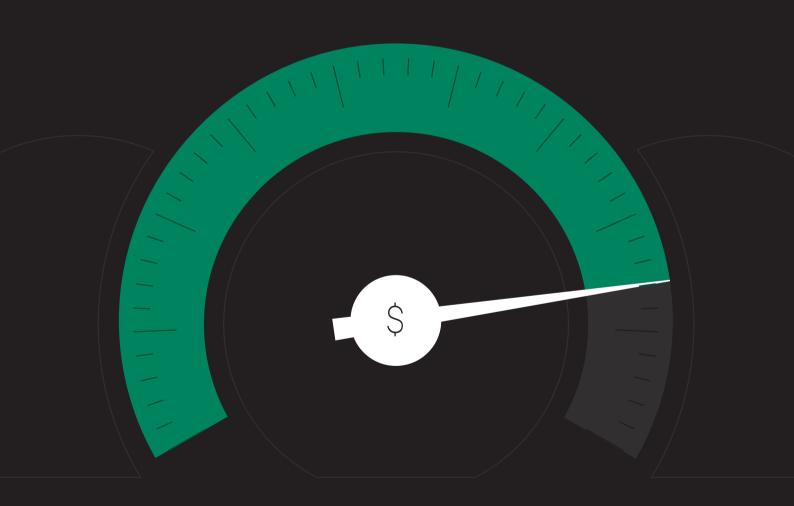


# Transport Affordability Index

Q2 2021

QUARTER 2, 2021 Released August 2021















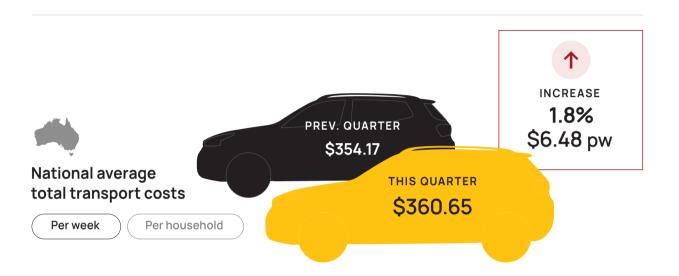




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# Transport costs still trending up after last quarter's record high



Transport costs continued their recent increases throughout 2021's June Quarter.

The average Australian household had weekly transport costs of \$361, up six dollars from the previous quarter.

For the typical metropolitan household, this equated to a yearly transport expenditure of \$20,520; and \$16,735 for the typical regional household.

Sydney residents faced the highest transport costs, of \$470 per week, which was \$109 (30%) above the national average.

The town of Bunbury in Western Australia continued to sit at the top of the list of most expensive regional centres, followed by Alice Springs and Geelong.

As a percentage of household income, the national average cost of transport rose from 14.7 per cent to 14.9 per cent with loan repayments and fuel remaining the largest cost inputs.

Hobart residents continued to face the highest costs, when measured as a proportion of household budget (among capital cities) with transport costs being 18.1 per cent of household income.

Please note, the data within this Transport Affordability Index Q2 is current as of 30 June 2021, just as many of our capital cities were entering significant lockdowns.

Michael Bradley
Managing Director
Australian Automobile Association



### **Quarter 2 2021**

### **Total transport costs**

Per week

Per household





#### Capital cities



#### Regional

#### **Total costs**

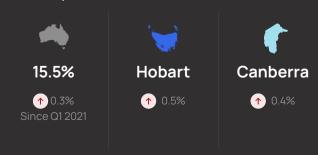
AVERAGE	HIGHEST	LOWEST
*	-	
\$394.62	Sydney	Hobart
↑ \$6.71 Since Q1 2021	↑ \$8.17	<b>↑</b> \$8.78



#### Total costs

AVERAGE	HIGHEST	LOWEST
*		
\$321.82	Bunbury	Wagga
<b>↑</b> \$6.22	<b>↑</b> \$6.39	Wagga
Since Q1 2021		↑ \$6.59

#### Affordability (% of income)



#### Affordability (% of income)





Per household

VIEW COSTS PER WEEK (PAGE 6)



#### Capital cities



In the June quarter, the typical Australian city household's average annualised cost of transport increased by \$349 to \$20,520. Transport taxes - in the form of fuel excise, registration, compulsory third party (CTP) insurance and licensing - cost the typical two-car family \$2,680.

The greatest increase in transport costs was recorded in Canberra - equivalent to \$558 per year. This was mainly due to higher car insurance premiums and fuel prices.



