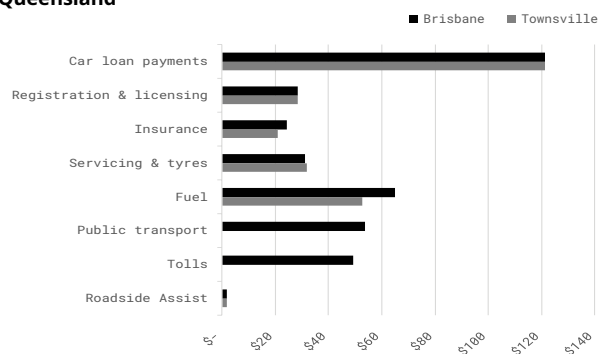
New South Wales



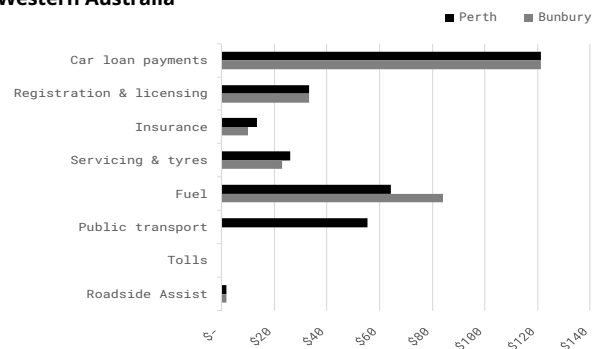
Victoria



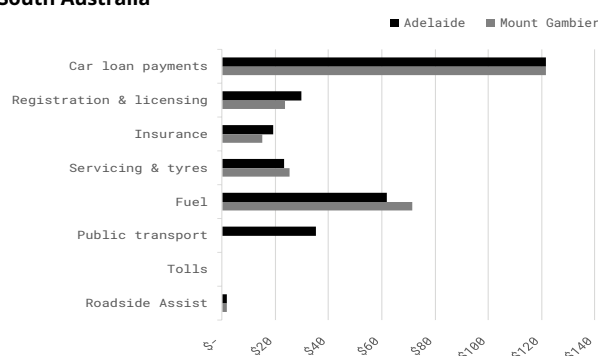
Queensland



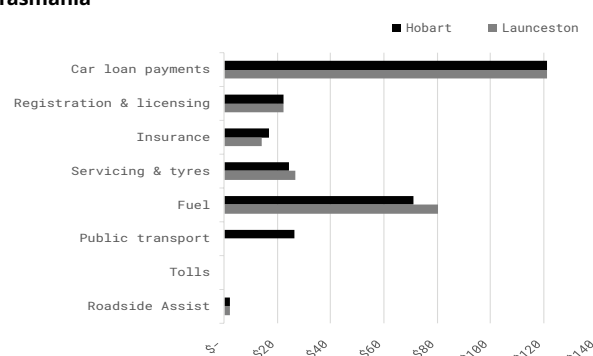
Western Australia



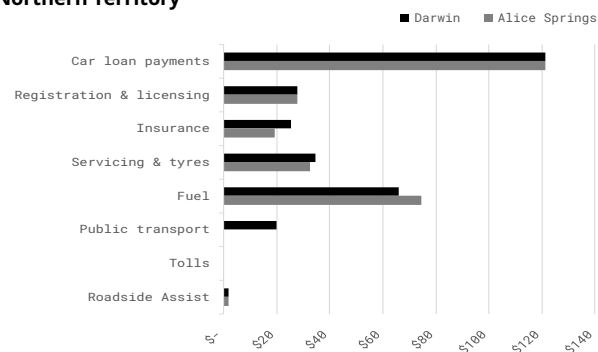
South Australia



Tasmania



Northern Territory



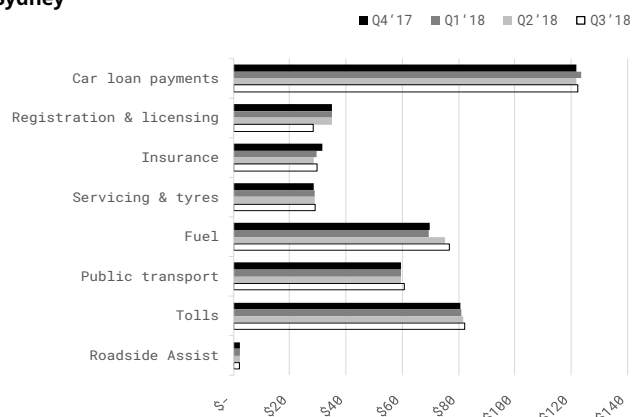
New South Wales weekly costs of transport

In total dollar terms, Sydney remains Australia's most expensive city for transport at \$22,445 per annum. Transport costs as a share of average income decreased from 15.4 per cent to 15.1 per cent, consistent with an increase in average weekly earnings for the typical Sydney family. Under the income metric, Sydney is the fourth least affordable city for transport.

Sydney was the only city to record a decrease in transport costs of \$76 over the quarter. This is attributable to the Toll Relief Scheme, which came into force in NSW from 1 July. Under this scheme, vehicle owners paying more than \$1300 per year in tolls save \$365 on new vehicle registration. CTP also continued to decline this quarter due to the Green Slips reform.

