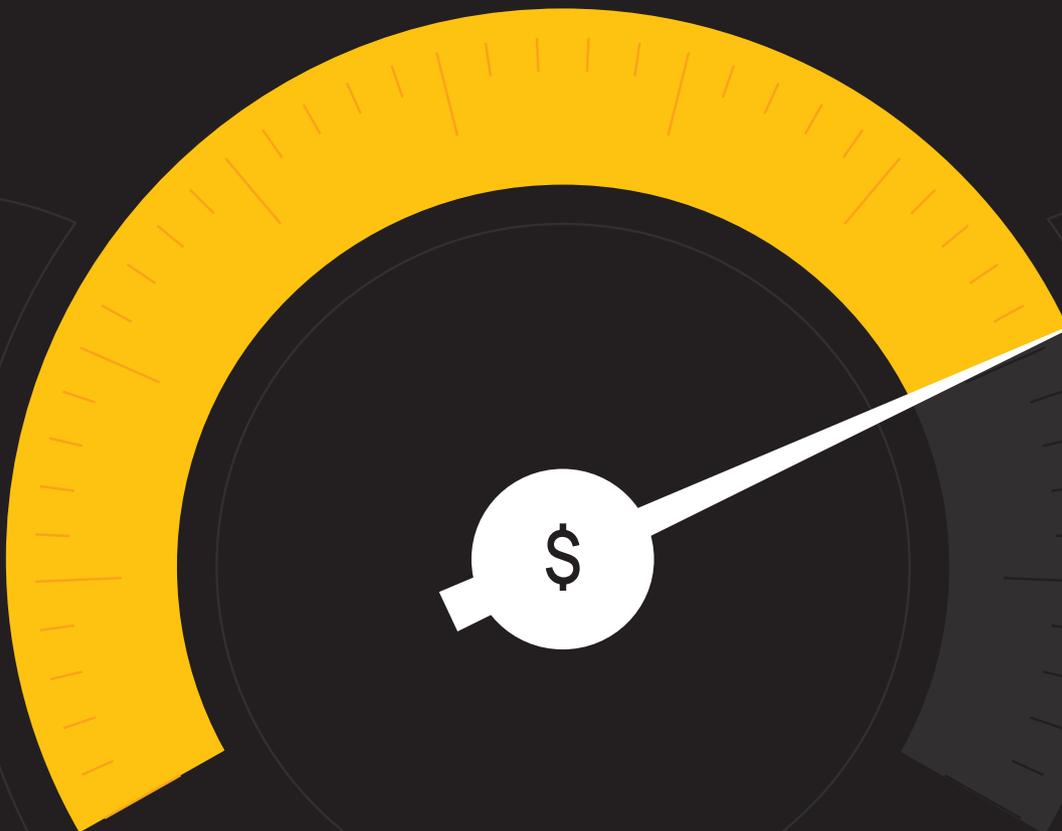


Transport Affordability Index

Q4
2020

QUARTER 4, 2020
Released March 2021

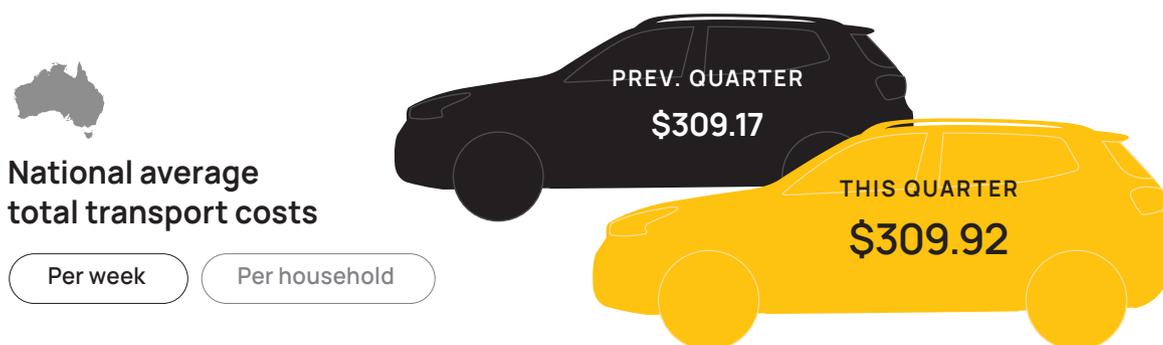




The Australian Automobile Association (AAA) Transport Affordability Index is based on modeling commissioned by the AAA and developed by SGS Economics and Planning.

02	Foreword
03	Key figures
04	Annual transport costs
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08	Transport affordability
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Transport spending in the year of Covid



Welcome to the new look Transport Affordability Index.

This redesigned print report is now a supporting document for the Index's new online home. A digital platform of interactive dashboards (links on subsequent pages) aims to make the data more accessible and understandable.

The digital dashboards provide data dating back to the Index's origin in 2016 and describe the trends in Australian transport affordability over the past five years.

Australian households ended 2020 with average weekly transport costs of \$310, up just one dollar on the previous quarter and down \$15 on the \$325 recorded a year earlier. For the typical metropolitan household, this equates to a yearly transport expenditure of \$17,864; and \$14,118 for the typical regional household.

As a percentage of household income, the average cost of transport fell from 13.8 per cent at the end of 2019 to 12.5 per cent one year later.

This unusual story of improving transport affordability is explained by the Covid recession. With transport usage (public and private) significantly down due to the pandemic, Australians saved even more on getting around in 2020 than the report's assumptions reflect.

Looking ahead, this temporary respite for household budgets is quickly coming to an end.

Traffic volumes in many places are reportedly already back to pre-pandemic levels. Fuel and toll use are again on the increase, as are the annual costs associated with insurance, registration and licensing, meaning the recent respite offered to Australian households is likely to have been short-lived.



Michael Bradley
Managing Director
Australian Automobile Association

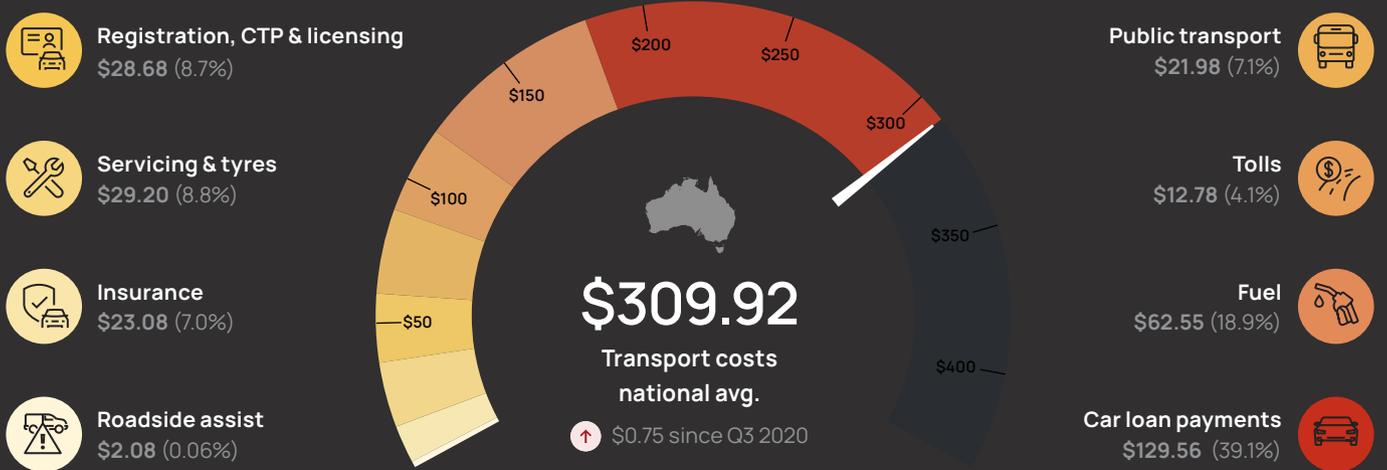
KEY FIGURES

Quarter 4 2020

Total transport costs

Per week

Per household



Capital cities

Regional

Total costs

AVERAGE	HIGHEST	LOWEST
<p>\$343.53 ↑ \$0.98 Since Q3 2020</p>	<p>Sydney ↑ \$0.06</p>	<p>Hobart ↑ \$0.80</p>

Total costs

AVERAGE	HIGHEST	LOWEST
<p>\$271.51 ↑ \$0.49 Since Q3 2020</p>	<p>Alice Springs ↑ \$1.85</p>	<p>Wagga Wagga ↓ \$1.93</p>

Affordability (% of income)

<p>13.3% — Steady Since Q3 2020</p>	<p>Hobart — Steady</p>	<p>Canberra ↓ 0.2% Since Q3 2020</p>
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Affordability (% of income)

<p>11.7% — Steady</p>	<p>Launceston — Steady</p>	<p>Wagga Wagga ↓ 0.1% Since Q3 2020</p>
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Total transport costs

Per year

Per household

VIEW COSTS PER WEEK (PAGE 6) →



Capital cities

Capital average



\$17,864

↑ \$51 since Q3 2020

In the December quarter, the typical Australian city household's average annualised cost of transport increased by \$51 to \$17,864. Transport taxes – in the form of fuel excise, registration, compulsory third party (CTP) insurance and licensing – cost the typical two-car family \$2,640.

The greatest increase in transport costs was recorded in Melbourne – equivalent to \$262 per year. This was mainly due to higher comprehensive insurance premiums. Among the capitals, only Canberra saw a fall in the cost of transport – down by \$229 a year.