#### Average taxes



#### **Fuel excise**

\$1,123



 Steady since Q1 2021



#### Registration, CTP and licensing

\$1,557

- Steady since Q1 2021

#### Household total

\$2,680

- Steady since Q1 2021

ΔΔΔ



Per household

VIEW COSTS PER WEEK (PAGE 6)



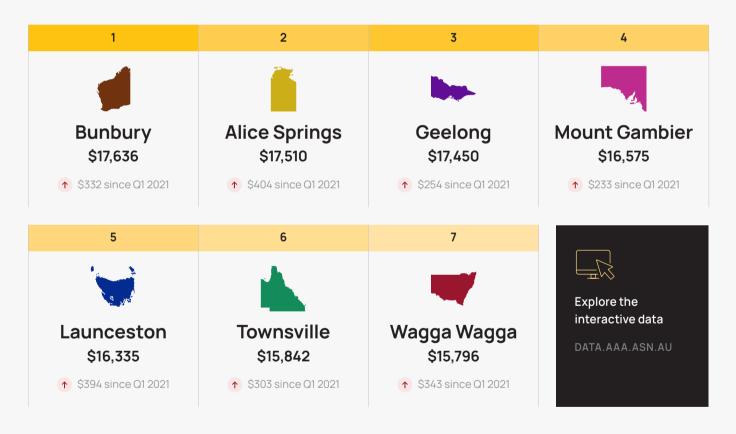


#### Regional



The average annual cost of transport for the typical regional household increased by \$323 to \$16,735. Of this, transport taxes cost regional families \$2,661.

The greatest increase was recorded in Alice Springs and Launceston, where transport costs rose by \$404 and \$394, respectively when compared to the prprevious quarter, mainly due to higher fuel prices.



#### Average taxes



#### **Fuel Excise**

\$1,178

- Steady since Q1 2021





#### Registration, CTP and Licensing \$1,483

↑ \$1.00 since Q1 2021



#### Household total

\$2,661

↑ \$1.00 since Q1 2021

Per week

Per household





The June quarter of 2021 saw no change in rankings, with Sydney remaining the most expensive capital city for transport while Hobart remained the cheapest.



Per week

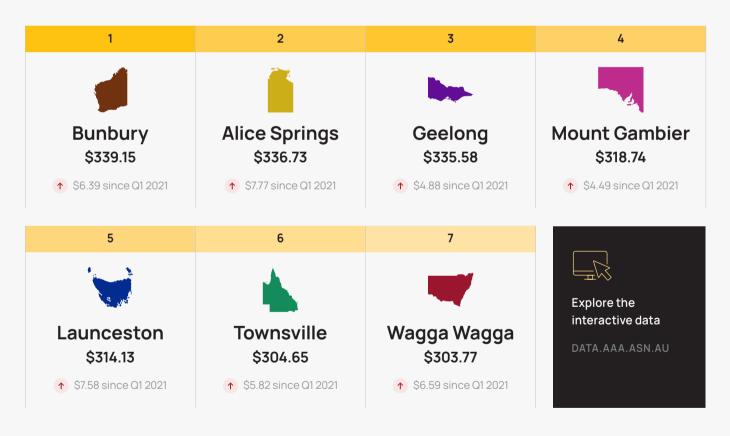
Per household



#### Regional



Transport in the regional centres was, on average, \$73 a week cheaper than in the capitals. Alice Springs replaced Geelong as the regional centre with the second-highest total weekly transport costs (previously third-highest), while all other rankings remained unchanged.



### Transport affordability

#### Costs as a percentage of income

Per week

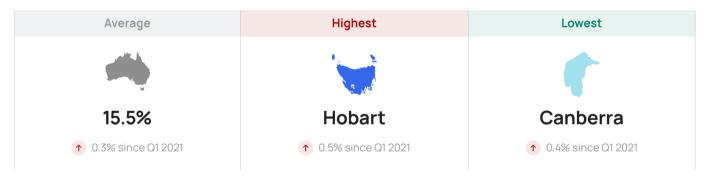
Per household



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					
		Q3	Q4	Q1	Q2
1	Hobart	15.4%	15.5%	17.6%	18.1%
2	Brisbane	15.2%	15.3%	17.2%	17.4%
3	Melbourne	13.8%	14.0%	15.6%	15.8%
4	Sydney	13.4%	13.4%	15.4%	15.6%
5 1	Darwin	12.3%	12.3%	14.6%	15.0%
6 🗸	Perth	12.4%	12.5%	14.7%	14.9%
7 🔸	Adelaide	12.6%	12.7%	14.7%	14.7%
8	Canberra	11.3%	11.1%	13.1%	13.5%
	Capital avg.	13.2%	13.3%	15.3%	15.5%

### Transport affordability

#### Costs as a percentage of income

Per week

Per household

Across Australia, regional households earned \$214 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: \$263 and \$256 per week less on average, respectively.

Nationally, the average cost of transport cost took up 14.9 per cent of the typical household's income – 15.5 per cent in the capital cities and 14.1 per cent in regional centres.