All other costs increased over the quarter, except for roadside assistance which remained constant. Fuel increased significantly, by \$1.53 per week or \$79 per year. Sydney has moved up one ranking and is now the fourth least affordable city for fuel. Sydney is the most expensive city for public transport and tolls, but the most affordable for car loan payments.

Sydney



With yearly transport costs of \$13,277, Wagga Wagga is the most affordable regional location, both in dollar terms and with respect to average income (9.8 per cent).

Transport costs increased by \$110 over the quarter, mainly driven by comprehensive insurance and car loan payments, which increased by \$60 and \$33, respectively.

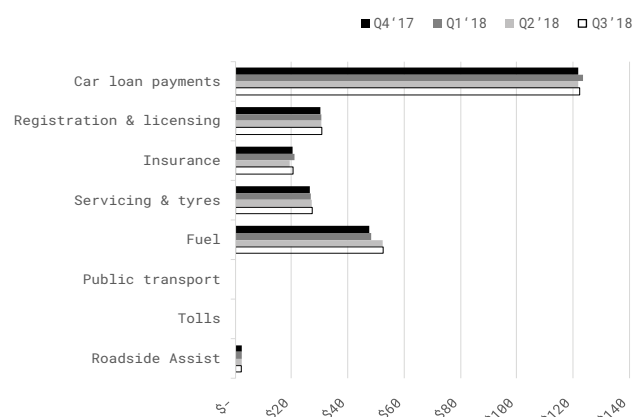
The typical Wagga Wagga household also incurs slightly lower fuel costs than its city counterpart as BITRE data suggests that this family travels slightly less than the city household. The notional family paid also relatively less than its city counterpart for unleaded petrol prices this quarter – a difference of 2.3 cents per litre.

The Index assumes that the Wagga Wagga household incurs no costs for tolls and public transport due to low levels of usage in regional areas.

Sydney	Q4	Q1	Q2	Q3	Q3 Ranking
Car loan payments	\$121.82	\$123.74	\$121.85	\$122.48	1
Registration & licensing	\$34.88	\$35.08	\$35.05	\$28.24 (\$35.25)*	↓7 (5)*
Insurance	\$31.53	\$29.44	\$28.63	\$29.87	↑5
Servicing & tyres	\$28.39	\$28.76	\$28.87	\$28.99	6
Fuel	\$69.82	\$69.35	\$75.38	\$76.91	3
Public transport	\$59.49	\$59.49	\$59.49	\$60.84	4
Tolls	\$80.64	\$81.16	\$81.72	\$82.20	2
Roadside Assist	\$2.12	\$2.12	\$2.12	\$2.12	8
TOTAL	\$428.69	\$429.12	\$433.11	\$431.64	

* The figures bracketed in the table above show the costs and rankings that would apply to the Sydney household in the absence of the Toll Relief Scheme.

Wagga Wagga



Wagga Wagga	Q4	Q1	Q2	Q3	Q3 Ranking
Car loan payments	\$121.82	\$123.74	\$121.85	\$122.48	1
Registration & licensing	\$30.23	\$30.44	\$30.42	\$30.59	3
Insurance	\$20.51	\$21.08	\$19.31	\$20.45	5
Servicing & tyres	\$26.61	\$26.97	\$27.07	\$27.19	4
Fuel	\$47.47	\$48.25	\$52.46	\$52.51	2
Public transport	-	-	-	-	-
Tolls	-	-	-	-	-
Roadside Assist	\$2.12	\$2.12	\$2.12	\$2.12	6
TOTAL	\$248.75	\$252.59	\$253.22	\$255.33	

Victoria weekly costs of transport

In total dollar terms, Melbourne is the second most expensive city for transport – \$20,209 a year, a significant increase of \$225 on the previous quarter. Melbourne is the third-least affordable for transport costs as a proportion of average income – 15.3 per cent of household income this quarter compared to 15.4 per cent last quarter, a slight improvement in affordability because of an increase in average weekly earnings.

The increase in total transport costs is largely because of higher prices – for fuel; comprehensive insurance; registration, CTP and licensing; and car loan payments. Fuel expenditure increased by \$1.36 per week or \$71 per year. Comprehensive insurance costs rose by \$66 a year, and registration, CTP and licensing increased by \$32. All other costs except public transport increased.

Melbourne remains the most expensive city for comprehensive insurance. It is no longer the most expensive city for car loan payments, but it has become relatively expensive for registration, CTP and licensing.

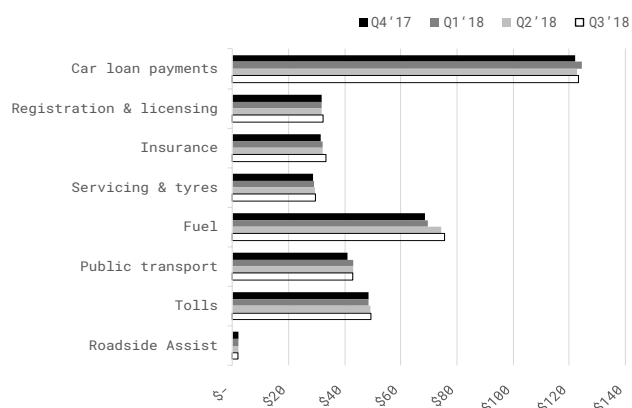
The Geelong household incurred lower transport costs than its capital city counterpart, at \$15,597 per year, an increase of \$179 over the quarter. The transport cost share of income was 12.3 per cent, making it the fifth least affordable regional centre.