1	2	3	4
 <p>Sydney \$21,402</p> <p>↑ \$3 since Q3 2020</p>	 <p>Melbourne \$20,424</p> <p>↑ \$262 since Q3 2020</p>	 <p>Brisbane \$20,135</p> <p>↑ \$105 since Q3 2020</p>	 <p>Perth \$17,234</p> <p>↑ \$94 since Q3 2020</p>
5	6	7	8
 <p>Canberra \$16,655</p> <p>↓ \$229 since Q2 2021</p>	 <p>Adelaide \$16,062</p> <p>↑ \$65 since Q3 2020</p>	 <p>Darwin \$15,668</p> <p>↑ \$65 since Q3 2020</p>	 <p>Hobart \$15,330</p> <p>↑ \$42 since Q3 2020</p>

Average taxes



Fuel excise

\$1,112

– Unchanged

+



Registration, CTP and licensing

\$1,527

↓ \$1 since Q3 2020

=

Household total

\$2,640

↓ \$1 since Q3 2020

Total transport costs

Per year

Per household

VIEW COSTS PER WEEK (PAGE 6) →



Regional

Regional average



\$14,118

↑ \$26 since Q3 2020

The average annual cost of transport for the typical regional household increased by \$26 to \$14,118. Of this, transport taxes cost regional families \$2,617.

The greatest increase was recorded in Mount Gambier, where transport costs rose by \$143 when compared to the previous quarter, mainly due to higher insurance premiums.

1	2	3	4
 <p>Alice Springs \$14,993</p> <p>↑ \$96 since Q3 2020</p>	 <p>Geelong \$14,801</p> <p>↓ \$57 since Q3 2020</p>	 <p>Bunbury \$14,796</p> <p>↑ \$39 since Q3 2020</p>	 <p>Mount Gambier \$14,192</p> <p>↑ \$143 since Q3 2020</p>
5	6	7	
 <p>Launceston \$13,859</p> <p>↑ \$10 since Q3 2020</p>	 <p>Townsville \$13,345</p> <p>↑ \$48 since Q3 2020</p>	 <p>Wagga Wagga \$12,843</p> <p>↓ \$100 since Q3 2020</p>	 <p>Explore the interactive data</p> <p>DATA.AAA.ASN.AU</p>

Average taxes



Fuel Excise

\$1,167

– Unchanged

+



Registration, CTP and Licensing

\$1,450

↓ \$2 since Q3 2020

=

Household total

\$2,617

↓ \$2 since Q3 2020

Total transport costs

Per week

Per household



Capital cities

Capital average



\$343.53

↑ \$0.98 since Q3 2020

The December quarter of 2020 saw little change, with Sydney remaining the most expensive capital city for transport while Hobart remained the cheapest.

1	2	3	4
 Sydney \$411.58 ↑ \$0.06 since Q3 2020	 Melbourne \$392.78 ↑ \$5.04 since Q3 2020	 Brisbane \$387.21 ↑ \$2.03 since Q3 2020	 Perth \$331.42 ↑ \$1.80 since Q3 2020
5	6	7	8
 Canberra \$320.29 ↓ \$4.41 since Q2 2021	 Adelaide \$308.90 ↑ \$1.25 since Q3 2020	 Darwin \$301.30 ↑ \$1.24 since Q3 2020	 Hobart \$294.80 ↑ \$0.80 since Q3 2020

Total transport costs

Per week

Per household



Regional

Regional average



\$271.51

↑ \$0.49 since Q3 2020

Transport in the regional centres was, on average, \$72 a week cheaper than in the capitals. Alice Springs continued to have the highest total weekly transport costs while Wagga Wagga remained the least expensive.

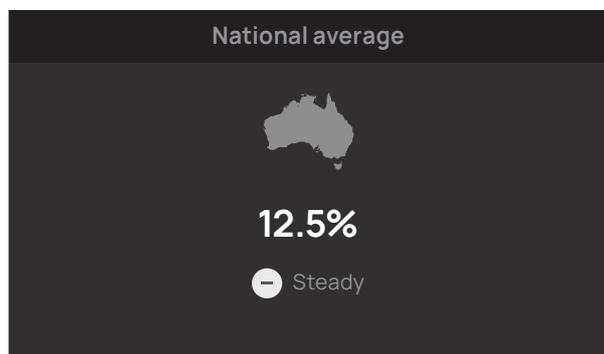
1	2	3	4
 Alice Springs \$288.33 ↑ \$1.84 since Q3 2020	 Geelong \$284.63 ↓ \$1.09 since Q3 2020	 Bunbury \$284.55 ↑ \$0.75 since Q3 2020	 Mount Gambier \$272.92 ↑ \$2.75 since Q3 2020
5	6	7	
 Launceston \$266.51 ↑ \$0.20 since Q3 2020	 Townsville \$256.64 ↑ \$0.92 since Q3 2020	 Wagga Wagga \$246.98 ↓ \$1.93 since Q3 2020	 Explore the interactive data DATA.AAA.ASN.AU

Transport affordability

Costs as a percentage of income

Per week

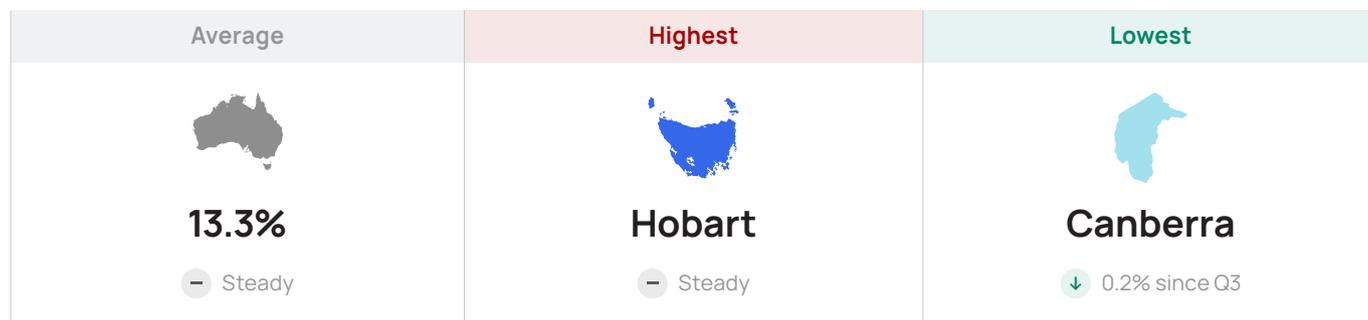
Per household



The relationship between a region's income and costs determines local purchasing power – or affordability. For example, in dollar terms Hobart has the lowest total transport costs, while Sydney has the highest. But when this cost is measured as a percentage of typical household income, Hobart – not Sydney – ranks as the Australian city with the least affordable transport costs.



Capital cities



Rank

		Q1	Q2	Q3	Q4
1	Hobart	16.3%	15.7%	15.4%	15.5%
2	Brisbane	15.6%	15.0%	15.2%	15.3%
3	Melbourne	14.8%	14.3%	13.8%	14.0%
4	Sydney	14.1%	13.6%	13.4%	13.4%
5	Adelaide	13.5%	12.9%	12.6%	12.7%
6	Perth	13.5%	13.0%	12.4%	12.5%
7	Darwin	13.9%	12.6%	12.3%	12.3%
8	Canberra	12.3%	11.8%	11.3%	11.1%
	Capital avg.	14.1%	13.5%	13.2%	13.3%

Transport affordability

Costs as a percentage of income

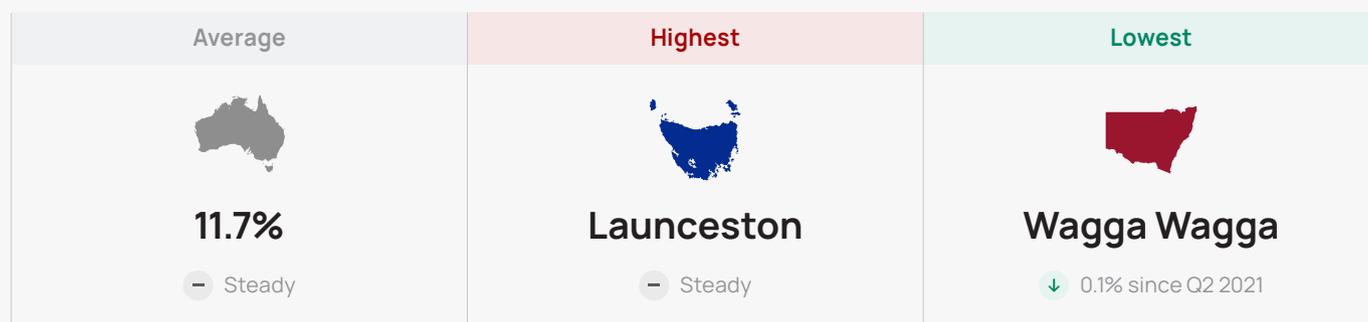
Per week

Per household

Across Australia, regional households earned \$220 per week less than their city counterparts (based on ABS data). But the difference was more pronounced in New South Wales and South Australia. Households in Wagga Wagga and Mount Gambier earned considerably less per week than their city counterparts: \$268 and \$258 per week less on average, respectively.

Nationally, the average cost of transport cost took up 12.5 per cent of the typical household's income – 13.3 per cent in the capital cities and 11.7 per cent in regional centres.

Regional



Rank

		Q1	Q2	Q3	Q4
1	Launceston	16.5%	15.6%	15.4%	15.4%
2	Alice Springs	13.3%	12.8%	12.5%	12.5%
3	Mount Gambier	13.4%	12.7%	12.4%	12.5%
4	Bunbury	12.8%	12.3%	11.6%	11.6%
5	Townsville	11.0%	10.5%	10.5%	10.6%
6	Geelong	11.5%	10.9%	10.6%	10.5%
7	Wagga Wagga	9.4%	9.1%	8.9%	8.8%
8	Regional avg.	12.6%	12.0%	11.7%	11.7%



Explore the interactive data

DATA.AAA.ASN.AU →

Transport costs by category

Per week

Per household

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

The increase in transport costs over the quarter was driven by changes in four cost categories:

- **Car loan payments** – the average upfront cost for purchasing new cars increased in all jurisdictions.
- **Car maintenance** – costs increased slightly in all locations.
- **Comprehensive insurance** – premiums increased most notably in Melbourne, Adelaide and Mount Gambier.
- **Toll roads** – toll road costs increased for Melbourne due to scheduled quarterly indexation from 1 October 2020.