#### Regional

Average	Highest	Lowest
14.1%	Launceston	Wagga Wagga
↑ 0.3% since Q1 2021	1 0.4% since Q1 2021	↑ 0.2% since Q1 2021

Ran	k					
			Q3	Q4	Q1	Q2
1		Launceston	15.4%	15.4%	17.8%	18.2%
2		Alice Springs	12.5%	12.5%	14.9%	15.3%
3		Mount Gambier	12.4%	12.5%	14.5%	14.7%
4		Bunbury	11.6%	11.6%	14.0%	14.3%
5		Townsville	10.5%	10.6%	12.5%	12.7%
6		Geelong	10.6%	10.5%	12.3%	12.5%
7		Wagga Wagga	8.9%	8.8%	10.8%	11.1%
8		Regional avg.	11.7%	11.7%	13.8%	14.1%



Explore the interactive data

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Per week

Per household

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

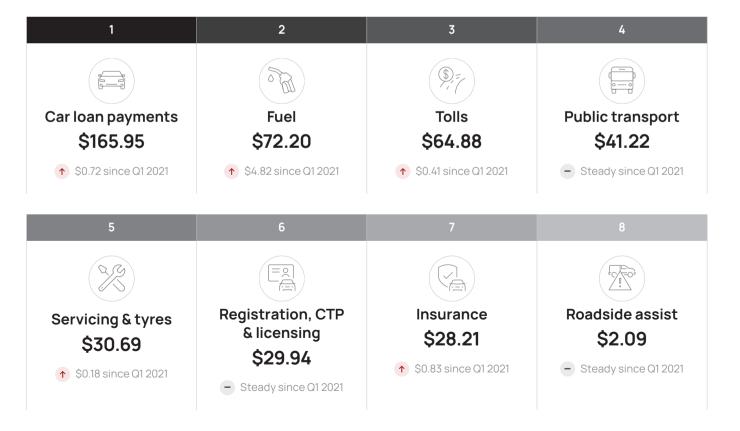
The increase in transport costs over the quarter was driven by changes in four cost categories:

- → Car loan payments the average upfront cost for purchasing new cars increased in all jurisdictions, more than offsetting the lower interest rates.
- → Registration, CTP and licensing costs increased marginally in New South Wales.

- → Comprehensive insurance premiums increased most notably in Canberra.
- → Car maintenance costs increased slightly in some locations.
- → Fuel prices increased considerably in all locations.
- → Toll roads toll road costs increased for Sydney and Melbourne due to scheduled quarterly indexation from 1 April 2021.

Public transport and roadside assistance costs remained unchanged over the quarter.





Per week

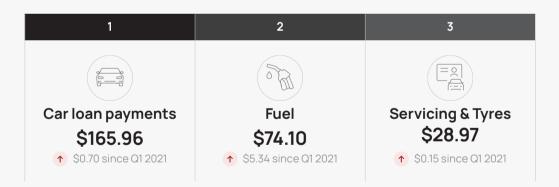
Per household

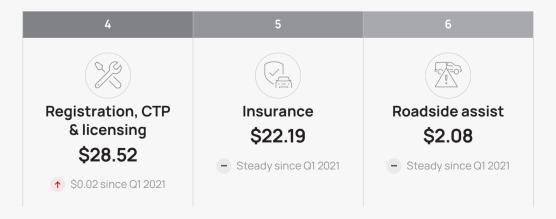
The ranking of average expenses for the typical city and regional families remained largely the same over the quarter. Car loan payments and fuel expenditure remained the largest expense in the representative families' transport budgets, while roadside assistance and insurance were the smallest.

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





Per week

Per household



#### Car loan payments

The upfront costs of purchasing a new car increased in all jurisdictions – on average by \$402 – in the June quarter, offsetting a decrease in interest rates, resulting in the cost of weekly car loan payments increasing in all locations by \$2.26 per week, or \$118 a year on average.

All rankings remained the same in the quarter.

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

Average	Highest	Lowest
\$165.95	Perth	Darwin
↑ \$0.72 Since Q1 2021	<b>↑</b> \$0.30	<b>↑</b> \$0.75



#### Regional

Average	Highest	Lowest
\$165.96	Bunbury	Alice
↑ \$0.70 Since Q1 2021	↑ \$0.30	Springs    \$0.75

$\Box$	_	-	1,
		П1	

1	Perth	\$167.18	+\$0.30
2	Sydney	\$166.84	+ \$0.83
3	Melbourne	\$166.04	+\$0.74
4	Canberra	\$165.89	+ \$0.82
5	Adelaide	\$165.76	+ \$0.74
6	Hobart	\$165.75	+ \$0.81
7	Brisbane	\$165.22	+ \$0.74
8	Darwin	\$164.92	+ \$0.75
	Capital avg.	\$165.95	+ \$0.72

#### Rank

Naiin			
1	Bunbury	\$167.18	+\$0.30
2	Wagga Wagga	\$166.84	+\$0.83
3	Geelong	\$166.04	+\$0.74
4	Mount Gambier	\$165.76	+\$0.74
5	Launceston	\$165.75	+\$0.81
6	Townsville	\$165.22	+\$0.74
7	Alice Springs	\$164.92	+\$0.75
	Regional avg.	\$165.96	+ \$0.70

Per week

Per household



#### Vehicle registration, CTP and driver's licence

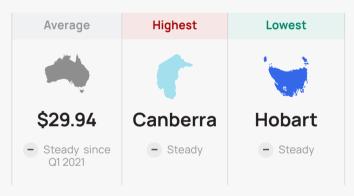
Weekly registration, CTP and licensing costs increased marginally in New South Wales.