Fuel costs increased significantly by about \$2.85 per week or \$148 per year if the current price remains constant. Expenditure in Geelong is higher than in Melbourne as the regional household incurs higher costs and travels greater distances.

Car loan payments; servicing and tyres; registration, CTP and licensing; and roadside assistance increased marginally. Comprehensive insurance decreased by \$45 per year.

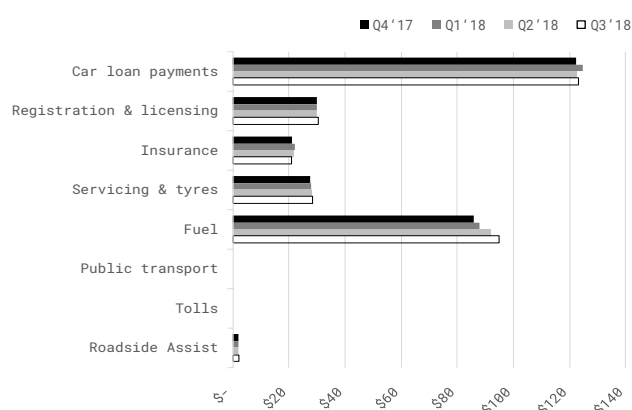
Geelong is the most expensive regional location for car loan payments and remains relatively expensive for comprehensive insurance and fuel.

Melbourne



Melbourne	Q4	Q1	Q2	Q3	Q3 Ranking
Car loan payments	\$122.14	\$124.66	\$122.68	\$123.29	1
Registration & licensing	\$31.82	\$31.82	\$31.82	\$32.44	6
Insurance	\$31.36	\$32.20	\$32.03	\$33.30	5
Servicing & tyres	\$28.75	\$29.07	\$29.39	\$29.59	7
Fuel	\$68.74	\$69.58	\$74.36	\$75.71	2
Public transport	\$41.00	\$43.00	\$43.00	\$43.00	4
Tolls	\$48.40	\$48.60	\$49.00	\$49.20	3
Roadside Assist	\$2.02	\$2.02	\$2.02	\$2.12	8
TOTAL	\$374.24	\$380.95	\$384.30	\$388.64	

Geelong



Geelong	Q4	Q1	Q2	Q3	Q3 Ranking
Car loan payments	\$122.14	\$124.66	\$122.68	\$123.29	1
Registration & licensing	\$29.79	\$29.79	\$29.79	\$30.37	3
Insurance	\$21.18	\$21.95	\$21.84	\$20.97	5
Servicing & tyres	\$27.52	\$27.84	\$28.15	\$28.33	4
Fuel	\$85.90	\$87.72	\$92.02	\$94.87	2
Public transport	-	-	-	-	-
Tolls	-	-	-	-	-
Roadside Assist	\$2.02	\$2.02	\$2.02	\$2.12	6
TOTAL	\$288.55	\$293.98	\$296.50	\$299.94	

Queensland weekly costs of transport

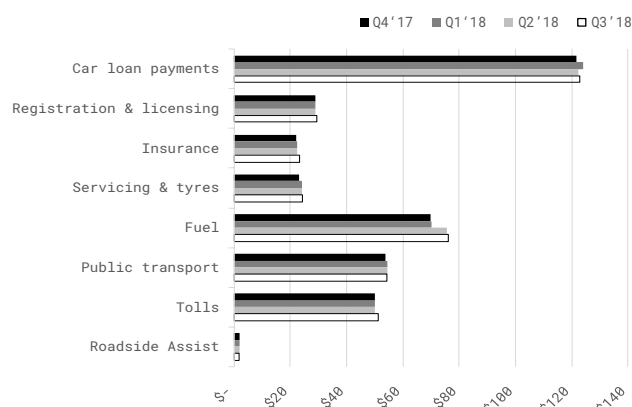
Brisbane remains Australia third most expensive capital city for total transport costs. Transport costs were \$19,932 per annum – up \$180 over the quarter. But transport costs as a share of income decreased by from 16.5 per cent to 16.4 per cent because average weekly earnings rose. Under the income metric, Brisbane is no longer the least affordable city.

The rise in transport costs was driven by an increase in all categories, except public transport and servicing and tyres. Comprehensive insurance and tolls rose by \$55 and \$47 per year, respectively.