Transport costs decreased in these two categories:

- **Fuel** – prices decreased in all locations except Sydney, Melbourne, Brisbane and Alice Springs.
- **Registration, CTP and licensing** – CTP premiums decreased in New South Wales and Tasmania.

Roadside assistance costs remained unchanged over the quarter.



Capital cities

1	2	3	4
 <p>Car loan payments \$129.56</p> <p>↑ \$1.10 since Q3 2020</p>	 <p>Tolls \$63.93</p> <p>↑ \$0.03 since Q3 2020</p>	 <p>Fuel \$61.82</p> <p>↓ \$0.31 since Q3 2020</p>	 <p>Public transport \$41.22</p> <p>↓ \$0.31 since Q3 2020</p>
5	6	7	8
 <p>Registration, CTP & licensing \$29.37</p> <p>↓ \$0.03 since Q3 2020</p>	 <p>Servicing & tyres \$29.98</p> <p>↑ \$0.47 since Q3 2020</p>	 <p>Insurance \$25.53</p> <p>↑ \$0.04 since Q3 2020</p>	 <p>Roadside assist \$2.09</p> <p>– Unchanged</p>

Transport costs by category

Per week

Per household

The ranking of average expenses for the typical city and regional families remained largely the same over the quarter. For the typical regional household, servicing and tyre costs became a greater expense than registration, CTP and licensing. Car loan payments remained the largest expense in the representative families' transport budgets, while roadside assistance and insurance were the smallest.

The Index assumes that city and regional households have the same costs for purchasing and financing a new car and for roadside assistance. Because city and regional households drive similar cars, the same assumptions about fuel efficiency and fuel mix are applied.



Regional

1	2	3
 <p>Car loan payments \$129.58 ↑ \$1.15 since Q3 2020</p>	 <p>Fuel \$63.38 ↓ \$1.05 since Q3 2020</p>	 <p>Servicing & Tyres \$28.31 ↑ \$0.40 since Q3 2020</p>
4	5	6
 <p>Registration, CTP & licensing \$27.89 ↓ \$0.05 since Q3 2020</p>	 <p>Insurance \$20.27 ↑ \$0.04 since Q3 2020</p>	 <p>Roadside assist \$2.07 — Unchanged</p>

Transport costs by category

Per week

Per household



Car loan payments

The upfront costs of purchasing a new car increased in all jurisdictions – on average by \$256 – in the December quarter. As a result, the cost of weekly car loan payments increased in all locations by around \$1.10 per week, or \$57 a year.

Sydney became the most expensive capital city to take out a loan for a new car while Brisbane remained the cheapest. Sydney also saw the largest increase in weekly payments, which rose by \$1.59 per week (or \$83 per year).

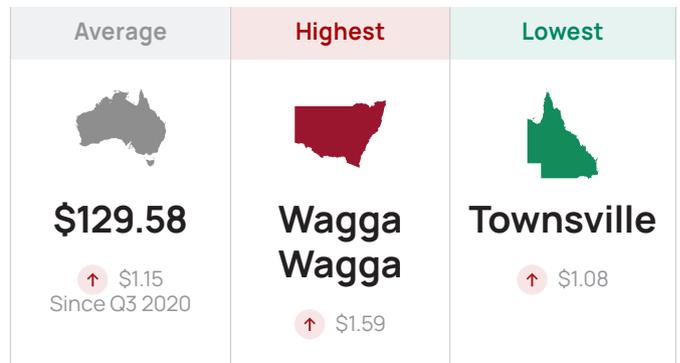
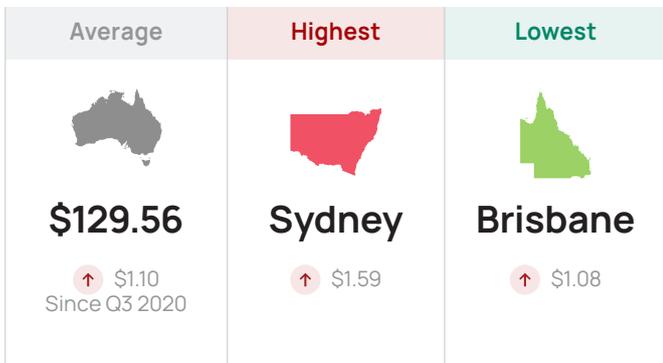
Regional households incurred the same costs in this category as their capital city counterparts because it is assumed that interest rates and new car purchase costs are the same in regional and capital city locations.



Capital cities



Regional



Rank

1	↑		Sydney	\$130.51	+ \$1.59
2	↑		Adelaide	\$129.62	+ \$1.19
3	↑		Hobart	\$129.59	+ \$1.41
4	↑		Perth	\$129.54	+ \$1.26
5	↓		Melbourne	\$129.46	+ \$0.46
6	↓		Canberra	\$129.43	+ \$0.76
7			Darwin	\$129.20	+ \$1.05
8			Brisbane	\$129.12	+ \$1.07
			Capital avg.	\$129.56	+ \$1.10

Rank

1	↑		Wagga Wagga	\$130.51	+ \$1.59
2	↑		Mount Gambier	\$129.62	+ \$1.19
3	↑		Launceston	\$129.59	+ \$1.41
4			Bunbury	\$129.54	+ \$1.26
5	↓		Geelong	\$129.46	+ \$0.46
6			Alice Springs	\$129.20	+ \$1.07
7			Townsville	\$129.12	+ \$1.08
			Regional avg.	\$129.58	+ \$1.15

Transport costs by category

Per week

Per household



Vehicle registration, CTP and driver's licence

Weekly registration, CTP and licensing costs increased slightly in South Australia and the Australian Capital Territory, and decreased in New South Wales and Tasmania.

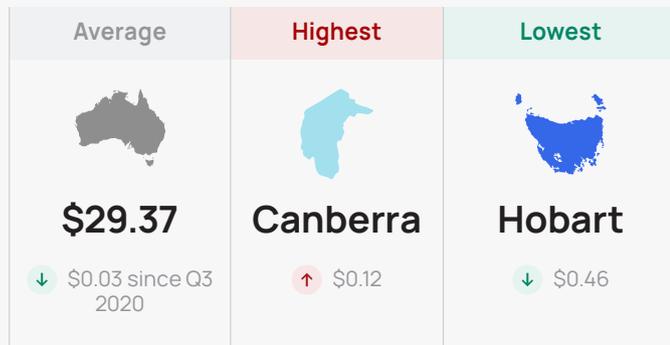
This was due to increases in registration fees for South Australia and changes to CTP premiums in the other three jurisdictions.

Canberra remained the most expensive capital city for registration, CTP and licensing, while Hobart remained the least expensive, with the typical Canberra household spending \$727 more per year than Hobart.

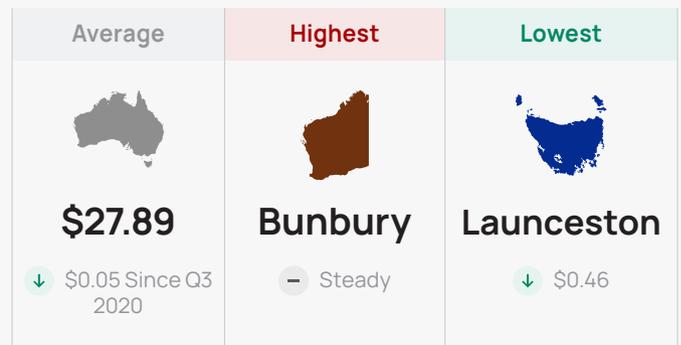
Bunbury remained the most expensive regional centre in this cost category, while Launceston replaced Mount Gambier as the cheapest. The annualised difference between Bunbury and Launceston was \$486.



Capital cities



Regional



Rank

1		Canberra	\$36.25	+\$0.12
2		Melbourne	\$33.17	-
3		Perth	\$31.62	-
4		Darwin	\$30.14	-
5		Brisbane	\$30.05	-
6		Adelaide	\$26.88	+\$0.15
7		Sydney	\$24.57	-\$0.03
8		Hobart	\$22.27	-\$0.46
		Capital avg.	\$29.37	-\$0.03

Rank

1		Bunbury	\$31.62	-
2		Geelong	\$31.05	-
3		Alice Springs	\$30.14	-
4		Townsville	\$30.05	-
5		Wagga Wagga	\$27.84	-\$0.02
6		↑ Mount Gambier	\$22.28	+\$0.15
7		↓ Launceston	\$22.27	-\$0.46
		Regional avg.	\$27.89	-\$0.05



Explore the interactive data

DATA.AAA.ASN.AU →

Transport costs by category

Per week

Per household



Comprehensive car insurance

In the December quarter, the weekly cost of comprehensive insurance for both the benchmark new and used vehicles increased slightly for the typical Australian city household. Melbourne remained the most expensive city while Perth remained the cheapest, with a typical Melbourne household spending \$1,038 per year more than Perth.

Melbourne and Adelaide recorded the largest increases in insurance premiums among the city households, rising by \$159

and \$136 per year respectively. Canberra and Sydney saw large decreases of \$170 and \$153 a year respectively. Among the regional centres Wagga Wagga saw an annualised price drop of \$170 while in Mount Gambier's insurance costs rose by \$132.

