

When asked for more detail on their modelling in relation to [this](#) FactCheck on transport costs, a spokesperson for SGS Economics and Planning said:

Here is a link to the [report](#) which explains the assumptions in more detail, which may be helpful.

The aim of the Index was to look at households across each of the capital cities that would be representative of typical households in each city, would include all the significant costs likely to be faced by typical households (where possible) while also being relatively comparable across cities. From the overview in the report:

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

For example, we have assumed that all households drive the same number of kilometres, so that comparisons of fuel consumption and servicing reflect the actual prices and price movements in that city, rather than differing use patterns. We've ensured that a range of typical transport costs are reflected including paying off a new car, interest payments on a car loan, costs for both new and secondhand vehicles, tolls where they exist and public transport fares. A hypothetical family was chosen to obtain a "snapshot" in time of transport costs in Australia and obviously these costs won't reflect every family's experience. This snapshot or "benchmark" was chosen so that costs can be accurately tracked and compared over time.

The [media release](#) , and not the report as stated in the question above, was phrased as "the average Australian family is spending up to \$22,000 every year to get around" to emphasise how high a typical Australian family's transport costs could be, while indicating this was at the top of the range.

## Full response from SGS Economics and Planning

Written by Sunanda Creagh, Editor, The Conversation

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The ABS' [Household Expenditure Survey](#) includes figures on transport costs from a range of households, from couple families with kids in the outer suburbs to inner-city singles who rarely drive to regional pensioners. Naturally, these households will all face very different transport costs. We chose to focus on couple families with children and the costs they are likely to face as they are the most common family type in Australia. The linked report above goes into more detail on how and why some of these assumptions were made.

With respect to car payments, we took a weighted average of the driveaway prices in each capital city for the ten bestselling cars to estimate a typical new car price. We then took the average of the five most competitive secured car loan interest rates advertised on Canstar in each capital city, and calculated the loan repayments for each city assuming a 100% loan paid off over five years.

The Index is based on one car driving 15,000km per year and the other driving 10,000km a year. This was based on the Survey of Motor Vehicle Use 2014 which states that the average vehicle travels 13,800 km per year and the average passenger vehicle travels 13,200 per year. Allowing one car to travel 15,000 km and the other 10,000km roughly reflects these averages, while rounding annual use to the nearest 5000km makes calculation of servicing and insurance costs easier and clearer. If a car isn't used for work, driving for social activities, shopping, errands, driving children around or even driving to the train station or bus stop can reasonably add up to around 200 kilometres per week. We acknowledge that this may represent a somewhat conservative estimate for some cities and a generous estimate in others, but as discussed earlier, we wanted household car use to be similar across cities so that cross-city comparisons would reflect prices and price movements.

We focused on couples with children, the most common family type. Couples with children are likely to have higher transport costs than other family types such as singles, single parents or couples without children, as they are larger and more likely to be working. So their typical transport costs will be higher than the average transport costs from the Household Expenditure Survey.

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