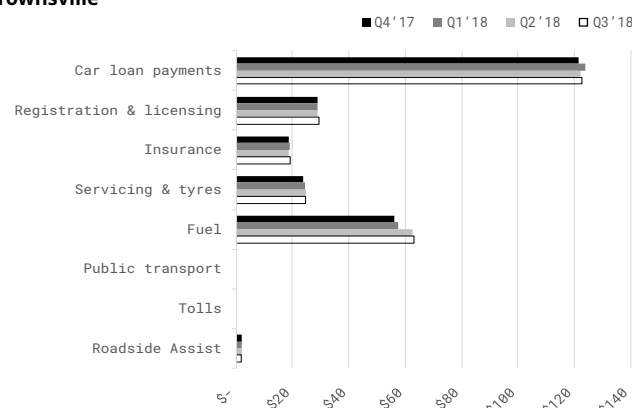
Registration and licensing fees increased following changes effective from 1 July, but there was a marginal decline in the cost of CTP. Brisbane has moved up by one ranking and is now the sixth most expensive city for registration, CTP and licensing.

Fuel prices increased marginally; Brisbane now ranks as the fifth most expensive for the category.

Brisbane



Townsville



Brisbane has relatively expensive public transport costs – the third highest among capital cities – while other costs remain at between fourth and eighth place.

Townsville is the second most affordable regional centre for transport, both in total dollar terms (\$13,578) and as a percentage of average income (11.6 per cent). Transport costs increased over the quarter, largely because car loan and fuel costs increased – by \$34 and \$33, respectively. All other costs increased only marginally.

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

The Townsville household does not incur any tolls or public transport costs due to low usage in regional areas. It also incurs slightly lower fuel costs as BITRE data suggests that it travels slightly less than its Brisbane counterpart.

Brisbane	Q4	Q1	Q2	Q3	Q3 Ranking
Car loan payments	\$121.69	\$123.99	\$122.21	\$122.85	1
Registration & licensing	\$28.88	\$28.99	\$28.99	\$29.34	5
Insurance	\$22.09	\$22.59	\$22.32	\$23.38	7
Servicing & tyres	\$23.20	\$24.07	\$24.27	\$24.20	6
Fuel	\$69.84	\$70.16	\$75.57	\$76.12	2
Public transport	\$53.64	\$54.45	\$54.45	\$54.45	3
Tolls	\$50.20	\$50.20	\$50.20	\$51.10	4
Roadside Assist	\$1.83	\$1.83	\$1.83	\$1.87	8
TOTAL	\$371.36	\$376.27	\$379.85	\$383.31	

Townsville	Q4	Q1	Q2	Q3	Q3 Ranking
Car loan payments	\$121.69	\$123.99	\$122.21	\$122.85	1
Registration & licensing	\$28.88	\$28.99	\$28.99	\$29.34	3
Insurance	\$18.55	\$18.98	\$18.76	\$19.23	5
Servicing & tyres	\$23.65	\$24.53	\$24.75	\$24.67	4
Fuel	\$56.10	\$57.53	\$62.53	\$63.16	2
Public transport	-	-	-	-	-
Tolls	-	-	-	-	-
Roadside Assist	\$1.83	\$1.83	\$1.83	\$1.87	6
TOTAL	\$250.70	\$255.85	\$259.06	\$261.12	

Western Australia weekly costs of transport

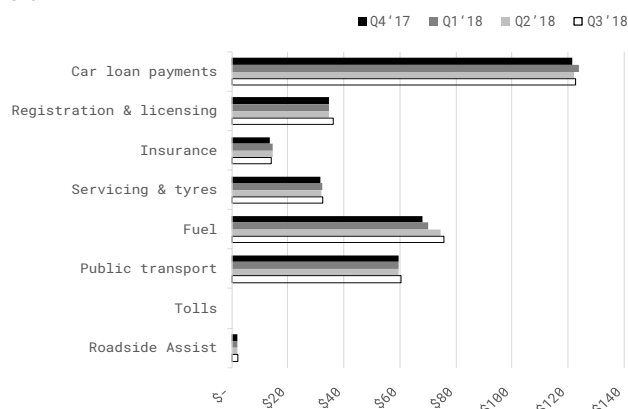
With annual transport costs of \$17,862, Perth is the fourth most expensive capital city in Australia. Transport costs as a percentage of average income increased from 13.5 per cent to 13.8 per cent over the quarter. This follows a decrease in average weekly earnings for the typical household.

The increase in transport costs were largely due to registration, CTP and licensing; fuel; and public transport. Registration, CTP and licensing fees increased by \$76 per year due to the state government increasing fees from 1 July 2018. Perth has moved up one ranking and is now the second most expensive city for this cost category. Fuel expenditure also rose by \$1.22 per week.

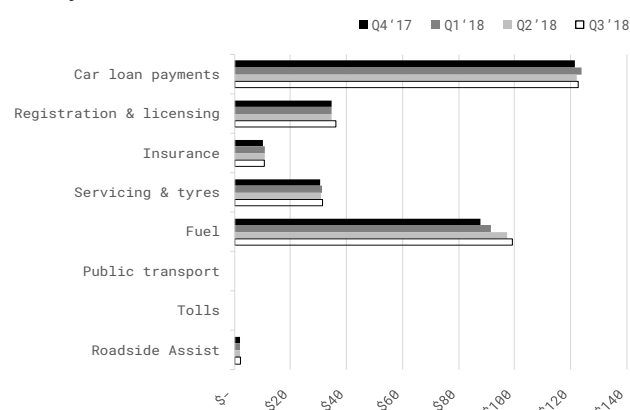
Comprehensive insurance was the only cost that decreased over the quarter. All other costs increased.