Canberra remained the most expensive capital city for registration, CTP and licensing, while Hobart remained the least expensive, with the typical Canberra household spending \$891 more per year than Hobart.

Bunbury remained the most expensive regional centre in this cost category, while Launceston remained the cheapest. The annualised difference between Bunbury and Launceston was \$557.



#### Capital cities





Average	Highest	Lowest
		0,100
\$28.52	Bunbury	Launceston
↑ \$0.02 since Q1 2021	- Steady	- Steady

Ran	k			
1		Canberra	\$39.40	-
2		Melbourne	\$33.17	-
3		Perth	\$32.98	-
4		Darwin	\$30.14	-
5		Brisbane	\$30.05	-
6		Adelaide	\$26.88	-
7		Sydney	\$24.66	+\$0.02
8		Hobart	\$22.27	-
		Capital avg.	\$29.94	-

Rank			
IXGIIK			
1	Bunbury	\$32.98	-
2	Geelong	\$31.05	-
3	Wagga Wagga	\$30.89	+ \$0.16
4	Alice Springs	\$30.14	-
5	Townsville	\$30.05	-
6	Mount Gambier	\$22.28	-
7	Launceston	\$22.27	-
	Regional avg.	\$28.52	+ \$0.02

Explore the interactive data

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Per week

Per household



#### Comprehensive car insurance

In the June 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 \$1,020 per year more than Perth.

Canberra recorded the largest increase in insurance premiums among the city households, rising by \$256 per year.

The largest difference between a capital city and its regional counterpart was in Victoria, where a typical Geelong household spends \$674 a year less on comprehensive insurance than Melbourne.



#### Capital cities

Average	Highest	Lowest
	by	
\$28.21	Melbourne	Perth
↑ \$0.83 Since Q1 2021	<b>↑</b> \$0.50	<b>↑</b> \$0.14

#### Regional

Average	Highest	Lowest
	4	
\$22.19	Mount	Bunbury
	Gambier	↑ \$0.12
Since Q1 2021		

Rank			
1	Melbourne	\$35.01	+0.50
2	Darwin	\$32.01	+\$0.68
3	Sydney	\$31.36	+\$0.39
4	Canberra	\$30.43	+\$4.92
5	Brisbane	\$29.64	+ \$0.31
6 4	Adelaide	\$29.13	- \$1.90
7	Hobart	\$22.69	+ \$1.64
8	Perth	\$15.39	+ \$0.14
	Capital avg.	\$28.21	+\$0.83

Ran	k			
1		Mount Gambier	\$27.37	-\$1.83
2		Alice Springs	\$26.26	+ \$0.56
3		Wagga Wagga	\$24.59	+ \$0.31
4		Townsville	\$24.20	+\$0.26
5		Geelong	\$22.04	+ \$0.32
6		Launceston	\$18.09	+\$0.28
7		Bunbury	\$12.81	+ \$0.12
		Regional avg.	\$22.19	-

Per week

Per household



#### Servicing and tyres

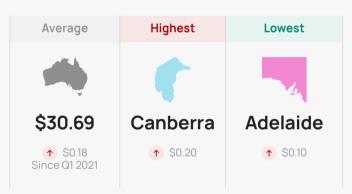
The cost of servicing and tyres increased slightly over the June quarter for both the typical capital city and regional households.

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 \$792 more per year than Adelaide.

Among the regional locations, the cost of maintaining a car became most expensive in Alice Springs and remained cheapest in Launceston, with families in Alice Springs paying \$559 more on an annual basis.



#### Capital cities





Average	Highest	Lowest
\$28.97	Alice Springs	Launceston
↑ \$0.15 Since Q1 2021	↓ \$0.04	<b>↑</b> \$0.39

Rai	nk			
1		Canberra	\$40.11	+ \$0.20
2		Perth	\$31.84	- \$0.14
3		Melbourne	\$31.72	- \$0.04
4	<b>↑</b>	Sydney	\$31.46	+ \$0.77
5	<b>V</b>	Darwin	\$31.15	- \$0.04
6		Hobart	\$29.31	+\$0.53
7		Brisbane	\$25.00	+\$0.07
8		Adelaide	\$24.88	+ \$0.10
		Capital avg.	\$30.69	+ \$0.18

Springs ury	\$34.41	- \$0.04
. •	\$34.41	- \$0.04
urv		
ui y	\$34.38	- \$0.16
ong	\$30.38	- \$0.04
ga Wagga	\$29.49	+ \$0.71
sville	\$25.47	+ \$0.07
nt Gambier	\$24.98	+ \$0.10
ceston	\$23.66	+\$0.39
onal avg.	\$28.97	+ \$0.15
	ong ga Wagga asville at Gambier ceston onal avg.	ga Wagga \$29.49 sville \$25.47 at Gambier \$24.98 ceston \$23.66



Explore the interactive data

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Per week

Per household



#### **Fuel**

The average Australian capital city retail price of regular unleaded petrol rose by 9.8 cents to 143.4 cents per litre, costing the typical city household \$250 more per year. Sydney remained the capital city with the highest fuel expenditure; its average petrol price was up 11.3 cents to 151.1 cents per litre in the June quarter. Adelaide became the city with the lowest fuel prices and expenditure, paying 135.9 cents per litre, up 3.2 cents from the March quarter.