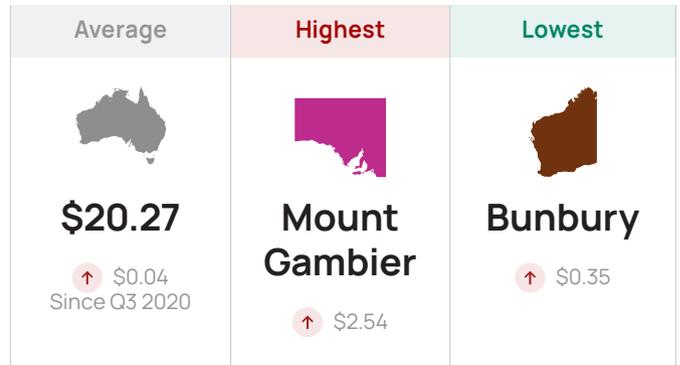
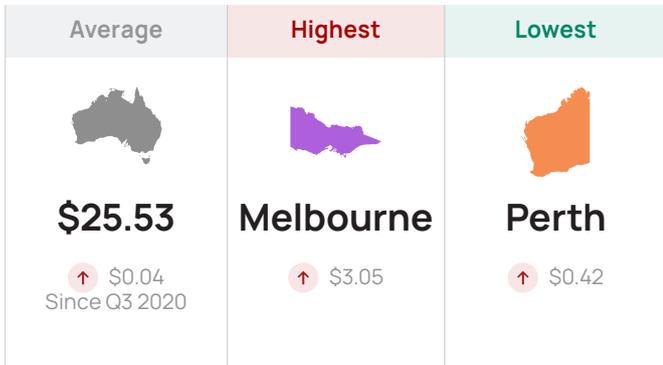
The largest difference between a capital city and its regional counterpart was in Victoria, where a typical Geelong household spends \$746 a year less on comprehensive insurance than Melbourne.



Capital cities



Regional



Rank

1		Melbourne	\$34.78	+\$3.05
2		Darwin	\$30.28	+\$0.31
3	↑ 	Adelaide	\$29.90	+\$2.62
4	↓ 	Brisbane	\$28.62	+\$0.48
5		Sydney	\$23.82	-\$2.94
6		Canberra	\$21.58	-\$3.26
7		Hobart	\$20.46	-\$0.37
8		Perth	\$14.82	+\$0.42
		Capital avg.	\$25.53	+\$0.04

Rank

1		Mount Gambier	\$28.10	+\$2.54
2		Alice Springs	\$24.78	+\$0.08
3		Townsville	\$23.36	+\$0.40
4		Geelong	\$20.44	+\$0.49
5	↑ 	Launceston	\$17.06	-\$0.32
6	↓ 	Wagga Wagga	\$16.16	-\$3.26
7		Bunbury	\$12.00	+\$0.35
		Regional avg.	\$20.27	+\$0.04

Transport costs by category

Per week

Per household



Servicing and tyres

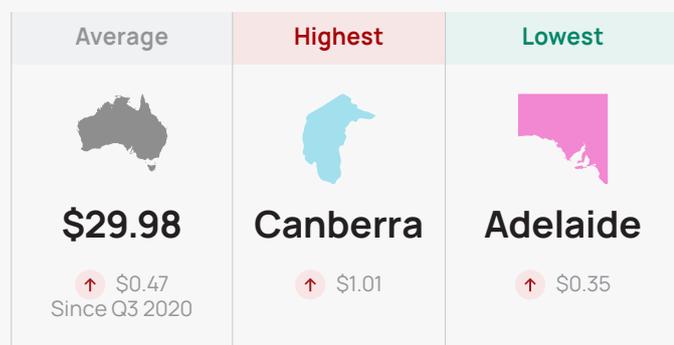
The cost of servicing and tyres increased slightly over the December quarter for both the typical capital city and regional households.

Overall, the cost of maintaining a representative new and used car remained highest in Canberra and lowest in Adelaide, with a typical Canberra household paying \$782 more per year than Adelaide.

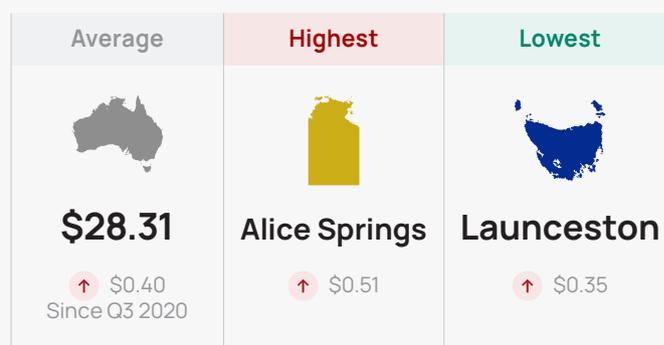
Among the regional locations, the cost of maintaining a car remained most expensive in Alice Springs and cheapest in Launceston, with families in Alice Springs paying \$583 more on an annual basis.



Capital cities



Regional



Rank

1		Canberra	\$39.24	+\$1.01
2		Melbourne	\$31.43	+\$0.33
3		Perth	\$31.17	+\$0.58
4		Darwin	\$30.86	+\$0.49
5		Sydney	\$29.86	+\$0.23
6		Hobart	\$28.41	+\$0.35
7		Brisbane	\$24.65	+\$0.40
8		Adelaide	\$24.19	+\$0.35
		Capital avg.	\$29.98	+\$0.47

Rank

1		Alice Springs	\$34.11	+\$0.51
2		Bunbury	\$33.67	+\$0.60
3		Geelong	\$30.08	+\$0.33
4		Wagga Wagga	\$28.00	+\$0.24
5		Townsville	\$25.13	+\$0.40
6		Mount Gambier	\$24.29	+\$0.35
7		Launceston	\$22.91	+\$0.35
		Regional avg.	\$28.31	+\$0.40



Explore the interactive data

DATA.AAA.ASN.AU →

Transport costs by category

Per week

Per household



Fuel

The average Australian capital city retail price of regular unleaded petrol fell by 0.5 cents to 122.4 cents per litre, costing the typical city household \$16 less per year. Sydney replaced Hobart as the capital city with the highest fuel expenditure; its average petrol price was up 3.7 cents to 129.0 cents per litre in the December quarter. Adelaide had the lowest fuel prices and expenditure, paying 114.6 cents per litre, down 6.4 cents from the September quarter.

Averaged across the regions, the cost of petrol decreased by 2.0 cents to 119.2 cents per litre. Alice Springs remained the centre with the highest prices at 129.7 cents per litre while Geelong remained the cheapest at 111.7 cents. The typical household in Bunbury continued to have the highest fuel expenditure among the regional centres, at \$3,933 per year, because research shows that Bunbury residents tend to drive longer distances than people in the other centres. Wagga Wagga continued to have the lowest expenditure at \$2,200 per year because its residents typically drive less.



Capital cities



Regional

Average	Highest	Lowest
 \$61.82 ↓ \$0.31 Since Q3 2020	 Sydney ↑ \$1.53	 Adelaide ↓ \$3.06

Average	Highest	Lowest
 \$63.38 ↓ \$1.05 Since Q3 2020	 Bunbury ↓ \$1.47	 Wagga Wagga ↓ \$0.47

Rank	City	Price	Change
1	↑ Sydney	\$64.69	+\$1.53
2	↓ Hobart	\$63.80	-\$0.12
3	↑ Melbourne	\$63.74	+\$0.79
4	↓ Brisbane	\$63.54	+\$0.06
5	Canberra	\$61.89	-\$0.56
6	↑ Perth	\$60.08	-\$0.47
7	↑ Darwin	\$58.93	-\$0.63
8	↓ Adelaide	\$57.92	-\$3.06
	Capital avg.	\$61.82	-\$0.31

Rank	Region	Price	Change
1	Bunbury	\$75.63	-\$1.47
2	↑ Launceston	\$72.41	-\$0.79
3	↓ Geelong	\$71.40	-\$2.38
4	↑ Alice Springs	\$68.19	+\$0.20
5	↓ Mount Gambier	\$66.65	-\$1.49
6	Townsville	\$47.08	-\$0.96
7	Wagga Wagga	\$42.30	-\$0.47
	Regional avg.	\$63.38	-\$1.05

Transport costs by category

Per week

Per household



Public transport

The cost of public transport remained unchanged across all cities in the December quarter.* With the lowest expenditure, the typical Darwin household spends \$42.10 per week (\$2,189 per year) less on public transport costs than its equivalent household in Perth, which has the highest cost.

* Canberra's overall costs have been adjusted down to reflect the price cap of 40 paid trips per month for those who use the local public transport card.



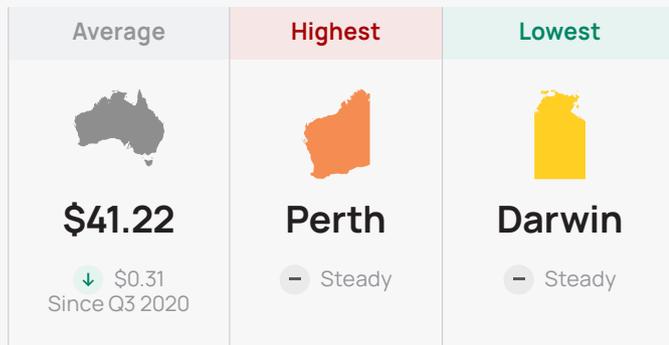
Toll roads

Only three Australian cities – Sydney, Melbourne and Brisbane – use toll roads. Costs decreased by \$17 per year in Sydney and increased \$21 in Melbourne due to a scheduled quarterly price adjustments.

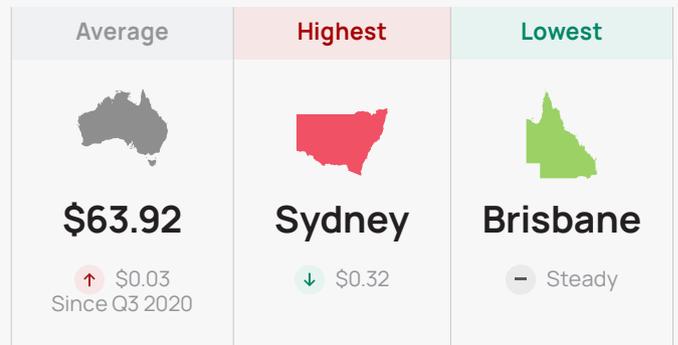
The typical Sydney household continues to incur the greatest costs for toll roads, while Brisbane replaced Melbourne as the one with the lowest toll costs. The typical Brisbane household spends \$33.16 per week (or \$1,724 per year) less on tolls than the one in Sydney.