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

Perth



Bunbury



In total dollar terms, Bunbury remains the most expensive region for transport. The Bunbury household spends \$15,715 per year on transport.

But Bunbury has become more affordable than other regional centres when transport expenditure is measured as a percentage of average income (13.1 per cent). It now ranks as the fourth most expensive regional centre under this metric.

Fuel expenditure increased for the Bunbury household, by about \$1.86 per week or \$97 per year. Registration, CTP and licensing costs also increased moderately by \$76 per year, while car loan payments increased in line with Perth.

All other costs rose marginally, except comprehensive insurance, which decreased.

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

Perth	Q4	Q1	Q2	Q3	Q3 Ranking
Car loan payments	\$121.73	\$124.03	\$122.17	\$122.83	1
Registration & licensing	\$34.61	\$34.61	\$34.61	\$36.06	4
Insurance	\$13.64	\$14.66	\$14.65	\$14.14	6
Servicing & tyres	\$31.59	\$32.14	\$31.83	\$32.30	5
Fuel	\$68.13	\$70.21	\$74.57	\$75.79	2
Public transport	\$59.40	\$59.40	\$59.40	\$60.30	3
Tolls	-	-	-	-	-
Roadside Assist	\$2.04	\$2.04	\$2.04	\$2.08	7
TOTAL	\$331.13	\$337.10	\$339.27	\$343.50	

Bunbury	Q4	Q1	Q2	Q3	Q3 Ranking
Car loan payments	\$121.73	\$124.03	\$122.17	\$122.83	1
Registration & licensing	\$34.61	\$34.61	\$34.61	\$36.06	3
Insurance	\$10.16	\$10.86	\$10.85	\$10.61	5
Servicing & tyres	\$30.74	\$31.28	\$30.98	\$31.44	4
Fuel	\$87.67	\$91.46	\$97.33	\$99.19	2
Public transport	-	-	-	-	-
Tolls	-	-	-	-	-
Roadside Assist	\$2.04	\$2.04	\$2.04	\$2.08	6
TOTAL	\$286.95	\$294.28	\$297.98	\$302.21	

South Australia weekly costs of transport

At an annual cost of \$16,209, Adelaide is now the second most affordable city for transport in total dollar terms. But transport costs as a percentage of average income increased from 13.5 per cent to 13.7 per cent. This is because the Adelaide household's average weekly earnings fell. Under the income metric, Adelaide remains the third most affordable city in Australia.

Transport costs increased by \$154 mainly due to fuel and public transport, which increased by \$51 and \$42 per year, respectively. Registration, CTP and licensing also increased, with Adelaide moving from being the fifth most expensive city to the fourth most expensive in this cost category.

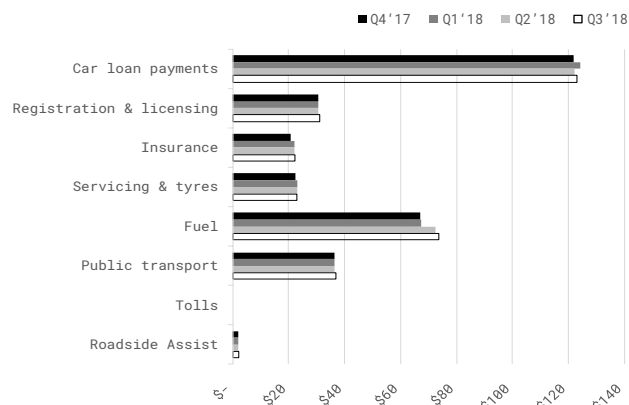
All other costs increased except servicing and tyres, which decreased by about \$15.

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

The Mount Gambier household incurs yearly transport costs of \$14,384 – an increase of \$100 over the quarter. Mount Gambier is the second most expensive regional location for transport costs as a percentage of average income (13.6 per cent this quarter compared to 13.5 per cent last quarter).

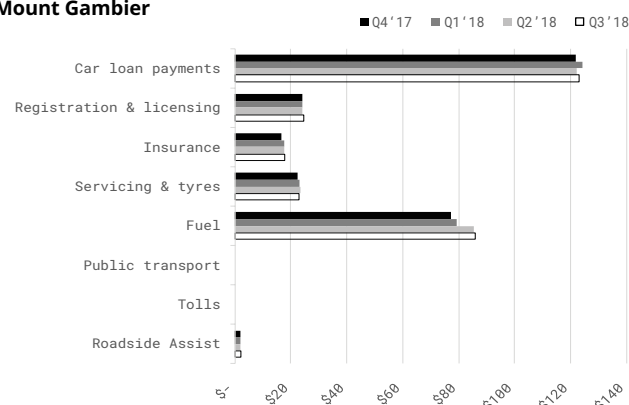
Car loan payments and fuel represented the greatest cost increases for the household at about \$34 and \$33 per year, respectively. All other costs except servicing and tyres increased.