Averaged across the regions, the cost of petrol increased by 10.6 cents to 140.3 cents per litre. Alice Springs remained the centre with the highest prices at 150.7 cents per litre while Geelong became the cheapest at 131.8 cents per litre. The typical household in Bunbury continued to have the highest fuel expenditure among the regional centres, at \$4,665 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 \$2,589 per year because its residents typically drive less.



Rank

#### Capital cities

Average	Highest	Lowest
		4
\$72.20	Sydney	Adelaide
↑ \$4.82 Since Q1 2021	<b>↑</b> \$5.52	<b>↑</b> \$1.61

#### Regional

Highest	Lowest
Bunbury	Wagga Wagga
<b>↑</b> \$6.14	Wagga ↑ \$4.58
	Bunbury

1	Sydney	\$75.61	+ \$5.52
2 1	Hobart	\$74.09	+\$5.80
3 ↓	Brisbane	\$73.98	+ \$5.27
4 1	Melbourne	\$72.61	+\$4.03
5 1	Canberra	\$71.30	+ \$4.79
6 1	Perth	\$70.72	+ \$4.76
7 1	Darwin	\$70.47	+ \$6.73
8 1	Adelaide	\$68.78	+ \$1.61

\$72.20

+ \$4.82

Capital avg.

Ran	k			
1		Bunbury	\$89.70	+ \$6.14
2		Geelong	\$83.88	+ \$3.85
3		Launceston	\$82.09	+ \$6.10
4		Alice Springs	\$79.10	+\$6.50
5		Mount Gambier	\$76.34	+ \$5.47
6		Townsville	\$57.80	+ \$4.75
7		Wagga Wagga	\$49.79	+\$4.58
		Regional avg.	\$74.10	+ \$5.34

Per week

Per household



#### **Public transport**

The cost of public transport remained unchanged across all cities in the June 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.



#### Toll roads

Only three Australian cities – Sydney, Melbourne and Brisbane – use toll roads. Costs increased by \$33 per year in Sydney and increased \$31 in Melbourne due to a scheduled quarterly price adjustment.

The typical Sydney household continues to incur the greatest costs for toll roads, while Brisbane remained the one with the lowest toll costs. The typical Brisbane household spends \$34.84 per week (or \$1,812 per year) less on tolls than the one in Sydney.



#### Capital cities





#### Capital cities

Average	Highest	Lowest
		•
\$64.88	Sydney	Brisbane
↑ \$0.41 Since Q1 2021	↑ \$0.64	- Steady

Ran	k			
1		Perth	\$62.10	-
2		Brisbane	\$56.52	-
3		Sydney	\$50.00	-
4		Melbourne	\$45.00	-
5		Adelaide	\$38.40	-
6		Canberra	\$29.72	-
7		Hobart	\$28.00	-
8		Darwin	\$20.00	-
		Capital avg.	\$41.22	-

Ran	k			
1		Sydney	\$87.64	+ \$0.64
2		Melbourne	\$54.20	+ \$0.60
3		Brisbane	\$52.80	-
		Avg.	\$64.88	+ \$0.41

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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 hadthe 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.

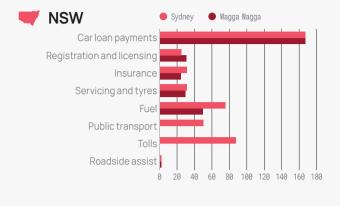
The Index assumes that the regional households face the same costs as their capital city counterparts because roadside assistance providers offer standard state-wide pricing.

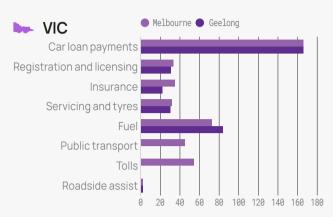
Average	Highest	Lowest
		•
\$2.09	TAS	QLD
- Steady	- Steady	- Steady

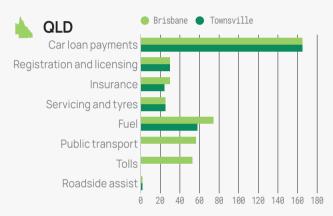
Ranl	<			
1		TAS	\$2.27	-
2		VIC	\$2.19	-
3		ACT	\$2.17	-
3		NSW	\$2.17	-
5		WA	\$2.10	-
6		SA	\$2.02	-
7		NT	\$1.90	-
7		QLD	\$1.90	-
		Avg.	\$2.09	-