Capital cities



Capital cities



Rank

1		Perth	\$62.10	-
2		Brisbane	\$56.52	-
3		Sydney	\$50.00	-
4		Melbourne	\$45.00	-
5		Adelaide	\$38.40	-
6		Canberra	\$29.72	- \$2.48
7		Hobart	\$28.00	-
8		Darwin	\$20.00	-
		Capital avg.	\$42.11	- \$0.31

Rank

1		Sydney	\$85.96	- \$0.32
2		Melbourne	\$53.00	+ \$0.40
3		Brisbane	\$52.80	-
		Avg.	\$63.92	+ \$0.03



Explore the interactive data

DATA.AAA.ASN.AU →

Transport costs by category

Per week

Per household

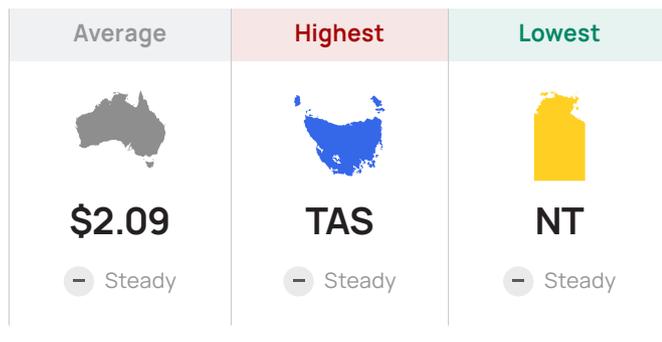


Roadside assistance

The differences between states for roadside assistance costs are not large. Tasmania had the highest ongoing roadside assistance costs at \$118 per year, while Queensland and the Northern Territory had the lowest at \$99 per year.

Roadside assistance costs are based on state and Northern Territory motoring clubs' basic or standard packages, but services included in these packages vary from club to club.

The Index assumes that the regional households face the same costs as their capital city counterparts because roadside assistance providers offer standard state-wide pricing.

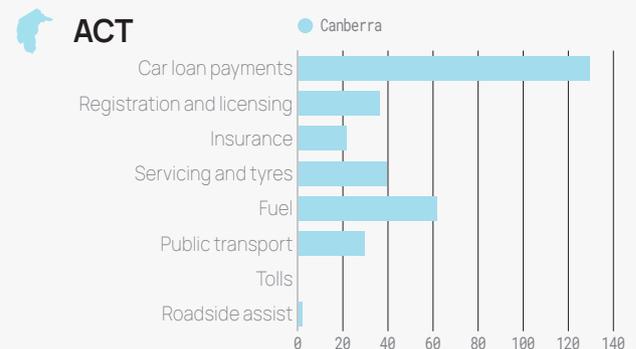
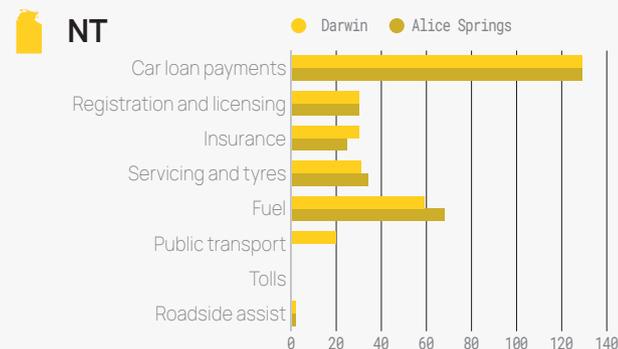
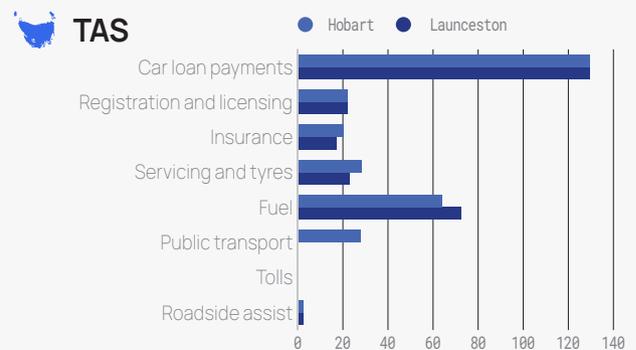
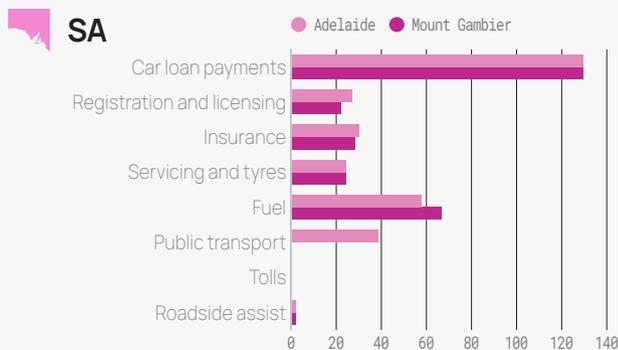
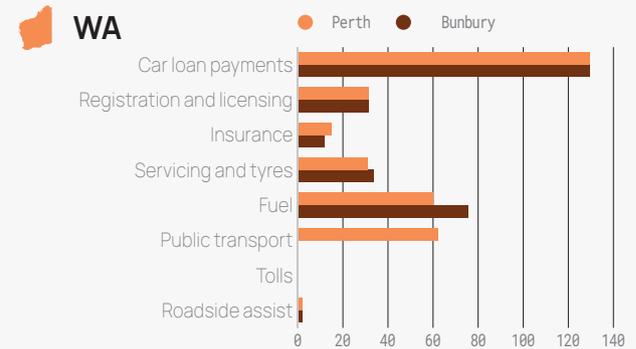
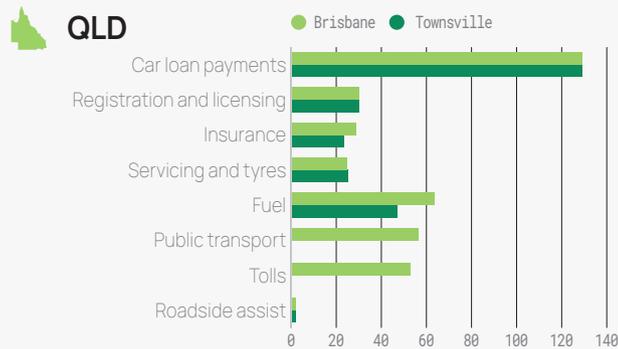
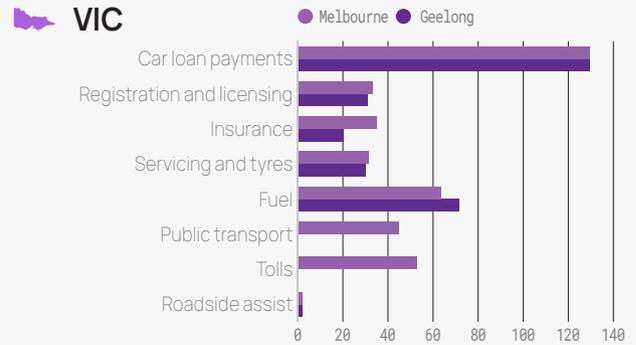
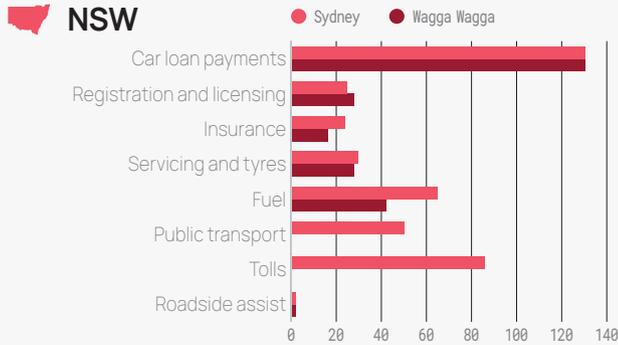


Rank

1	 TAS	\$2.27
2	 VIC	\$2.19
3	 ACT	\$2.17
4	 NSW	\$2.17
5	 WA	\$2.10
6	 SA	\$1.98
7	 QLD	\$1.90
8	 NT	\$1.90
	 Avg.	\$2.09

State by state overview

Capital city vs regional centre comparison





NSW weekly transport costs

Per week

Per household

Sydney

In the December quarter, Sydney transport costs increased marginally and it remained Australia's most expensive city for transport. This was mainly due to higher car loan payments and fuel prices which rose by \$83 and \$79 per year respectively, assuming costs remained constant.