Adelaide



Adelaide	Q4	Q1	Q2	Q3	Q3 Ranking
Car loan payments	\$121.88	\$124.26	\$122.38	\$123.04	1
Registration & licensing	\$30.45	\$30.45	\$30.45	\$31.09	4
Insurance	\$20.58	\$21.94	\$21.94	\$22.10	6
Servicing & tyres	\$22.31	\$23.04	\$23.21	\$22.92	5
Fuel	\$67.11	\$67.54	\$72.65	\$73.63	2
Public transport	\$36.20	\$36.20	\$36.20	\$37.00	3
Tolls	-	-	-	-	-
Roadside Assist	\$1.90	\$1.90	\$1.90	\$1.94	7
TOTAL	\$300.44	\$305.35	\$308.74	\$311.71	

Mount Gambier



Mount Gambier	Q4	Q1	Q2	Q3	Q3 Ranking
Car loan payments	\$121.88	\$124.26	\$122.38	\$123.04	1
Registration & licensing	\$24.18	\$24.18	\$24.18	\$24.67	3
Insurance	\$16.54	\$17.46	\$17.46	\$17.85	5
Servicing & tyres	\$22.40	\$23.14	\$23.30	\$23.01	4
Fuel	\$77.36	\$79.42	\$85.48	\$86.11	2
Public transport	-	-	-	-	-
Tolls	-	-	-	-	-
Roadside Assist	\$1.90	\$1.90	\$1.90	\$1.94	6
TOTAL	\$264.27	\$270.36	\$274.71	\$276.62	

Tasmania weekly costs of transport

Hobart is the capital city with the lowest total transport costs, — \$15,626 per year. But it has the lowest average earnings of any capital city, despite an increase in average weekly earnings over the quarter. Under the income metric, Hobart has the least affordable transport costs – rising from 16.4 per cent to 16.5 per cent. Hobart now surpasses Brisbane as the least affordable city for transport.

Transport costs increased by \$181 over the quarter, mostly due to fuel prices. Of the cities, Hobart recorded the largest increase in fuel costs over the quarter, at about \$2.71 per week or \$141 per year if costs remain constant.

Car loan payments increased by \$33 over the quarter. All other costs except public transport and comprehensive insurance increased marginally.

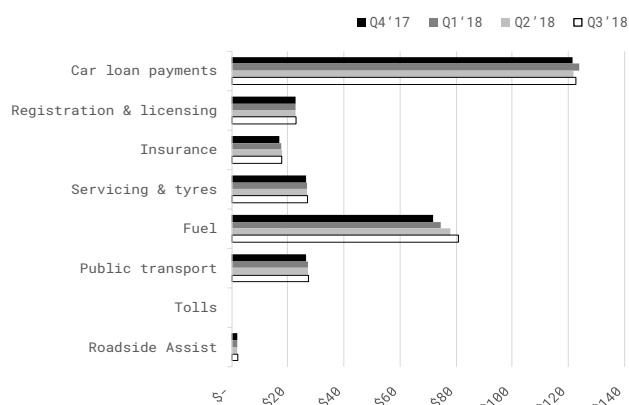
Hobart is the most expensive city for fuel, and the least expensive for registration, CTP and licensing fees.

The annual cost of transport in Launceston is \$14,377, an increase of \$180 over the quarter. Launceston is the least affordable region when transport costs are considered as a percentage of average income and is one of only two regional cities where this metric is higher than its state capital counterpart. Transport costs as a percentage of average income increased from 16.6 to 16.7 per cent this quarter. Launceston still has the lowest average earnings for any of the cities measured in the Affordability Index.

Fuel costs increased significantly, by about \$2.68 per week or \$139 per year assuming costs remain constant. All other costs increased, except comprehensive insurance which fell marginally.

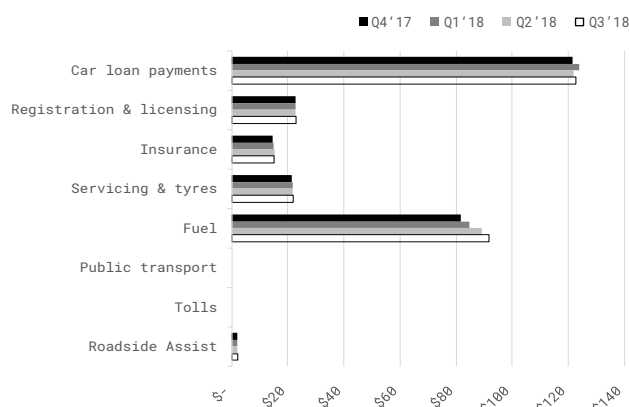
Launceston is the least expensive region for registration, CTP and licensing; and servicing and tyres. But it remains relatively expensive for fuel.