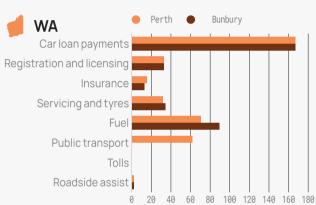
### State by state overview

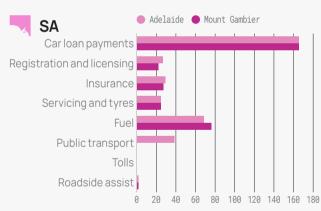
#### Capital city vs regional centre comparison

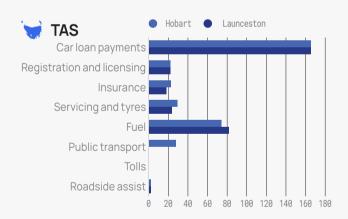


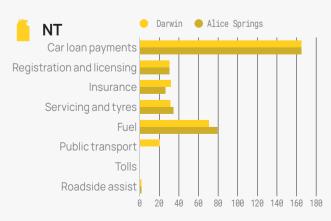


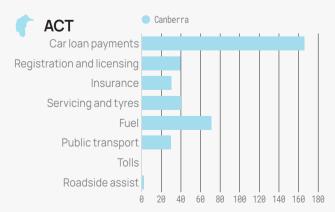












Per week

Per household



#### **Sydney**

In the June quarter, Sydney transport costs increased by \$425 per year and it remained Australia's most expensive city for transport. This was mainly due to higher fuel expenditure which rose by \$287 per year assuming costs remained constant.



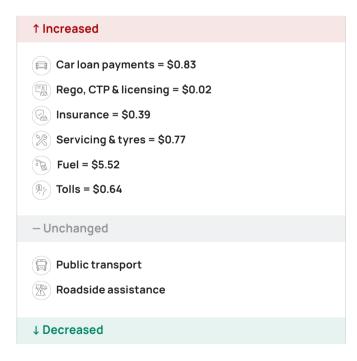
#### Wagga Wagga

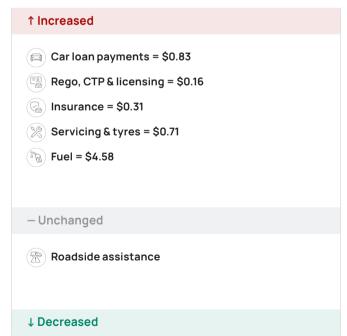
Wagga Wagga remained the benchmark regional centre with the lowest transport costs – both in total cost (at \$15,796 a year) and in terms of the local income-to-cost ratio. Its costs increased by \$343 per annum, driven largely by higher fuel expenditure which rose by \$238 per year.

costrank <b>1</b> / 8	affordability rank <b>4</b> / 8
Total transport costs \$469.74	% of income 15.6%
↑ \$8.17 since Q1 2021	↑ 0.3% since Q1 2021

costrank	affordability rank
<b>7</b> / 7	<b>7</b> / 7
Total transport costs \$303.77 ↑ \$6.59 since Q1 2021	% of income 11.1%  ↑ 0.2% since Q1 2021

#### Changes in transport category costs









#### Melbourne

Melbourne remained Australia's second most expensive city for transport. The typical household spent the equivalent of \$22,877 a year – an increase of \$304 per annum from the previous quarter. This was mostly due to fuel expenditure which rose by \$210 per annum.

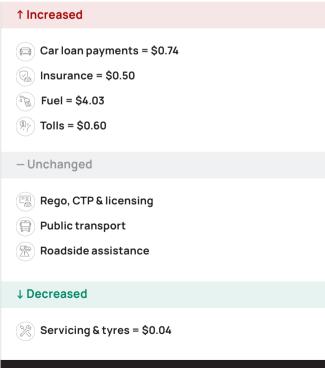
#### Geelong

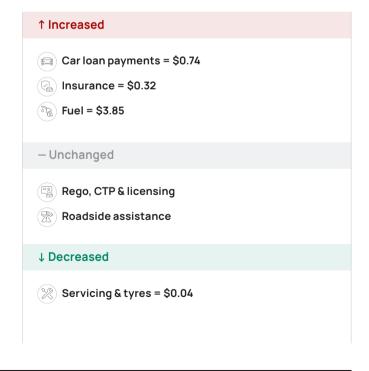
Geelong had yearly transport costs of \$17,450 and became the regional centre with the third highest costs (previously second-highest). It remained the second most affordable regional centre. Geelongs' transport costs increased by \$254 a year, mostly because of higher fuel expenditure which rose by \$200 per annum.

cost Rank <b>2</b> / 8	affordability rank <b>3</b> / 8
Total transport costs \$439.94	% of income 15.8%
↑ \$5.84 since Q1 2021	1 0.2% since Q1 2021

costrank <b>3</b> / 7	affordability rank 6 / 7
Total transport costs \$335.58	% of income 12.5%
↑ \$4.88 since Q1 2021	↑ 0.2% since Q1 2021

#### Changes in transport category costs







Explore the interactive data

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#### QLD weekly transport costs

Per week

Per household



#### **Brisbane**

Brisbane's typical household had transport costs of \$22,626 a year made it Australia's third highest city for transport costs and second-least affordable capital. Transport costs increased by \$333 a year, largely due to higher fuel expenditure, which was up \$274 a year.