Wagga Wagga

Wagga Wagga remained the benchmark regional centre with the lowest transport costs - both in total cost (at \$12,843 a year) and in terms of the local income-to-cost ratio. Its costs decreased by \$100 per annum, driven largely by lower comprehensive insurance premiums, down by \$170 a year.

cost rank 1 / 8		affordability rank 4 / 8	
Total transport costs \$411.58		% of income 13.4%	
↑ \$0.06 since Q3 2020		- Steady	

cost rank 7 / 7		affordability rank 7 / 7	
Total transport costs \$246.98		% of income 8.8%	
↓ \$1.93 since Q3 2020		↓ 0.1% since Q3 2020	

Changes in transport category costs

↑ Increased	
Car loan payments = \$1.59	
Servicing & tyres = \$0.23	
Fuel = \$1.53	
- Unchanged	
Public transport	
Roadside assistance	
↓ Decreased	
Rego, CTP & licensing = \$0.03	
Tolls = \$0.32	
Insurance = \$2.94	

↑ Increased	
Car loan payments = \$1.59	
Servicing & tyres = \$0.24	
- Unchanged	
Roadside assistance	
↓ Decreased	
Rego, CTP & licensing = \$0.02	
Fuel = \$0.47	
Insurance = \$3.26	

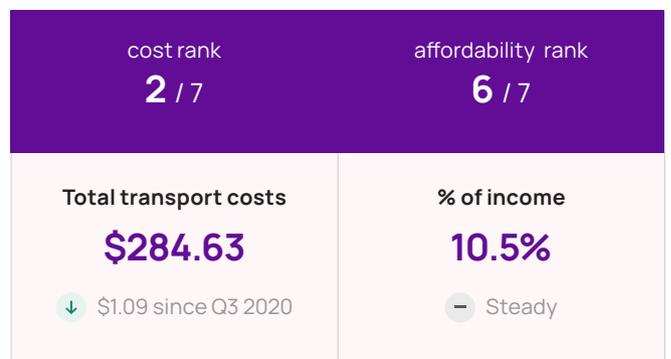
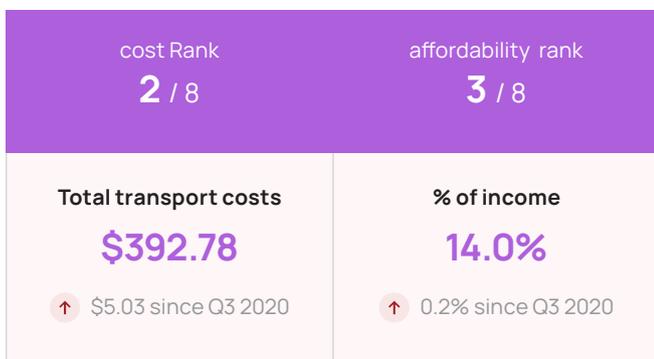


Melbourne

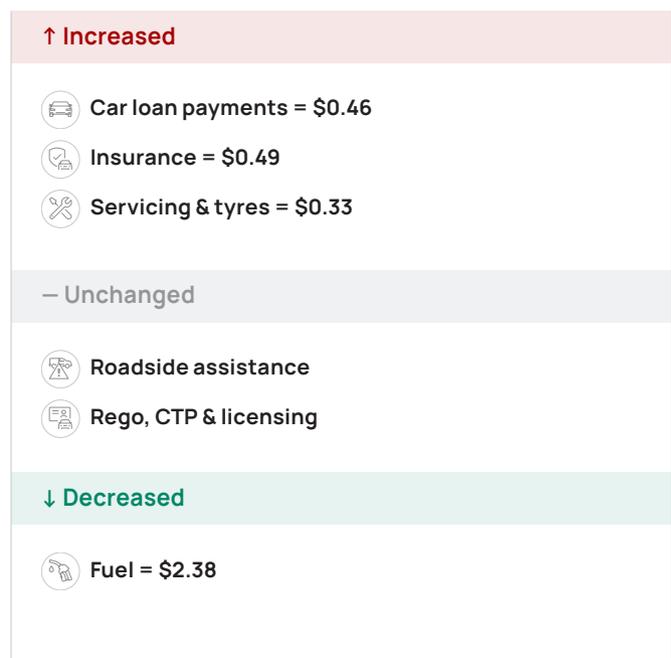
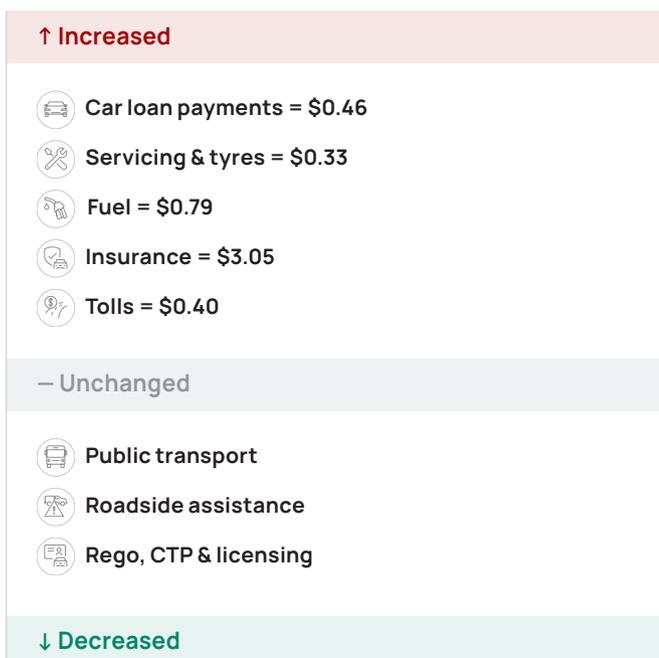
Melbourne remained Australia's second most expensive city for transport. The typical household spent the equivalent of \$20,424 a year – an increase of \$262 per annum from the previous quarter. This was mostly due to higher insurance premiums, which were up \$159 per year.

Geelong

Geelong had yearly transport costs of \$14,801 and remained the regional centre with the second highest costs. It replaced Townsville as the second most affordable regional centre. Geelong's transport costs decreased by \$57 a year, mostly because of lower fuel prices, which were down \$124 per year.



Changes in transport category costs





QLD weekly transport costs

Per week

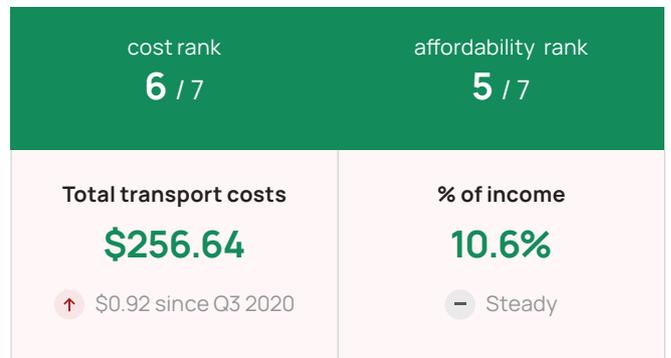
Per household

Brisbane

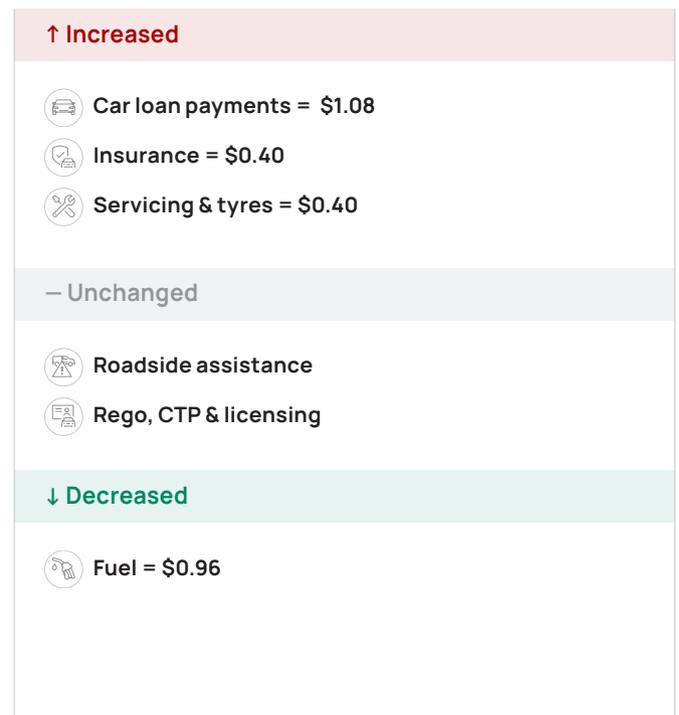
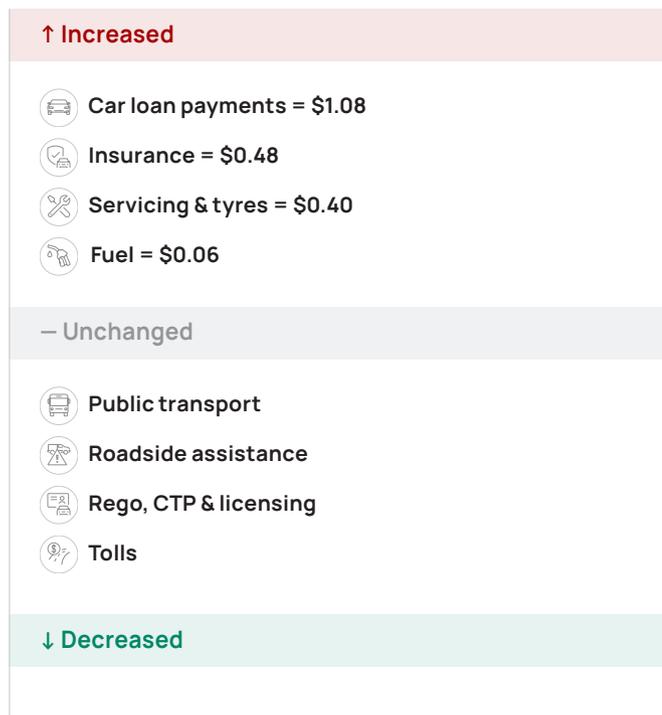
Brisbane's typical household had transport costs of \$20,135 a year made it Australia's third highest city for transport costs and second-least affordable capital. Transport costs increased by \$105 a year, largely due to higher car loan payments, which were up \$56 a year.

Townsville

The Townsville typical household's transports costs increased by \$48 to \$13,345 a year in the December quarter, considerably less than its Brisbane counterpart. This increase was largely due to higher car loan payments. Townsville remained the second least expensive regional centre but replaced Geelong as the third most affordable.