Hobart



Hobart	Q4	Q1	Q2	Q3	Q3 Ranking
Car loan payments	\$121.57	\$123.81	\$122.07	\$122.72	1
Registration & licensing	\$22.65	\$22.65	\$22.65	\$22.90	5
Insurance	\$17.09	\$17.76	\$18.09	\$17.75	6
Servicing & tyres	\$26.37	\$26.72	\$26.86	\$27.02	4
Fuel	\$71.86	\$74.42	\$78.04	\$80.75	2
Public transport	\$26.40	\$27.20	\$27.20	\$27.20	3
Tolls	-	-	-	-	-
Roadside Assist	\$2.10	\$2.10	\$2.10	\$2.15	7
TOTAL	\$288.05	\$294.66	\$297.01	\$300.50	

Launceston



Launceston	Q4	Q1	Q2	Q3	Q3 Ranking
Car loan payments	\$121.57	\$123.81	\$122.07	\$122.72	1
Registration & licensing	\$22.65	\$22.65	\$22.65	\$22.90	3
Insurance	\$14.49	\$15.06	\$15.34	\$15.05	5
Servicing & tyres	\$21.27	\$21.59	\$21.72	\$21.83	4
Fuel	\$81.73	\$84.63	\$89.13	\$91.81	2
Public transport	-	-	-	-	-
Tolls	-	-	-	-	-
Roadside Assist	\$2.10	\$2.10	\$2.10	\$2.15	6
TOTAL	\$263.81	\$269.84	\$273.02	\$276.48	

Northern Territory weekly costs of transport

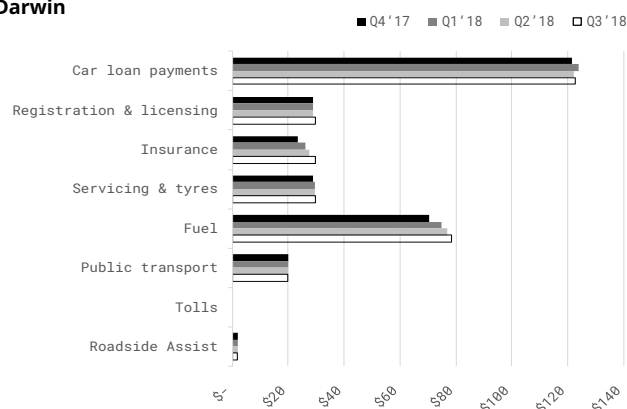
Darwin had the greatest increase in transport costs over the quarter, up by \$282 per year, equivalent to \$16,239 annually if these costs remained at this level over the year. In total dollar terms, Darwin is the third most affordable city for transport. Transport costs as a percentage of average income increased from 12.6 per cent to 13 per cent. Darwin continues to rank as the second most affordable city under the income metric, despite a significant decline in average weekly earnings.

Transport costs increased mainly due to comprehensive insurance and fuel. Comprehensive insurance increased by \$115 per year due to higher premiums. Fuel increased considerably for the household by about \$1.70 per week or \$88 per year.

Other costs that increased over the quarter include car loan payments; registration, CTP and licensing; and servicing and tyres. All other costs remained unchanged.

Darwin's registration, CTP and licensing costs rose in the September quarter. But it is now cheaper for roadside assistance and continues to have the cheapest public transport.

Darwin



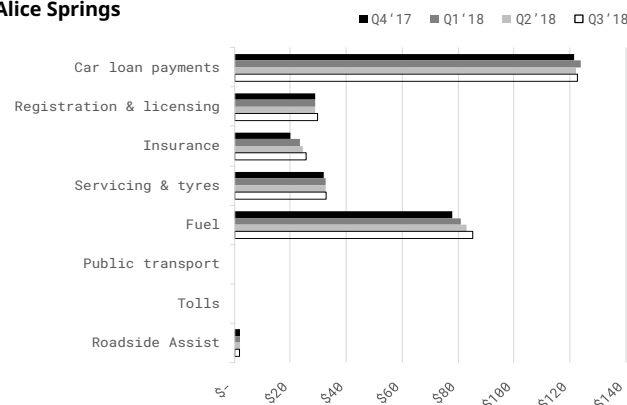
Alice Springs is the now third most expensive region for transport, in both total dollar terms (\$15,505) and as a percentage of average income (13.2 per cent). Alice Springs is one of only two regional cities where the income metric is higher than its capital city counterpart. Transport costs increased by \$257 per year.

The Alice Springs household spends more on fuel than its Darwin counterpart. Higher costs for Alice Springs are explained by differences in distances travelled, and higher cost of petrol and diesel per litre. Fuel was the greatest cost increase for the household at about \$2.33 per week or \$121 per year. Comprehensive insurance increased by about \$56 per year due to higher premiums.

All other costs, except roadside assistance, increased. Alice Springs is the most expensive region for insurance; and servicing and tyres.