#### **Townsville**

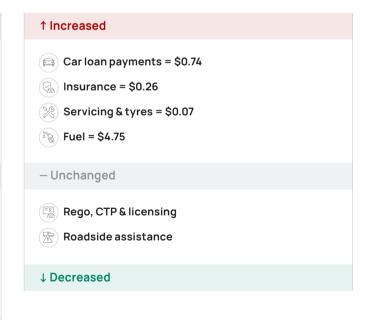
The Townsville typical household's transports costs increased by \$303 to \$15,842 a year in the June quarter. This increase was largely due to higher fuel prices with net expenditure increasing by \$247 per year. Townsville remained the second least expensive and third-most affordable regional centre.

costrank <b>3</b> / 8	affordability rank <b>2</b> / 8
Total transport costs \$435.11	% of income 17.4%
↑ \$6.40 since Q1 2021	1 0.3% since Q1 2021

cost rank 6 / 7	affordability rank <b>5</b> / 7
Total transport costs \$304.65	% of income 12.7%
↑ \$5.82 since Q1 2021	↑ 0.2% since Q1 2021

#### Changes in transport category costs

↑ Increased
Car loan payments = \$0.74  Insurance = \$0.31  Servicing & tyres = \$0.07  Fuel = \$5.27
- Unchanged
Rego, CTP & licensing  Public transport  Tolls  Roadside assistance
↓ Decreased







#### Adelaide

Adelaide's household transport costs rose by \$29 to \$18,504 per annum. This increase was mainly due to higher fuel expenditure (up by \$84 per year). Insurance premiums decreased by \$99 per annum.



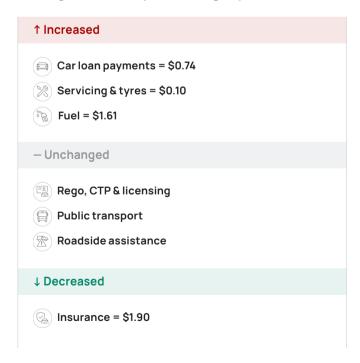
#### **Mount Gambier**

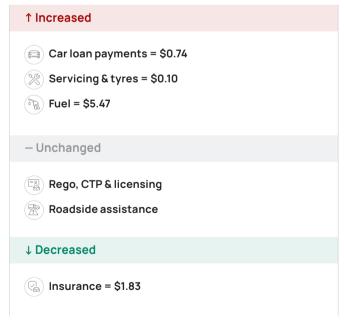
Mount Gambier's typical household spent \$16,575 per year on transport – an increase of \$233 from the previous quarter. This increase was mainly due to higher fuel expenditure (up by \$284 per year), partially offset by a decrease in insurance premiums of \$95 per annum.

costrank <b>6</b> / 8	affordability rank <b>7</b> /8
Total transport costs \$355.86	% of income 14.7%
\$0.56 since Q1 2021	Steady since Q1 2021

costrank <b>4</b> / 7	affordability rank <b>3</b> / 7
Total transport costs \$318.74	% of income 14.7%
↑ \$4.49 since Q1 2021	↑ 0.2% since Q1 2021

#### Changes in transport category costs







Explore the interactive data

DATA.AAA.ASN.AU ->

Per week

Per household



#### Perth

In the June quarter, Perth's typical household saw an increase in transport costs of \$263 to \$19,880 per annum. This increase was mainly due to fuel expenditure, which was up by \$248 per year.



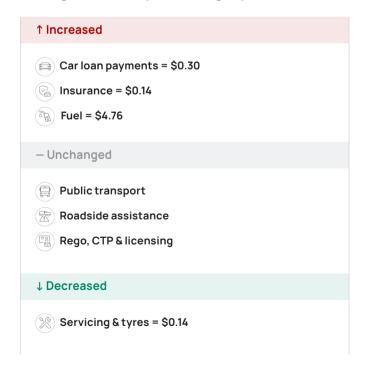
#### **Bunbury**

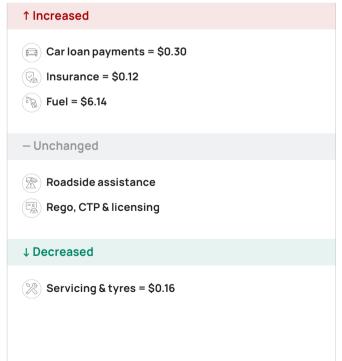
Bunbury's typical household transport costs rose by \$332 to \$17,636 per annum. The overall increase was driven by rises in fuel prices, where expenditure rose by \$319 per annum. Bunbury remained the regional centre with the highest transport costs.

costrank <b>4</b> / 8	affordability rank
Total transport costs \$382.31	% of income 14.9%
↑ \$5.05 since Q1 2021	10.2% since Q1 2021

costrank <b>1</b> / 7	affordability rank <b>4</b> / 7
Total transport costs \$339.15	% of income 14.3%
↑ \$6.39 since Q1 2021	10.3% since Q1 2021