Changes in transport category costs





SA weekly transport costs

Per week

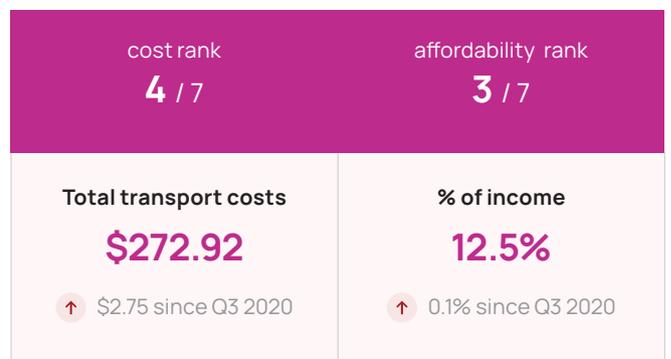
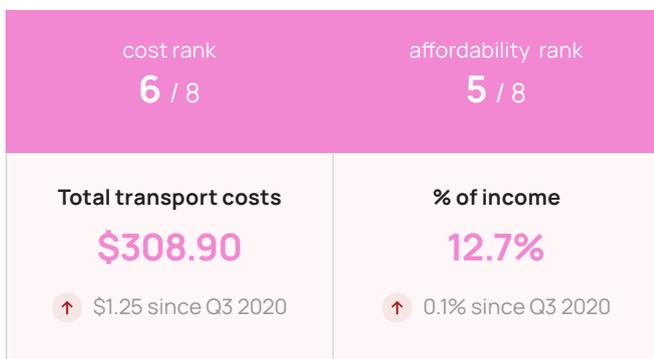
Per household

Adelaide

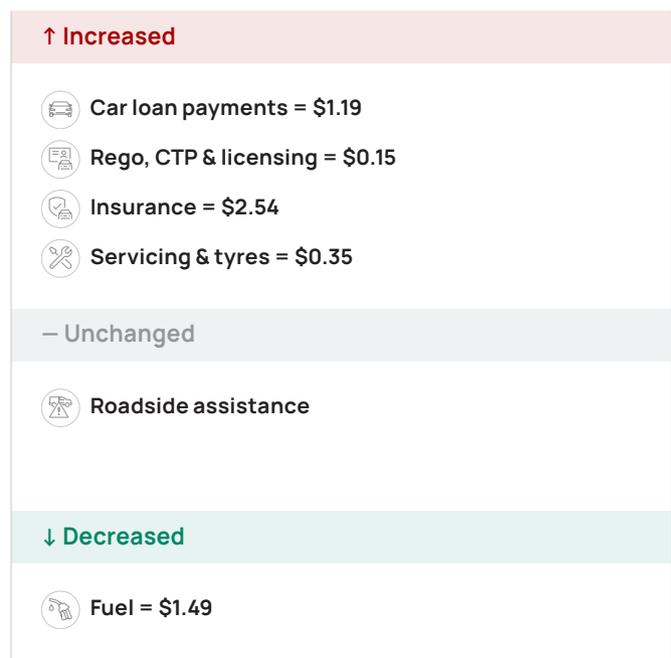
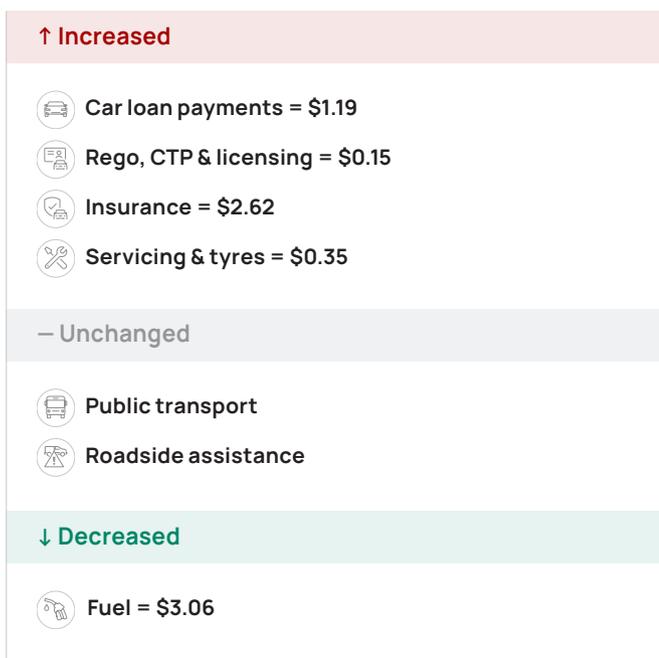
Adelaide's household transport costs rose by \$65 to \$16,063 per annum. This increase was mainly due to higher insurance premiums (up by \$136 per year) and car loan payments (up \$62 per year).

Mount Gambier

Mount Gambier's typical household spent \$14,192 per year on transport - an increase of \$143 from the previous quarter. This increase was mostly due to higher insurance premiums up by (\$132 per year) and car loan payments (up \$62 per year).



Changes in transport category costs





WA weekly transport costs

Per week

Per household

Perth

In the December quarter, Perth's typical household saw an increase in transport costs of \$94 to \$17,234 per annum. This increase was mainly due to car loan payments, which were up by \$66 per year.

Bunbury

Bunbury's typical household transport costs rose by \$39 to \$14,796 per annum. The overall increase was driven by rises in car loan payments, servicing and tyre costs, and comprehensive insurance premiums; all partially offset by lower fuel prices, where expenditure fell by \$76 per annum.

cost rank 4 / 8		affordability rank 6 / 8	
Total transport costs \$331.42		% of income 12.5%	
↑ \$1.80 since Q3 2020		↑ 0.1% since Q3 2020	

cost rank 3 / 7		affordability rank 4 / 7	
Total transport costs \$284.55		% of income 11.6%	
↑ \$0.75 since Q3 2020		- Steady	

Changes in transport category costs

↑ Increased	
Car loan payments = \$1.26	
Insurance = \$0.42	
Servicing & tyres = \$0.58	
- Unchanged	
Public transport	
Roadside assistance	
Rego, CTP & licensing	
↓ Decreased	
Fuel = \$0.47	

↑ Increased	
Car loan payments = \$1.26	
Insurance = \$0.35	
Servicing & tyres = \$0.60	
- Unchanged	
Roadside assistance	
Rego, CTP & licensing	
↓ Decreased	
Fuel = \$1.47	



TAS weekly transport costs

Per week

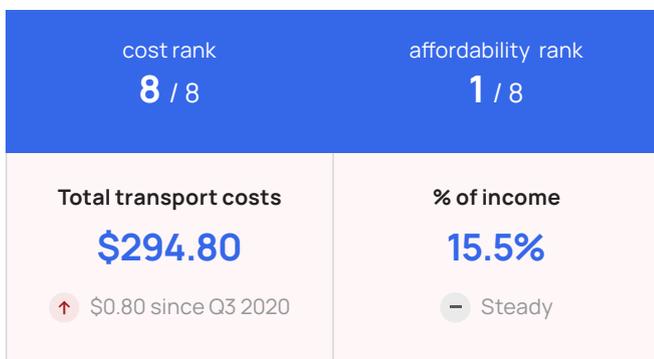
Per household

Hobart

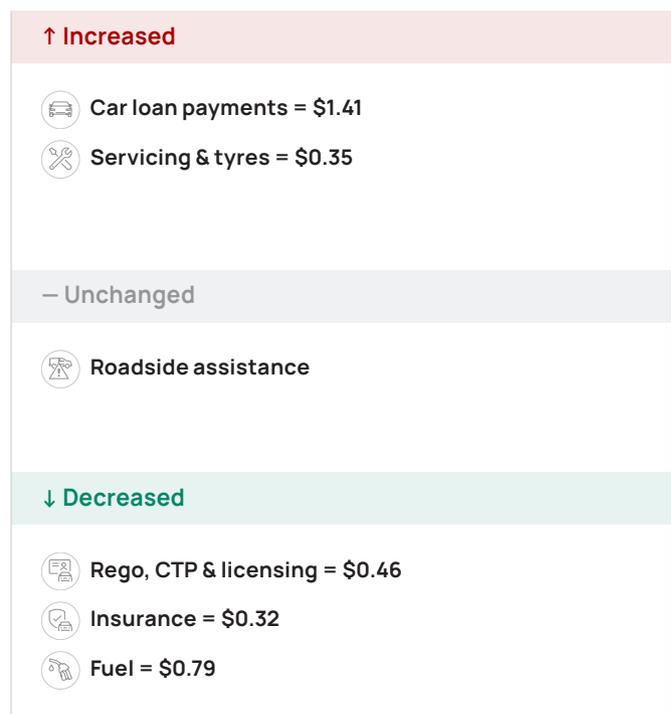
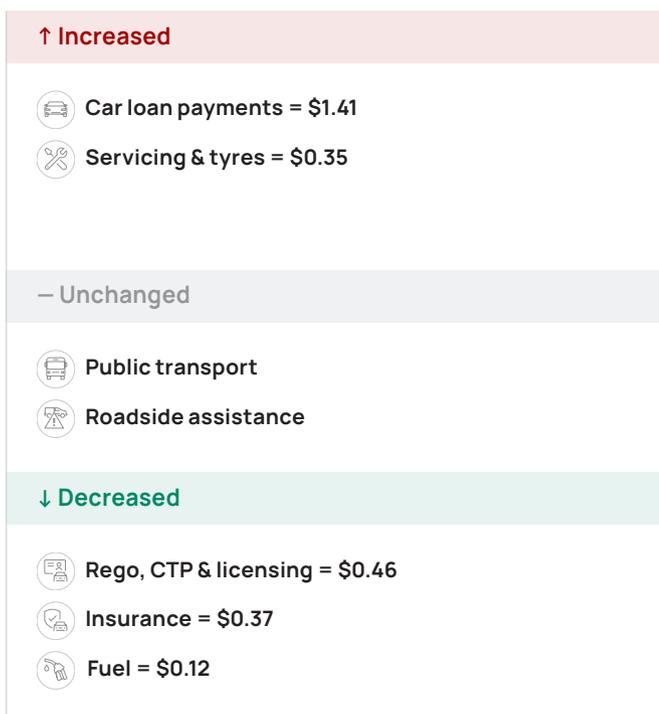
Hobart's typical household spent \$15,330 per year on transport – an increase of \$42 from the previous quarter. This was mainly due to higher car loan payments (up by \$73 per annum). Hobart remained Australia's capital city with the lowest transport costs, but is also the least affordable in terms of purchasing power.