Darwin	Q4	Q1	Q2	Q3	Q3 Ranking
Car loan payments	\$121.71	\$124.01	\$122.20	\$122.84	1
Registration & licensing	\$29.00	\$29.00	\$29.00	\$29.80	↑3
Insurance	\$23.45	\$26.14	\$27.36	\$29.57	5
Servicing & tyres	\$29.00	\$29.52	\$29.51	\$29.59	↓4
Fuel	\$70.56	\$74.95	\$76.87	\$78.57	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	\$295.63	\$305.53	\$306.86	\$312.28	

Alice Springs



Alice Springs	Q4	Q1	Q2	Q3	Q3 Ranking
Car loan payments	\$121.71	\$124.01	\$122.20	\$122.84	1
Registration & licensing	\$29.00	\$29.00	\$29.00	\$29.80	4
Insurance	\$19.89	\$23.47	\$24.40	\$25.48	5
Servicing & tyres	\$32.07	\$32.64	\$32.61	\$32.71	3
Fuel	\$77.98	\$80.87	\$83.09	\$85.43	2
Public transport	-	-	-	-	-
Tolls	-	-	-	-	-
Roadside Assist	\$1.90	\$1.90	\$1.90	\$1.90	6
TOTAL	\$282.56	\$291.89	\$293.21	\$298.17	

ACT weekly costs of transport

In total dollar terms, Canberra has the fifth highest household transport cost at \$17,245 per annum, an increase of \$208 over the quarter.

Canberra is the most affordable city when transport costs are considered as a percentage of average income (12.3 per cent) as Canberra households have higher median incomes than other capital cities and regions. The household also recorded the quarter's largest increase in average weekly earnings.

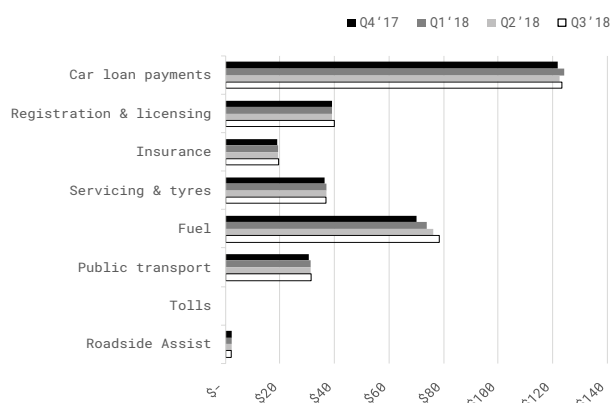
Transport costs increased this quarter largely because fuel prices increased by \$2.38 per week for the household (or \$124 per year if costs remain constant). Registration, CTP and licensing also increased by \$45 per year following changes effective from 1 July.

Canberra surpassed Melbourne this quarter as the most expensive city for car loan payments, with the typical household incurring an increase of \$35 per year. Canberra remains the most expensive capital city for registration, CTP and licensing costs, as well as servicing and tyres. But it is no longer the most expensive city for roadside assistance.

Comprehensive insurance and servicing and tyres costs increased minimally in the September quarter.

All other costs remained constant.

Canberra



Canberra	Q4	Q1	Q2	Q3	Q3 Ranking
Car loan payments	\$121.89	\$124.34	\$122.66	\$123.33	1
Registration & licensing	\$38.97	\$38.97	\$38.97	\$39.84	3
Insurance	\$19.12	\$19.46	\$19.31	\$19.37	6
Servicing & tyres	\$36.26	\$36.92	\$36.99	\$37.01	4
Fuel	\$70.06	\$73.98	\$76.18	\$78.56	2
Public transport	\$30.60	\$31.40	\$31.40	\$31.40	5
Tolls	-	-	-	-	-
Roadside Assist	\$2.12	\$2.12	\$2.12	\$2.12	7
TOTAL	\$319.01	\$327.18	\$327.63	\$331.63	

Background and methodology

The Australian Automobile Association (AAA) commissioned SGS Economics and Planning to design and develop the Transport Affordability Index. Initially the Index analysed only the capital cities across Australia, but since the June 2017 quarter, the Index includes a regional household in every state and the Northern Territory.

The Index provides a snapshot of the costs of transport for typical households in Australia and is regularly updated to show how transport costs change 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 households in different regions are 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. These fall into two broad 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 increase the more the vehicle is driven: fuel costs, tolls and car maintenance. Public transport costs for a city household's typical commute to work are also measured as these form 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 must 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 these costs.

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 households. 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, and whether this differs across Australia's capital cities and regional centres. 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 about 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, the average ages 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 with 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 is driven 10,000 kilometres per year is assumed to be 10 years old and owned outright. The car that is driven 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 back, 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 with relatively dense population (at the SA2 ABS level) and ages similar to the average ages in the hypothetical city household a reasonable proportion of detached housing and a substantial proportion of households with children. Due to Canberra's 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, but vehicle use and household income have been adjusted. The Index also assumes that regional households do not use public transport due to low usage rates and service provision. As there are no toll roads in any of the 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.⁴ 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 Service New South Wales, Toll Relief - FAQs
- 2 Note: A minor revision has been made to Quarter 2 2018 cost estimates included in the previous edition of the Transport Affordability Index due to an inconsistency in the indexing of tyres for the used car. The variances are minor and do not alter the findings in the previous edition of the Index.
- 3 Australian Bureau of Statistics (ABS) Household Expenditure Survey 2015-16 BITRE, 2015, 'Australia's Commuting Distance: Cities and Regions,' https://bitre.gov.au/publications/2015/files/is_073.pdf
- 4 BITRE, 2015, 'Australia's Commuting Distance: Cities and Regions,' https://bitre.gov.au/publications/2015/files/is_073.pdf

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