#### Changes in transport category costs









#### Hobart

Hobart's typical household spent \$17,908 per year on transport – an increase of \$457 from the previous quarter. This was mainly due to higher fuel expenditure (up by \$302 per annum). Hobart remained Australia's capital city with the lowest transport costs, but was also the least affordable in terms of purchasing power.

cost rank <b>8</b> / 8	affordability rank <b>1</b> / 8
Total transport costs \$344.39	% of income 18.1%
↑ \$8.78 since Q1 2021	↑ 0.5% since Q1 2021



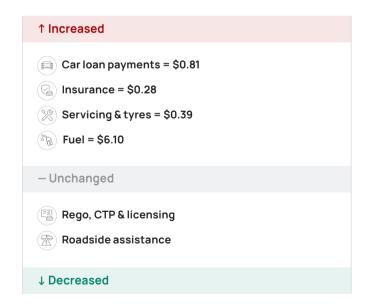
#### Launceston

Launceston's household transport costs were equivalent to \$16,335 a year – an increase of \$394 per annum. This was mainly due to higher fuel expenditure (up by \$317 per annum). Launceston had the lowest average earnings among all the cities and centres and remained the least affordable regional centre for transport. Launceston was one of only two regional centres where transport costs were less affordable than its city counterpart.

costrank <b>5</b> / 7	affordability rank <b>1</b> / 7
Total transport costs \$314.13	% of income 18.2%
↑ \$7.58 since Q1 2021	1 0.4% since Q1 2021

#### Changes in transport category costs

↑ Increased
Car loan payments = \$0.81  Insurance = \$1.64  Servicing & tyres = \$0.53
Fuel = \$5.80  - Unchanged
Rego, CTP & licensing Public transport Roadside assistance
↓ Decreased





Explore the interactive data

ATA.AAA.ASN.AU ---

#### NT weekly transport costs

Per week

Per household



#### **Darwin**

Darwin's typical household spent \$18,231 a year on transport, an increase of \$422 from the previous quarter. This was due largely to higher fuel expenditure, which was up by \$350 per annum. Darwin became the fourth-most affordable capital city (previously second-most affordable), but remained the city with the second lowest transport costs.

costrank <b>7</b> / 8	affordability rank <b>5</b> / 8
Total transport costs \$350.59	% of income 15.0%
↑ \$8.12 since Q1 2021	1 0.3% since Q1 2021

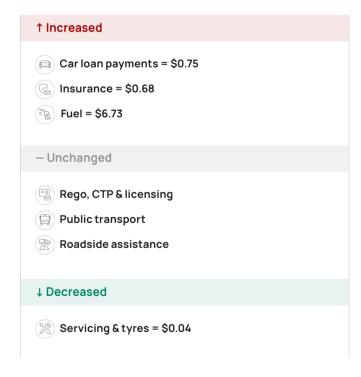


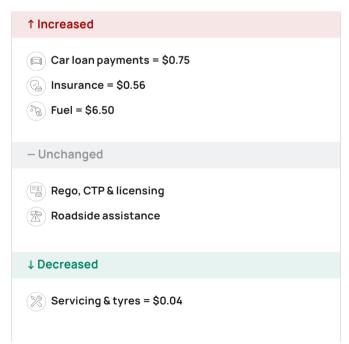
#### **Alice Springs**

Alice Springs became the regional centre with the second highest transport costs (previously third highest) – which equated to \$17,510 a year, \$404 higher than the previous quarter – and one of only two regional centres where transport costs were less affordable than its city counterpart. This quarterly increase was largely due to higher fuel expenditure (up by \$338 per annum).

costrank <b>2</b> / 7	affordability rank <b>2</b> / 7
Total transport costs \$336.73	% of income 15.3%
↑ \$7.77 since Q1 2021	1 0.4% since Q1 2021

#### Changes in transport category costs







#### ACT weekly transport costs



#### Canberra

Canberra's typical household spent \$19,710 per annum on transport, which was \$558 more than recorded in the previous quarter. This increase was largely driven by higher insurance premiums and fuel expenditure which rose by \$256 and \$249 per annum, respectively. Canberra's high median income made it the most affordable city in the June quarter.

costrank <b>5</b> / 8	affordability rank
Total transport costs \$379.04	% of income 13.5%
↑ \$10.73 since Q1 2021	↑ 0.4% since Q1 2021

#### Changes in transport category costs

↑ Increased
Car loan payments = \$0.82  Insurance = \$4.92  Servicing & tyres = \$0.20  Fuel = \$4.79
- Unchanged
Public transport Roadside assistance Rego, CTP & licensing
↓ Decreased



Explore the interactive data

ATA.AAA.ASN.AU ---

# 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)<sup>2</sup> and indexed in line with the CPI for maintenance and repair of motor vehicles.<sup>3</sup> 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. <a href="https://www.bitre.gov.au/sites/default/files/is\_073.pdf">https://www.bitre.gov.au/sites/default/files/is\_073.pdf</a>
- 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
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