Launceston

Launceston's household transport costs were equivalent to \$13,859 a year – an increase of \$10 per annum. Launceston had the lowest average earnings among all the cities and centres and remained the least affordable regional centre for transport.



Changes in transport category costs





NT weekly transport costs

Per week

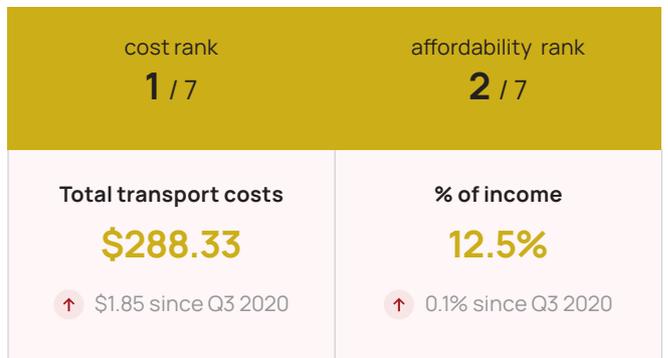
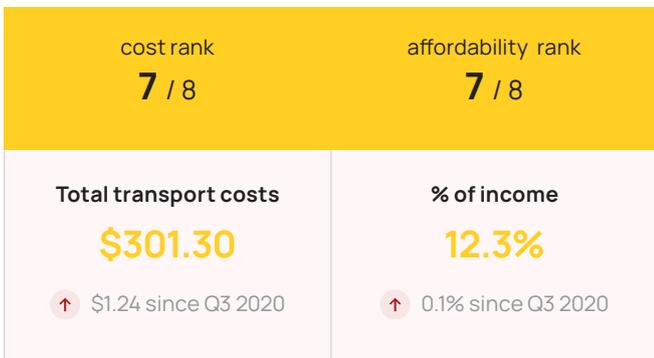
Per household

Darwin

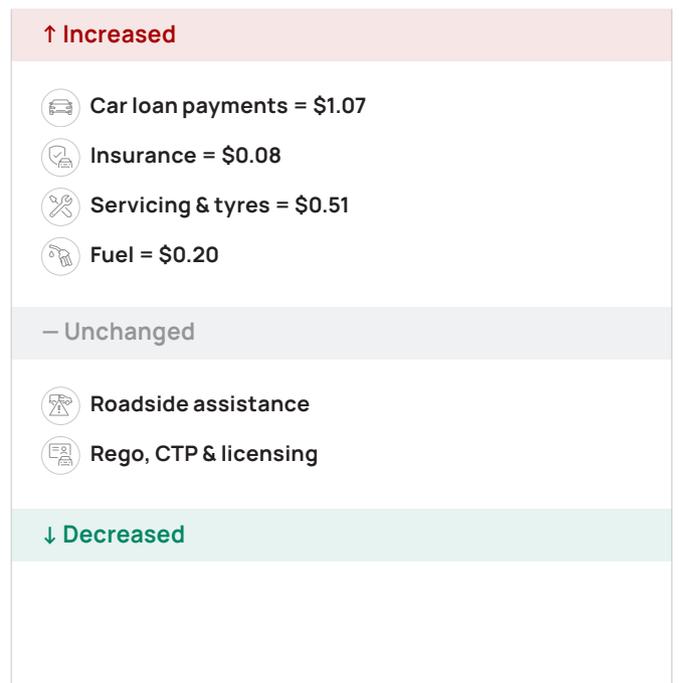
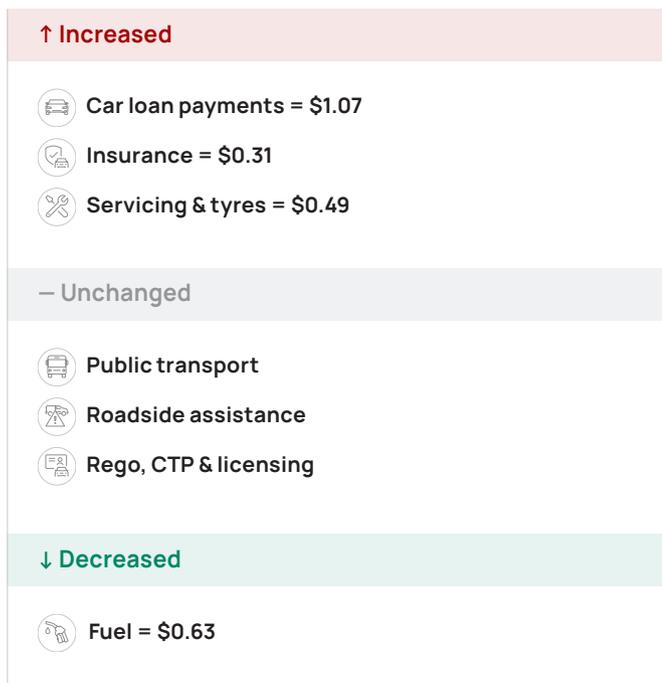
Darwin's typical household spent \$15,668 a year on transport, an increase of \$65 from the previous quarter. This was due largely to higher car loan payments, which were up by \$55 per annum. Darwin remained the second most affordable capital city as well as the one with the second lowest transport costs.

Alice Springs

Alice Springs was the regional centre with the highest transport costs – which equate to \$14,993 a year, \$96 higher than the previous quarter – and the only regional centre where transport costs were less affordable than its city counterpart. This quarterly increase was largely due to higher car loan payments (up by \$55 per annum).



Changes in transport category costs





ACT weekly transport costs

Per week

Per household

Canberra

Canberra's typical household spent \$16,655 per annum on transport, which was \$229 less than recorded in the previous quarter. This decrease was largely driven by lower insurance premiums, which fell by \$170 year. Canberra's high median income made it the most affordable city in the December quarter.

cost rank 5 / 8	affordability rank 8 / 8
Total transport costs \$320.29 ↓ \$4.41 since Q3 2020	% of income 11.1% ↓ 0.2% since Q3 2020

Changes in transport category costs

↑ Increased
<ul style="list-style-type: none"> Car loan payments = \$0.75 Servicing & tyres = \$1.01 Rego, CTP & licensing = \$0.12
– Unchanged
<ul style="list-style-type: none"> Roadside assistance
↓ Decreased
<ul style="list-style-type: none"> Insurance = \$3.26 Fuel = \$0.56 Public transport = \$2.48

Background and methodology

Overview

The Australian Automobile Association (AAA) commissioned SGS Economics and Planning (SGS) 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 the first quarter (January to March) of 2016 for the city households and the second quarter (April to June) of 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 roadside assistance. Ongoing costs (fuel costs, tolls and car maintenance) increase the more the vehicle is driven. 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 outflow 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 because consistent data is not available.

The Index seeks to compare the affordability of household transport costs across Australia by comparing them with an estimate of the hypothetical household's median weekly income. 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 Australian household budgets, and whether this differs across the country's capital cities and regional centres. The Index allows 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, 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 with relatively high population density, good access to public transport, and in the case of Sydney, Melbourne and Brisbane, that the family uses toll roads to access the CBD. In Sydney, the Index assumes that one member of the family uses toll roads only two days per week to travel to the CBD because toll costs are high and alternate routes are available. It assumes one member of the benchmark household uses toll roads every weekday in Melbourne and Brisbane. (Sydney vehicle owners are also eligible for free vehicle registration costs under the state's Toll Relief Scheme, and this is factored into the calculations.)

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 10 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

There are key differences between metropolitan and regional households transport costs. 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 because they usually drive more and generally face higher fuel prices than their city counterparts
- on average, earns less than their city counterparts
- pays less for insurance because most states offer lower comprehensive premiums on new and used cars in regional areas
- doesn't pay road tolls
- doesn't pay for public transport as there is little or no availability in regional areas.

Registration, CTP and licensing costs are cheaper for regional households in South Australia and Victoria because state government policies impose different regional and metropolitan pricing structures in relation to CTP premiums. At the time of publication, these costs were \$239 cheaper in regional South Australia and \$110 cheaper in Victoria due to lower CTP premiums.

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.

The regional locations included for comparison are:

- 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 because services are very limited in those areas. As there are no toll roads in any of the regional locations, this cost has also been excluded.

Other considerations

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.¹ 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 hypothetical household's car use 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 access 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 selected to be compared to its city counterpart rather than compared to other regional centres given that distances travelled vary.

The cost of servicing a new car is the same across both regional and city locations, as these costs are based on the manufacturers' servicing schedule. Costs associated with the older car, and tyres for both cars, are based on data from the ABS Household Expenditure Survey (HES)² and indexed in line with the CPI for maintenance and repair of motor vehicles.³ The difference between regional and city households is attributable to differences in the cost of servicing the older car and the cost of tyres.

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 per cent 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 per cent of the city household's income. Using this method, all regional households reported lower weekly earnings than their city counterparts.

For the purposes of this report, the term 'typical household' refers to a hypothetical household as defined above. 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.

End notes

1. Commonwealth of Australia, 2015. Information Sheet 73: Australia's commuting distance: cities and regions. Bureau of Infrastructure, Transport and Regional Economics. Accessed 21 January 2019. https://www.bitre.gov.au/sites/default/files/is_073.pdf

2. Australian Bureau of Statistics, 2017. Household Expenditure Survey, Australia: Summary of Results, 2015-2016, cat. no. 6530.0. Accessed 7 February 2020. <https://www.abs.gov.au/AUSSTATS/abs@.nsf/Lookup/6530.0Main+Features12015-16?OpenDocument>

3. Australian Bureau of Statistics, 2019. Consumer Price Index, Australia, Sept 2020, cat. no. 6401.0. Accessed 28 October 2020. <https://www.abs.gov.au/ausstats/abs@.nsf/mf/6401.0>

4. SGS Economics and Planning, 2016. Transport Affordability Index Final Report. August 2016. Accessed 1 February 2019. <https://www.aaa.asn.au/wp-content/uploads/2016/08/sgs-report-aaa-transport-affordability-index.pdf>

